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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	5,825
Fresh Issue (No. of Shares in Lakhs)	109
Offer for Sale (No. of Shares in Lakhs)	33
Bid/Issue opens on	10-July-25
Bid/Issue closes on	14-July-25
Face Value	₹ 10
Price Band	387-407
Minimum Lot	36

Objects of the Issue

- **Fresh Issue: ₹ 4,450 million**
 - Repayment of certain borrowings availed by company and their subsidiaries.
 - Capital expenditure for fit-outs in the New Centres and for security deposits of the New Centres
- **Offer for sale: ₹ 1,375 million**

Book Running Lead Managers	
JM Financial Limited	
Bob Capital Markets Limited	
IIFL Capital Services Limited	
Kotak Mahindra Capital Company Limited	
Registrar to the Offer	
MUG Intime India Private Limited	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	1,200
Subscribed paid up capital (Pre-Offer)	1,031
Paid up capital (Post - Offer)	1,141

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	65	55
Public	35	45
Total	100	100

Financials

Particulars (₹ In million)	FY25	FY24	FY23
Revenue from operations	13,740	10,394	7,114
Operating expenses	5,168	3,797	2,874
EBITDA	8,572	6,597	4,240
Other Income	356	737	327
Depreciation	6,360	4,727	3,562
EBIT	2,568	2,607	1,004
Interest	3,363	3,283	2,367
Profit before tax	(795)	(676)	(1,362)
Tax	(163)	(177)	(352)
Consolidated PAT	(632)	(500)	(1,010)
EPS	(5.54)	(4.38)	(8.85)
Ratios	FY25	FY24	FY23
EBITDAM	62.3%	63.5%	59.6%
PATM	-4.6%	-4.8%	-14.2%
Sales growth	32.2%	46.1%	-

Sector- Services

Company Description

Smartworks Coworking Spaces Limited is an office experience and managed Campus platform. As of March 31, 2024, they were the largest managed campus operator, amongst the benchmarked operators in terms of total stock, with a lease signed portfolio of 8.0 million square feet. They have leased, and they manage a total SBA of 8.99 million square feet as of March 31, 2025. They strive to make Enterprises and their employees in India more productive at work by providing value-centric pricing and a superior office experience vis-à-vis traditional workspaces, with access to enhanced services and amenities. Landlords, especially passive and non-institutional, benefit from the transformation of their bare shell properties into 'Smartworks' branded, fully serviced managed Campuses. Company focus on mid-to-large Enterprises and have built a growing Client base, which includes Indian corporates, MNCs operating in India, and startups. They equip their Campuses with modern and aesthetically pleasing designs using their extensive design library, integrated proprietary technology solutions, and amenities such as cafeterias, sport zones, Smart Convenience Stores, gymnasiums, crèches, and medical centres. Some of these amenities take care of the daily needs of the employees of their Clients, and some are aspirational in nature, leading to collaborative workspace and team building. These aspects are likely to enhance well-being, fostering a vibrant and engaging work atmosphere.

The flexible workspace stock in Tier 1 Cities grew from more than 35 million square feet by the end of 2020 to over 82 million square feet by the end of 2024, at a CAGR of approximately 23–24%. Their advantage of being one of the first few operators to start offering managed office solutions, coupled with the strength of their business model and leasing strategy focused on mid-to-large Enterprises, has driven the steady growth of SBA managed by them in Tier 1 cities at a CAGR of 38.37% between 2020 and 2024, enabling them to outpace the industry growth rate by more than 1.5 times in terms of total SBA during the same period. Company continue to benefit from the supply and demand opportunities in the managed workspace segment to grow their business. They typically focus on leasing entire or large, bare shell properties in prime locations from Landlords and transforming them into fully serviced, aesthetically pleasing, and tech-enabled Campuses with daily-life and aspirational amenities. Their Centres offer Clients' employees a modern, attractive, and aesthetically pleasing work environment. They cater to Clients' needs of all team sizes—from under 50 to over 6,300 Seats—with a specific focus on mid-to-large Enterprises having a requirement of over 300 Seats.

Valuation

Smartworks is India's largest managed campus operator with a leased portfolio of 8.9 million sq. ft. across 50 centres as of FY25. It operates in the fast-growing flexible workspace market, especially in Tier 1 cities, and has outpaced industry growth with a 38.3% CAGR from 2020–2024. The company focuses on mid-to-large enterprises, which ensures longer client lock-ins and stable revenue. With fit-out and operating costs significantly lower than industry benchmarks, Smartworks runs a cost-efficient and scalable model. It is also shifting to an asset-light strategy through variable rental and management contracts, improving capital efficiency. Additional revenue streams like value-added services and Fit-out-as-a-Service further strengthen its business.

At the upper price band company is valuing at P/S of 3.3x with EV/EBITDA of 9.7x and market cap of ₹ 46,448 million post issue of equity shares.

We believe that the IPO is fully priced and recommend a **"Subscribe-Long term"** rating to the IPO.

