

**Rating: Subscribe**

**Issue Offer**

Total issue size of INR 5825.55 mn including Fresh Issue of shares aggregating up to INR 4450 mn and OFS aggregating up to INR 1375.55 mn.

**Issue Summary**

Price Band (INR)	387-407
Face Value (INR)	10
Implied Market Cap (INR Mn)	46,448
Market Lot	36
Issue Opens on	July 10, 2025
Issue Close on	July 14, 2024
No. of share pre-issue	103,189,592
No. of share post issue	114,123,252
Listing	NSE , BSE

**Issue Break-up (%)**

QIB Portion	≤50
NII Portion	≥15
Retail Portion	≥35

**Book Running Lead Managers**

Jm Financial Limited,  
Bob Capital Markets Limited,  
IIFL Capital Services Limited, Kotak  
Mahindra Capital Company Limited

**Registrar**

MUFG Intime India Private Limited

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoters	65.2%	55.9%
Public & Others	34.8%	44.1%

**Objects of the issue**

- Repayment/ prepayment/ redemption, in full or in part, of certain borrowings availed by the Company
- Capital expenditure for fit-outs in the New Centres and for security deposits of the New Centres
- General corporate purposes.

Smartworks Coworking Spaces Limited is incorporated in 2015, engaged in the business of customized managed workspace solutions, offering fully serviced, tech-enabled office environments with aesthetic designs and essential amenities to meet the specific needs of enterprises and their employees. The company serves mid-to-large enterprises, including Indian corporates, MNCs, and startups, offering modern campuses with design, technology, and amenities like cafeterias, gyms, crèches, and medical centers for employee well-being. As of March 31, 2025, the company served 738 clients with 152,619 seats. Currently, it has 728 clients and 169,541 seats, with 12,044 seats yet to be occupied. As of March 31, 2024, the company holds four of India's five largest leased centers, including the 0.7 million square feet Vaishnavi Tech Park in Bengaluru, surpassing other campuses in size.

**Investment Rationale**

**Pan-India Market Leadership in Managed Office Spaces-** Smartworks is the largest operator of managed office campuses in India with a signed lease portfolio of 8.99 million sq. ft. across 50 centers in 15 cities as of March 31, 2025. The company holds a strong presence in top-performing micro-markets — 94% of its portfolio is in 19 key clusters that contribute to over 80% of the country's flexible workspace supply. This scale gives it a strategic edge in winning large client mandates, enables negotiation power with landlords, and offers cost efficiencies through centralized procurement and operations.

**Enterprise-Focused Revenue Base Ensures Stability and Visibility-** Smartworks has strategically positioned itself as a preferred workspace partner for mid-to-large enterprises, focusing on clients with seating requirements of 300+ seats, with some client mandates going up to 6,300 seats. This enterprise-centric approach ensures: Longer-term leases and higher retention rates, Revenue predictability and stability. Reduced churn compared to retail-focused coworking models. In FY25, 88.2% of rental income came from such enterprise clients, which also include several Fortune 500 companies and large domestic corporates.

**Capital-Light, Efficient Growth Model Enhances Returns-** It operates a straight lease model but smartly uses client advances, security deposits, and rental discounting to fund capital expenditure, thereby minimizing reliance on external equity or debt. Additionally, the company is gradually increasing the share of revenue-sharing and management contracts, which: Reduces fixed lease costs. Lowers capex intensity. Supports scalable and asset-light expansion. This model makes smartworks financially nimble, protects margins in cyclical downturns, and allows faster rollouts of new centers in high-demand areas.

**In-House Tech Platforms Drive Speed, Efficiency & Differentiation-** The company has built proprietary platforms such as BuildX, which help deliver interior fit-outs in just 45–60 days — significantly faster than industry average. It also offers fully tech-enabled campuses with RFID access, smart meeting rooms, IoT-enabled services and digital cafeterias, app-based visitor and facility management.

**Valuation and View:** Smartworks is well-positioned to benefit from India's growing shift toward flexible, tech-enabled office spaces, driven by enterprise demand, cost optimization needs, and hybrid work adoption. With its pan-India presence, strong focus on enterprise clients, capital-efficient model, and in-house tech capabilities, the company is geared for scalable, profitable growth. Backed by industry tailwinds and a sticky client base, Smartworks offers a compelling long-term opportunity in the evolving commercial real estate space. At the upper band price of INR 407 the EV/EBITDA stands at 9.3x. We have a "Subscribe" rating for the issue.

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### Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

### Absolute Return

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