Description of Business

Company's Scale

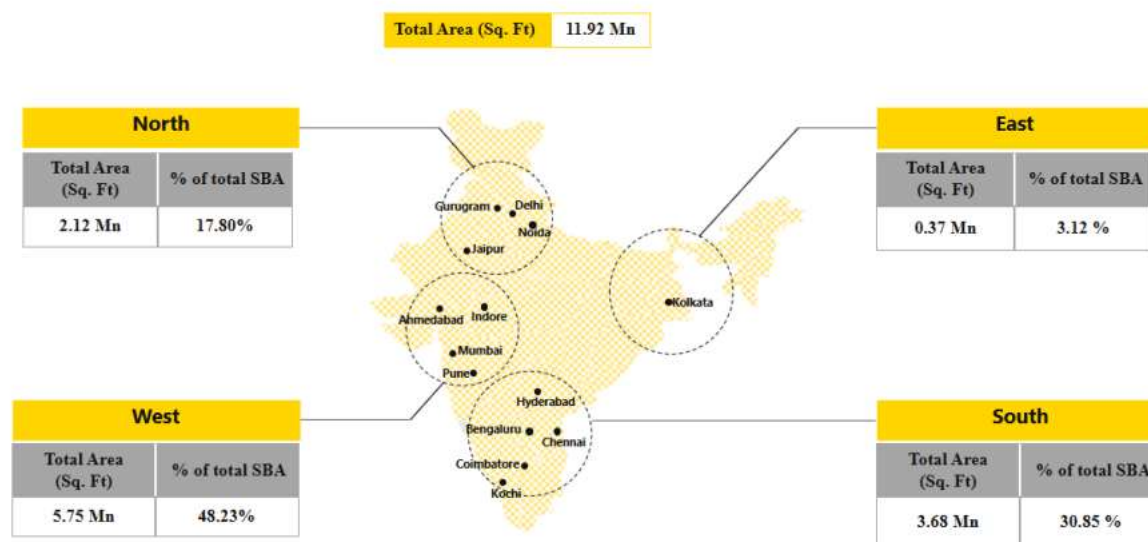
Company managed Campus platform consists of a total SBA of 8.9 million square feet across 50 Centres in 15 cities such as Bengaluru (Karnataka), Pune (Maharashtra), Hyderabad (Telangana), Gurugram (Haryana), Mumbai (Maharashtra), Noida (Uttar Pradesh) and Chennai (Tamil Nadu), with 203,118 Capacity Seats, as of March 31, 2025, break-up of which is provided in the table below:

Particulars	As on March 31, 2025			As on June 30, 2025		
	SBA (in million square feet)	Number of Centres	Capacity Seats	SBA (in million square feet)	Number of Centres	Capacity Seats
Operational Centres	8.1	46	1,83,613	8.3	48	1,90,421
Fit-outs Centres	0.7	3	15,494	0.7	2	15,042
Centre(s) yet to be handed over	0.2	1	4,011	1.1	4	26,085
Total	9.0	50	2,03,118	10.1	54	2,31,548

As on June 30, 2025, they have signed non-binding letters of intent/MoUs with Landlords for an additional SBA of 1.46 million square feet across three Centres in Pune (Maharashtra), Kolkata (West Bengal) (partially handed over to the extent of 0.02 million square feet which has been excluded) and Mumbai (Maharashtra). As on June 30, 2025, they have signed term sheets with Landlords in Gurugram for a Centre with a total SBA of 450,000 square feet under the variable rental business model, of which SBA of 33,504 square feet has been operationalized pursuant to agreements entered into by their company with the Landlord and each of the respective Client(s). As of March 31, 2025, their Operational Centres served 738 Clients occupying 152,619 Seats. Further, as on June 30, 2025 Company had 728 Clients with 169,541 Seats, out of which 12,044 Seats were yet to be occupied at their Operational Centres by the respective Clients. The following table sets forth the details of their committed Occupancy as on June 30, 2025:

Capacity Seats in Operational Centres (A)	1,90,421
Committed Seats (B)	1,69,541
Committed Occupancy Rate (B/A x 100)	89%

The below diagram shows their scale and Pan-India presence as on June 30, 2025:



Managed workspace solutions

As of March 31, 2024, they were the largest managed campus operator, amongst the benchmarked operators in terms of total stock, with a lease signed portfolio of 8.0 million square feet. They primarily lease entire / large bare shell properties from passive and non-institutional Landlords. In Fiscals 2025, 2024, and 2023, 78.8%, 77.4%, and 70.8%, respectively, of their total area is attributable to leases of entire / large properties (SBA of more than 150,000 square feet). As of March 31, 2025, they leased a total SBA of 8.99 million square feet across 50 Centres in 15 cities with 203,118 Capacity Seats. This includes three Fit-outs Centres and one Centre which was yet to be handed over to their Company by the respective Landlord as on Fiscal ending March 31, 2025.

Company has entered into a lease agreement for a new Centre, located at DLF Cyber City in Gachibowli, Hyderabad (Telangana), which is currently an Operational Centre. Their office experience and managed Campus platform delivers customised managed workspace solutions designed to meet the specific needs of Enterprises seeking fully serviced, aesthetically pleasing, and tech-enabled office environments along with daily-life and aspirational amenities for their employees. Their comprehensive service portfolio encompasses design, construction, and ongoing management, enabling them to create optimised workspaces tailored to their Clients' requirements. In close collaboration with their Clients, they integrate the Clients' requirements within their design expertise to develop turnkey office solutions. This synergy results in ready-to-occupy spaces that seamlessly blend functionality with distinct corporate identity. This model allows businesses to scale their workspace solutions in alignment with their evolving needs. Their Client agreements provide flexibility with provisions for renewal upon term completion.

Landlords lease agreements

Company usually enter into long-term lease agreements with Landlords. Such lease agreements typically have a term ranging from 10 to 15 years. Contractual arrangements with their Landlords typically ensure that the Landlords are locked-in for the entire duration of the lease agreement. Their lease agreements with Landlord typically have a rent-free period of between six to 12 months. These agreements have a fixed lease rental rate, which are typically subject to escalation at a rate of 15% every three years. Company is typically entitled to terminate the lease agreements on account of breach of its terms subject to a notice period. They are typically required to indemnify their Landlords in respect of, inter alia, damages caused to the property by their Company or their Clients.

The table below sets forth the split of Landlords within the category of institutional and non-institutional, for the last three Fiscals:

Classification of Landlords	Percentage of total SBA managed by us as of March 31, 2025	Percentage of total SBA managed by us as of March 31, 2024	Percentage of total SBA managed by us as of March 31, 2023
Institutional	19%	12%	16%
Non-institutional	81%	88%	84%

Type of non-institutional Landlords	Percentage of contribution within the non-institutional category as on March 31, 2025	Percentage of contribution within the non-institutional category as on March 31, 2024	Percentage of contribution within the non-institutional category as on March 31, 2023
Family office	62%	61%	60%
Private investor/ high net-worth individuals/ Strata stock	38%	39%	40%

Strengths:

- **Company's ability to lease and transform entire/ large properties across India's key clusters into amenities rich 'Smartworks' branded Campuses.**

Company's ability lies in partnering with Landlords, especially passive and non-institutional, to lease entire or large properties in key clusters in India. As of March 31, 2025, they are present across 14 Indian cities and in Singapore. The 28 key clusters identified across Tier 1 cities account for around 80% of total flexible workspace stock in these cities. As of March 31, 2025, they are present in 19 out of these 28 key clusters. About 94.3% of the SBA under their management as of March 31, 2025, is in these key clusters in India's Tier 1 cities. Company focus on leasing entire or large, bare shell properties in prime locations from Landlords and transforming them into fully serviced, aesthetically pleasing, and tech-enabled Campuses with daily-life and aspirational amenities.

The below table sets forth details of SBA managed by them as of the last three Fiscals:

Particulars	March 31, 2025	March 31, 2024	March 31, 2023
Total SBA managed by the Company (in million square feet)	9.0	8.0	6.2
Total SBA managed by the Company in the key clusters (in million square feet)	8.5	7.2	5.5
Percentage of SBA managed by the Company in the key clusters	94%	90%	90%

Company have a total of four lease-signed centers in India above 0.5 million square feet in size, with the largest center of approximately 0.7 million square feet located in Vaishnavi Tech Park in Sarjapur, ORR in Bengaluru. They have constantly outranked themselves in leasing large Campuses in India. Vaishnavi Tech Park in Bengaluru surpassed their other Campuses, namely, M-Agile in Pune, with a total SBA of 0.7 million square feet, and AP-81 in Pune, with a total SBA of 0.5 million square feet. They specialise in Campuses, as these offer economies of scale, higher area efficiencies, lower operational costs, and better commercial terms with Landlords. As they focus on leasing entire or large properties, it allows them to incorporate daily-life aspirational amenities such as cafeterias, sport zones, Smart Convenience Stores, gymnasiums, crèches, and medical centers. These amenities not only enhance the functionality of their Campuses and provide their Clients' employees with easy access to basic requirements, but are also likely to enhance well-being, fostering a vibrant and engaging work atmosphere. The scale of their operations in each Campus gives them the ability to spread these amenities across common and open building areas as value-added services without compromising on their Capacity Seats.

Some of their large managed Campuses are shown below:



- **Focus on acquiring Enterprise Clients with higher Seat requirements as well as emerging mid-to-large Enterprises, and grow with them.**

Company cater to the needs of all team sizes, from under 50 to over 6,300 Seats, with a specific focus on mid and large Enterprises that typically have a requirement of over 300 Seats. Company believe that their ability to serve customized infrastructure and operational requirements makes them a suitable partner for such Clients. Their largest Client deal size was over 6,300 Seats in Fiscal 2025, over 4,800 Seats in Fiscal 2024, and over 3,500 Seats in Fiscal 2023, demonstrating their value proposition and focus on serving large Enterprises.

The below table illustrates the percentage of Rental Revenue based on Seat cohorts for the Fiscals indicated:

(in ₹ million, unless stated otherwise)

Seats cohorts	Rental Revenue for Fiscal 2025	As a percentage of total Rental Revenue for Fiscal 2025	Rental Revenue for Fiscal 2024	As a percentage of total Rental Revenue for Fiscal2024	Rental Revenue for Fiscal 2023	As a percentage of total Rental Revenue for Fiscal 2023
0-100	1,542	12%	1,261	13%	993	15%
101-300	3,146	25%	2,689	27%	1,941	29%
More than 300	8,134	63%	5,920	60%	3,712	56%
Total	12,822	100%	9,870	100%	6,646	100%

The following table sets forth the breakdown of Clients by their sectors based on Rental Revenue, for the Fiscals indicated:

Particulars	Rental Revenue (₹ in million)			Percentage of Rental Revenue		
	Fiscal 2025	Fiscal 2024	Fiscal 2023	Fiscal 2025	Fiscal 2024	Fiscal 2023
Information technology, technology and software development	5,421	4,294	2,661	42%	44%	40%
Engineering and manufacturing	1,235	1,095	815	10%	11%	12%
Banking finance services and insurance	1,143	893	675	9%	9%	10%
Business consulting and professional services	1,789	872	492	14%	9%	7%
Others	3,234	2,716	2,002	25%	28%	30%
Total	12,822	9,870	6,646	100%	100%	100%

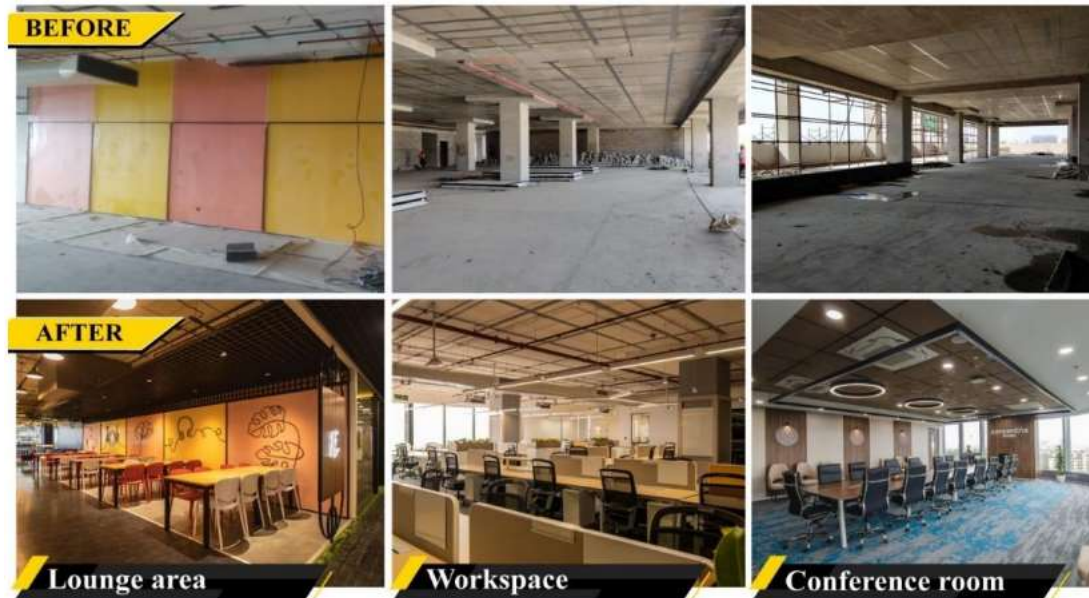
- **Execution capabilities backed by cost efficiencies, effective processes and technology infrastructure**

Company's commercial model and standardized operations resonate with the price-conscious ethos of the Indian market. They standardize designs, use modular and reusable fit-outs, achieve economies of scale, and leverage proprietary technology in their facility build-out and operations. Company offer superior office experiences with aesthetically pleasing designs by understanding their Clients' functional requirements and preferences to offer customized solutions. This also ensures that their Clients get superior workspaces that adapt to their evolving needs. Since in flexible workspace solutions the upfront capital required to build the facility is usually invested by the operator, flexible workspace solutions can support the end user in circumventing the need for upfront capital investment in their office fit-outs. This may provide an option for end user organizations to allocate the same capital towards their core business activities or another purpose of choice. As they invest in the initial workspace build-out cost and provide cost-effective and sustainably priced flexible workspace solutions, it allows their Clients to achieve financial and capital efficiencies by allocating capital to their core business.

Average operating expenditure including CAM charges typically ranged between ₹40–60 per square foot/month for a typical managed campus facility across a prominent cluster of a Tier I city. As of March 31, 2025, their Company's budgeted capital expenditure per square foot stood at approximately ₹1,350 per square foot, which is lower than the cost of fit-outs of a typical flexible workspace center. As of March 31, 2025, their monthly Centre operation cost ranged between ₹34 to ₹36 per square foot, which is lower than that of a typical managed campus facility across a prominent cluster of a Tier I city. The large scale of their operations helps them leverage higher area efficiencies and economies of scale.

Company focus on taking entire or large properties on lease for extended periods (average ranging from 10 to 15 years), with the typical lock-in period ranging up to five years for them. This gives them the financial freedom to invest in reusable, durable, and easy-to-maintain fit-outs of desired quality and optimize their installation costs as well. They have a cost-efficient sourcing strategy and a wide network of vendors, which help them serve varied requirements across the country. As a result, they expedite fit-outs and deliver ready-to-move-in workspaces to Clients in 45–60 days on average from the date of contractual arrangement.

The following images are of transformation of bare shell properties into fully managed and aesthetically pleasing workspaces:



Below are some of their proprietary technology solutions:



➤ **Risk mitigating strategy allows them to build a financially stable business model**

Company's business model, based on a risk-mitigating strategy, ensures that they grow and thrive in a competitive market while providing a stable and predictable environment to their Clients.

Asset liability mismatch risk: Company focus on mid-to-large Enterprises sets them apart and drives longer lock-in periods and Client retention. Their pricing strategy strives to achieve Rental Revenue from Clients that is at least double the lease rentals they owe to their Landlords. As of March 31, 2025, in terms of the existing contractual arrangements with their Clients and the balance lease period with them, the contracted lease rental income covers their rental obligations for Fiscal 2026 and Fiscal 2027, in terms of the lease agreements executed with their Landlords. In terms of the existing contractual arrangements and the balance tenure of the lock-in period of lease with their Clients, the contracted lease rental income from such balance lock-in period is Rs 20,604 million.

Client concentration: Company follow a diversification strategy by typically not leasing more than 30% of space in a Centre (over 0.15 million square feet) to a single Client. For example, one of their largest Clients occupies only 13.1% of the total Capacity Seats in their Vaishnavi Tech Park, Bengaluru, Centre. This ensures that no single Client dominates their revenue stream and reduces the potential impact on their revenues due to Client move-outs.

Cyclical risks: Company typically enter into long-term agreements with both the Landlords and the Clients. Their business is cushioned against the cyclical risks of occupancy and rental fluctuations, which are inherent to the commercial real estate industry. During the COVID-19 pandemic in Fiscal 2021 and Fiscal 2022, their business model protected them from downward market risks. During this period, they did not have any material Client agreement terminations. Similarly, they did not witness any material default in lease rental payments by their Clients.

Key Strategies:

- **Intend to capitalize their market leadership, learnings, and expertise to further scale their core business.**

As of March 31, 2024, they were the largest managed campus operator, amongst the benchmarked operators in terms of total stock, with a lease signed portfolio of 8.0 million square feet. India's commercial office stock stands at an estimated 883 million square feet as at March 31, 2025. Their scale of operations and steady growth have led to industry leadership. Owing to the availability of new and experienced talent, a supportive regulatory framework coupled with the availability of quality grade and cost-effective real estate, India is moving towards becoming one of the preferred locations for offices of GCCs & multinational corporations. These companies may also consider evaluating flexible workspaces to expand their operations in India, which may help in enabling them to outsource some elements of their value chain including but not limited to office experience and running cost-effective operations. This may also support the existing demand for flexible workspace solutions. Occupiers are increasingly drawn to modern integrated parks packed with amenities including F&B outlets, outdoor open spaces, fitness & wellness centres, and community events, among others. Adoption of "core+flex" strategies by multiple startups and corporate enterprises has resulted in an increase in demand for flexible workspaces. 'Core + Flex' is a strategy that offers occupiers a way to integrate traditional leased space and flexible office agreements in their overall real estate portfolios. This fuels their strategy to continue leasing entire or large properties across India and grow their portfolio. Company will endeavour to offer enhanced and superior workspace experiences through various value-added services and amenities in their Centres that help in the well-being of their Clients' employees. There is a demand for facilities like wellness centres and recreational areas, which are becoming essential for modern workspaces. Their business model ensures that they are placed to fulfil the evolving market needs.

- **Enhance capital efficiency through variable rental business model and managed contracts.**

Company have leased, and they manage a total SBA of 8.9 million square feet as of March 31, 2025. They have primarily employed a straight lease model. Their scale has allowed them to establish their brand and industry leadership. As they move forward, they aim to strategically expand into the variable rental and management contract models as well. In the variable rental model, capital expenditure costs are borne by them; however, rental obligations only start once they have leased the respective portion of the space to their Clients. Client security deposits and Landlord contributions on building improvements offset capital expenditure cost, making it a capital-efficient strategy. The variable rental model will further de-risk their business and eliminate occupancy-related risks while yielding better unit economics. Similarly, in the management contract model, capital expenditure is split in a pre-determined ratio with Landlords. They plan to use both these models to enter new and emerging markets. As on June 30, 2025, they have signed term sheets with Landlords in Gurugram for a Centre with a total SBA of 450,000 square feet under the variable rental business model, of which SBA of 33,504 square feet has been operationalized pursuant to agreements entered into by their Company with the Landlord and each of the respective Client(s).

- **Scale up their new revenue streams, which are margin-accretive.**

Company have developed significant capabilities in providing bundled solutions using their sourcing, technology, and design capabilities. As of March 31, 2025, they have access to 738 Clients and their employees (aggregating to more than 100,000), Landlords, and service partners, which gives them the large scale to monetize their capabilities. They intend to deploy cross-selling as they scale existing ancillary lines and build new ones.

Value Added Services (VAS): Company started offering VAS from Fiscal 2023 through revenue-sharing partnerships with service partners such as Chaipoint (Mountain Trail Foods Private Limited), Park+ (Parviom Technologies Private Limited), ClearTax (Defmacro Software Private Limited), Nutritap Technologies Private Limited, and CloudKitch Private Limited. Typically, the revenue from such value added services offered by operators has been observed to usually range between 0% – 10% of the overall revenue generated by the centre. Hence, this represents a vast untapped market opportunity, which can be capitalised on by scaling their service partnership relations and diversifying their VAS offerings by providing daily-life and aspirational amenities to their Clients' employees, leading to increased revenue through VAS.

Fit-out-as-a-Service (FaaS): Company started offering FaaS from 2024 to enterprises that have their own/self-leased and managed offices. There is an increasing demand from such Enterprises for tech-enabled design and build services for their offices. They use their expertise in designing modern and aesthetically pleasing workspaces through their in-house strong design team, extensive design library, and wide network of vendors. They offer reliable and compliant design and build solutions at value pricing by leveraging economies of scale. In April 2024, they entered into an arrangement with a Client, namely, First Source Limited, for fit-out of an office space with an SBA of 99,429 square feet. They intend to expand this business line in the coming years, opening a new revenue stream and expanding their overall business growth.

- **Continue to build proprietary technology to improve operational efficiency and create opportunities for monetization.**

Through their various technology solutions, they have built an integrated platform that connects Clients, Clients' employees, and service partners. This allows them to continually explore new opportunities to add value for all components of their ecosystem. Company is transforming the managed workspace industry by empowering organisations to manage, operate, and experience spaces using technology. They aim to continue deploying more innovative in-house technology solutions to solve identified problems in the fields of asset management, workforce management, environmental, social and governance (ESG) offerings, comprehensive project management tools, and a supply marketplace. Their goal is to leverage data and make their applications AI-enabled, integrating more IoT solutions into them. They aim to enhance office experience for their enterprise Clients' employees through direct consumer offerings, including membership products and e-wallets. Company intend to also roll out their suite of SaaS products to build their property technology vertical by deploying them in non-Smartworks office buildings/properties. They believe this will address the challenge of managing multiple disjointed systems for Landlords. Company is also working on certain other technology products which are expected to not only reduce costs but also create revenue opportunities.

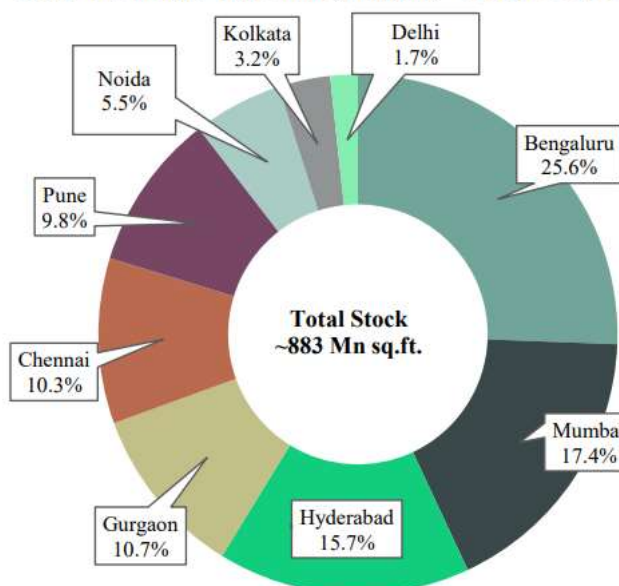
Industry Snapshot:

Overview of the Indian Office Market

Introduction

India's commercial office stock stands at an estimated 883 Mn sq. ft. as at Q1 CY2025. It is concentrated in the top 9 cities comprising of Bengaluru, Mumbai Metropolitan Region ("MMR"), Hyderabad, Gurgaon, Chennai, Pune, Noida, Kolkata, and Delhi in order of size of market. The approximate 883 Mn sq. ft. total stock is considered as organized stock and is purely utilized as office space. Out of the total stock, approximately 80% is non-SEZ stock i.e. 706 Mn sq. ft. and the remaining 20% (177 Mn sq. ft.) is classified as an SEZ stock.

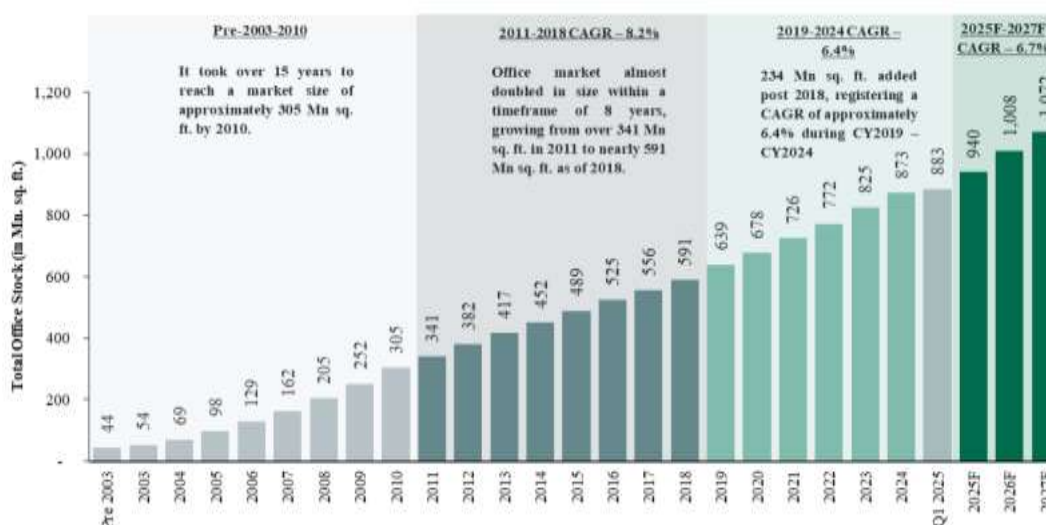
India - Top 9 Cities - Office Stock (Mn sq. ft.) – as at Q1 CY2025



Evolution of Office Stock in India

India's office real estate landscape has changed in the past two and a half decades. Since the early 2000s, office stock has grown more than 20 times from approximately 44 Mn sq. ft. as of pre-CY2003 to approximately 883 Mn sq. ft. as at Q1 CY2025. Indian real estate has emerged as a favored investment asset class due to various factors including the growth of the economy, demand-supply fundamentals, investor-friendly policies, and increased transparency. Various Global Sovereign and Pension Funds are setting up and expanding their India presence with a long-term investment horizon of 10 to 15 years, which will add further stability & depth to the Indian office market. Historically, the Indian office market witnessed an increase in overall commercial office stock from an estimated 341 Mn sq. ft. in CY2011 to approximately 591 Mn sq. ft. in CY2018 growing at a CAGR of 8.2% during the period. Furthermore, the Indian office market had an estimated supply addition of approximately 292 Mn sq. ft. during the period CY2019 – Q1 CY2025. Building upon the sector's strong growth trajectory, characterized by two years of record leasing activity, India's office sector is anticipated to experience continued expansion in 2025. This growth is likely to be driven by the strategic expansion of portfolios by domestic and global firms, which coupled with planned investments, solidifies the sector's outlook.

India - Total Office Stock in Tier-I Cities (Pre 2003 - 2027F)



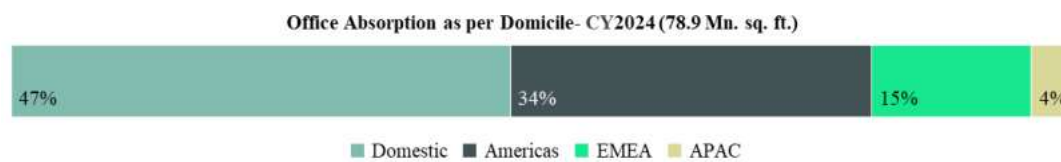
Key Drivers of Office Demand

Large, English-Speaking Talent Pool

The availability of English-speaking skilled manpower (second largest English-speaking population in the world), 11.31 Mn graduates (including 0.89 Mn engineers and 2.32 Mn commerce graduates as of 2022) and the improving quality of multi-disciplinary educational institutions provide a large and skilled talent workforce. (Source: Ministry of Education, AISHE 2021-2022) In FY2023, India recorded one of the world's largest annual supply of STEM graduates at over 2.5 Mn. (Source: NASSCOM) India's digital talent pool is estimated to account for approximately 38% of total talent in technology industry i.e., an estimated 5.8 Mn as of FY2025. This growth is supported by educational programs and upskilling initiatives such as PM Kaushal Vikas Yojana 4.0 and FutureSkills Prime, National Digital Literacy Mission and Pradhan Mantri Grameen Digital Saksharta Abhiyan (PMGDisha), the world's largest digital literacy program. This growing talent is anticipated to bridge the gap between demand and supply for skilled professionals, solidifying India's status as a leading global hub for tech talent. (Source: NASSCOM)

Domestic Firms to Increase Overall Space Take-up

Supported by the country’s steady economic growth, domestic companies are emerging as a strong force in the demand for office space in India. This demand is driven by a period of financial buoyancy and a well-capitalised financial system, enabling domestic companies to invest in expansion and enhance their market presence. In terms of office absorption by domicile, domestic firms are emerging as a key demand contributor for office space accounting for 47% of commercial leasing in CY2024. This trend is propelled by a growing consumption base in the country. The expansion of domestic firms is further supported by the government’s emphasis on infrastructure development and the execution of several reform measures. Beyond traditional industry sectors, the office market is likely to benefit from the expansion of flexible workspace operators, Research Consulting & Analytics, aerospace and automobile firms.



The advancement in India’s startup eco-system has contributed to the growth in demand for both office spaces and flexible workspace solutions. India is the third largest startup ecosystem in the world, supported by business environment, talented workforce, digital transformation, and an entrepreneurial and innovation spirit. The number of recognized startups in India has grown at a rate of 34% during the period CY2023 – CY2024, resulting into over 1,59,157 startups as of January 2025 with approximately 49% of startups from Tier 1 cities. (Source: Ministry of Commerce, and Industry, Nine Years of Startup India; PRABHAAV, January 2025) The presence of startups has increased six folds in the last seven years with presence across 670+ districts across the country as of December 31, 2023.

Indian Office Market Overview

Recovery post COVID-19 related disruptions,

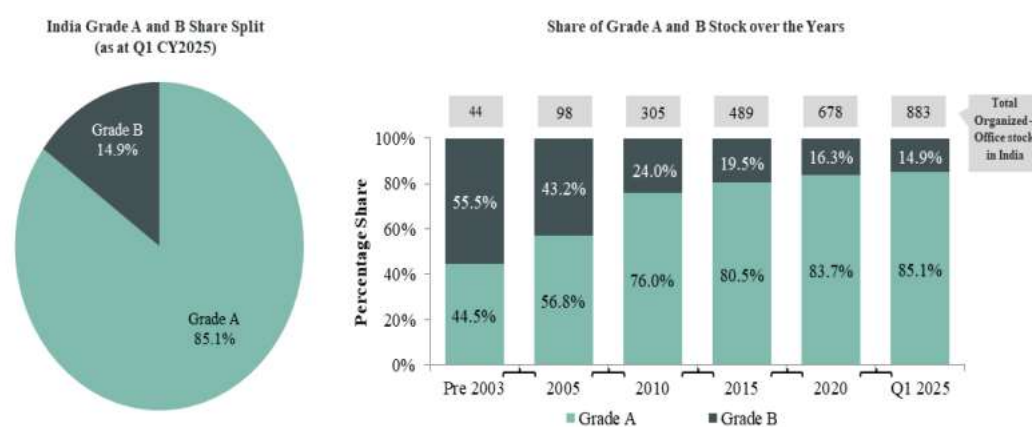
After India had recorded 66.6 Mn sq. ft. of gross absorption³² in CY2019, office demand slowed across all cities post-March 2020 due to the impact of the global pandemic and local lockdowns in CY2020 and CY2021. Globally and in India, companies paused decisions on office take-up as management teams and corporate real estate decision makers initially focused on managing short-term business continuity priorities and thereafter assessing future growth plans and office accommodation strategies.

The office sector in India exhibited recovery in CY2022 as occupier sentiments improved due to the relatively less severe Omicron (COVID-19) wave, the subsequent relaxation of restrictions and improved vaccination rates. As markets reopened across India, enquiries and inspections increased and the quantum of RFPs across cities also grew during CY2022. Consequently, strong leasing performance was observed in CY2022 (62.0 Mn sq. ft. gross absorption) in comparison to CY2021 (44.8 Mn sq. ft. of gross absorption).

Indian workplaces experienced higher employee attendance & Return to Work traction in CY2023 as compared to CY2022. The office sector continued to witness meaningful gains in CY2023, with a resurgence in occupiers’ sentiments and pent-up demand post a rise in return-to-offices. As of H1 CY2024 Indian cities such as Bengaluru, and Hyderabad had higher office absorption when compared with selected cities in APAC (Seoul, Singapore, Tokyo & Manila). Led by a steady space uptake in CY2023, the office market in India performed better than anticipated during the year, registering the second-highest absorption figures at 68.0 Mn sq. ft, representing a y-o-y growth of 9.7% vis-à-vis the previous year and an increase of approximately 52% over CY2021. This leasing activity was led by Hyderabad, Chennai and Mumbai having an increase in leasing activity as compared to the previous year, buoyed by the addition of quality supply, and the rising interest of global and Indian corporates to expand in these markets due to talent availability, infrastructure development and competitive rentals.

Grade Classification of Office Stock

As at Q1 CY2025, over 85.1% of the commercial office stock in India, aggregating to 751 Mn sq. ft., pertains to Grade A category. Grade A office stock registered a CAGR of 14%, from 58 Mn sq. ft. in 2005 to approximately 751 Mn sq. ft. as at Q1 CY2025. While Grade B stock accounted for approximately 14.9% of the organized commercial office stock in India as at Q1 CY2025, a diminishing trend in the share of Grade B stock is observed over the years. This is attributable to the evolving nature of the sector, changing occupier preference leading to a higher introduction of quality Grade A assets.



Vacancy Trends

Increase in vacancy levels were witnessed in major cities across CY2020 and CY2021 attributable to slow down in leasing activity on the back of COVID-19 pandemic and supply completion during the period. Delhi NCR and MMR demonstrate relatively higher city level vacancy, which is due to high vacancy in certain peripheral areas with limited infrastructure and in buildings with strata ownership and design challenges.



Rental Trends

Key markets such as Bengaluru, Pune, Hyderabad, and Chennai have consistently witnessed rent growth ranging between 3.7% - 5.7% during the period CY2016 - Q1 CY2025, driven by constrained supply in prime locations coupled with steady demand from technology tenants. Cities such as Mumbai, Gurgaon, Noida, Delhi, and Kolkata have also witnessed growth albeit at a slower pace ranging between 1 - 2%. However, limited growth in rental was witnessed during 2020-21 owing to the onset of COVID-19 pandemic. CY2022 onwards the market has witnessed a sustained growth in leasing activity thereby moderating vacancy levels within India. Rental outlook continues to be range bound at a city level; however established submarkets are expected to witness a marginal uptick in the medium term on the back of quality supply in prime locations.



Key Office Clusters Across Tier 1

Cities in India Commercial properties in tier-1 cities accounted for approximately 90-95% of the total available commercial office space stock in India as of Q1 CY202539 (These key clusters/micro-markets amongst the Tier 1 cities shall help us understand the occupier sentiment in terms of optimal rentals, location dynamics, type and quality of developments, other qualitative aspects that the micro-markets offer which continues to attract the occupier interest). CBRE has identified 33 key office clusters across tier 1 cities as highlighted below. These key clusters were identified after assessment of multiple parameters including total stock, occupied stock, level of vacancy across the clusters, share of micro market as a % of total stock within the city and upcoming supply along with forecasted vacancy levels across these key micro markets. The shortlisted micro markets accounts for approximately 83% of the total stock and 84% of the total occupied stock in tier 1 cities.

Outlook for Office Segment:

Sustained corporate expansion across diverse sectors is poised to stimulate multi sectoral office space leasing activity further nationwide. The technology sector is expected to remain resilient, with hiring anticipated to be concentrated in specialized domains such as artificial intelligence, machine learning, data analytics and cloud computing among others. Furthermore, the inherent strength and continued expansion of the BFSI and E&M sectors coupled with their focus on digitalization and developing new service offerings, are expected to contribute to increased office leasing demand. Building on their momentum in 2024, flexible workspace operators are expected to maintain growth in leasing driven by the anticipated end-user demand, as occupiers look to prioritize agility and flexibility within their real estate portfolio and leases. Emerging sectors such as life sciences, semi-conductors and automobiles would continue to experience growth. Furthermore, startups are expected to remain active, fuelled by government incentives designed to support their growth.

- Accounting ratios

(in ₹ million, unless otherwise indicated)

Key Performance Indicator	Unit	Fiscal 2025	Fiscal 2024	Fiscal 2023
Financial Parameters				
Revenue from Operations	₹	13,741	10,394	7,114
Revenue from Operation Growth	%	32.2%	46.1%	NA*
Total Income	₹	14,097	11,131	7,441
Total Income Growth	%	26.6%	49.6%	NA*
EBITDA	₹	8,573	6,597	4,240
EBITDA Margin	%	62.4%	63.5%	59.6%
Adjusted EBITDA	₹	1,722	1,060	364
Restated Loss for the year	₹	(632)	(500)	(1,010)
Restated loss for the year as a percentage of Total Income	%	-4.5%	-4.5%	-13.6%
Total Equity	₹	1,079	500	315
Capital Employed	₹	4,071	3,771	3,055
Total Assets	₹	46,509	41,471	44,735
Return on Capital Employed	%	42.3%	28.1%	11.9%
Operational Parameters				
Cities	Numbers	15	13	12
Centres	Numbers	50	41	39
Operational Centers	Numbers	46	39	39
Super Built Up Area	Million square feet	9.0	8.0	6.2
Number of Capacity Seats in all Centres	Numbers	2,03,118	1,82,228	1,37,564
Number of Capacity Seats in Operational Centres	Numbers	1,83,613	1,63,022	1,37,564
Number of Occupied Seats in Operational Centres	Numbers	1,52,619	1,30,047	1,05,568
Occupancy rate in Operational Centres	%	83%	80%	77%
Number Of Clients	Numbers	738	603	521
Seats Retention Rate	%	87%	88%	96%

Comparison with listed entity

Name of the company	Revenue from operations (₹ in millions)	Face Value (₹ per share)	P/E	Basic EPS	Diluted EPS	RONW (%)	NAV (per share ₹)	EV/EBITDA
Smartworks Coworking Spaces Limited	13,740	10	-	-5.5	-5.5	-58.7	10.5	9.7
Listed Peers								
Awfis Space Solutions Limited	12,075	10	63	9.7	9.6	14.7	65.9	12.6

Note: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on July 3, 2025.

2) ** P/E and EPS of company is calculated on basis TTM and post issue no. of equity shares issued.

Key Risk:

- During Fiscal 2025, company derived 75.2% of their Rental Revenue from their Centres located in Pune, Bengaluru, Hyderabad and Mumbai. Any adverse developments affecting such locations and Centres could have an adverse effect on their business, results of operations and financial condition.
- Company's business is focused on Clients who typically require over 300 Seats across multiple Centres and cities. They may not have equal negotiating power with such Clients and it may be difficult for them to find suitable replacements upon termination of agreements with such Clients, which could adversely affect their business, cash flows, results of operation and financial performance.
- Company's success largely depends on their ability to identify the right buildings/ properties in right locations and sourcing such Centres at the right rate of rental and other commercial terms. Any failure to do so will adversely affect their business, cash flows, results of operations and profitability.
- Company and certain of their Subsidiaries have incurred losses and they have experienced negative cash flows in the past. Company cannot assure you that they will achieve or sustain profitability and not continue to incur losses going forward.
- Landlords may not renew leases of existing Centres with them or renegotiate terms of their leases which could adversely affect their business, cash flows, results of operation and financial performance.
- Company have entered into long-term fixed cost lease agreements with their Landlords, for super built-up area of 8.9 million square feet across 50 Centres across 15 cities, as of March 31, 2025. If they are unable to pay the lease rentals to their Landlords on account of failure to source Clients for workspaces within their Centres, their business, results of operations, cash flows and profitability may be adversely impacted.
- Company may not be able to continue to retain existing Clients, their existing Clients may prematurely terminate their agreements with them and they may not be able to attract new Clients in sufficient numbers, which could adversely affect their business, results of operations, cash flows and financial condition.

Valuation:

Smartworks is India's largest managed campus operator with a leased portfolio of 8.9 million sq. ft. across 50 centres as of FY25. It operates in the fast-growing flexible workspace market, especially in Tier 1 cities, and has outpaced industry growth with a 38.3% CAGR from 2020–2024. The company focuses on mid-to-large enterprises, which ensures longer client lock-ins and stable revenue. With fit-out and operating costs significantly lower than industry benchmarks, Smartworks runs a cost-efficient and scalable model. It is also shifting to an asset-light strategy through variable rental and management contracts, improving capital efficiency. Additional revenue streams like value-added services and Fit-out-as-a-Service further strengthen its business.

At the upper price band company is valuing at P/S of 3.3x with EV/EBITDA of 9.7x and market cap of ₹ 46,448 million post issue of equity shares.

We believe that the IPO is fully priced and recommend a **"Subscribe-Long term"** rating to the IPO.

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