

Issue Details		
Issue Opens	July 10, 2025	
Issue Closes	July 14, 2025	
Issue Size (Rs. Crs)	582.56	
Issue Size –Fresh (Rs Crs)	445.00	
Issue Size –OFS (Rs Crs)	137.56	
Issued, Subscribed and Paid Up Sh. Pre offer	10,31,89,592	
Fresh Issue (No. of Shares)	~1,09,33,660	
Offer For Sale (No. of Shares)	33,79,740	
Total Issue (No. of Shares)	~ 1,43,13,400	
Face Value	10.00	
Lot Size (Sh)	36	
Price Band	Rs 387 – Rs 407	
Employee Discount	Rs 37	
Issue Type	Book Built Issue IPO	
Book Value (in Rs.)( FY25)	10.07	
BRLMs	JM Financial, BOB Caps, IIFL Capital, Kotak Investment Banking	
Registrar	MUFG Intime India Pvt Ltd	
Listing Venue	NSE , BSE	
Finalization of Allotment	On or about 15/07/2025	
Initiation of refund	On or about 16/07/2025	
Credit to Demat Account	On or about 16/07/2025	
Listing	On or about 17/07/2025	
Issue Structure		
Categories		
QIBs	<=50%	
Non-Institutional	>=15%	
Retail Portion	>=35%	
Total	100%	
Shareholding %		
Categories	Pre issue	Post Issue
Promoter	65.19	58.25
Public	34.81	41.75
Recommendation		
SUBSCRIBE		

### **Company Background**

Incorporated in 2015, Smartworks Coworking Spaces Ltd (SCSL) is 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.

### **Objects of the issue**

- Fresh Issue of ~1,09,33,660 shares of FV Rs 10 amounting to ~ Rs 445 Cr and Offer For Sale of 33,79,740 shares amounting to ~ Rs 137.56 Cr. Total issue size is ~ Rs 582.56 Cr
- 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

### **Key Points**

- SCSL 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 31<sup>st</sup> March, 2025, the company held 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.
- SCSL specializes in serving large and emerging enterprises with customizable, tech-enabled workspaces across key Indian cities, offering modern, cost-efficient solutions and amenities to enhance employee well-being and productivity.
- A partnership has been established by SCSL and non-institutional landlords to transform properties into fully serviced Smartworks campuses, offering rental assurance, efficient management, and long-term leases, benefiting both landlords and tenants.
- SCSL offers fully serviced, tech-enabled centers with amenities like cafeterias, gyms, crèches, and medical centers, promoting collaboration, team building, and employee well-being in a vibrant work environment.
- Collaboration with service partners like Chaipoint and ClearTax provides amenities such as cafeterias, gyms, and medical centers, offering employees value-added services and partners access to a large customer base.
- SCSL's success largely depends on its ability to identify the right buildings/ properties in the right locations and source such centres at the right rental rate and other commercial terms.

### **Recommendation**

SCSL has a diverse Client base that includes Indian corporates and MNCs, such as Google, L&T Technology Services etc having long term contractual agreements. Repayment of debt, coupled with existing cash reserves, could improve its credit and finances. With a large inventory base and new initiatives to build non-core revenue streams such as food and beverage services, the company expects to improve margins and move towards profitability in the coming years. We would recommend a SUBSCRIBE to the issue.

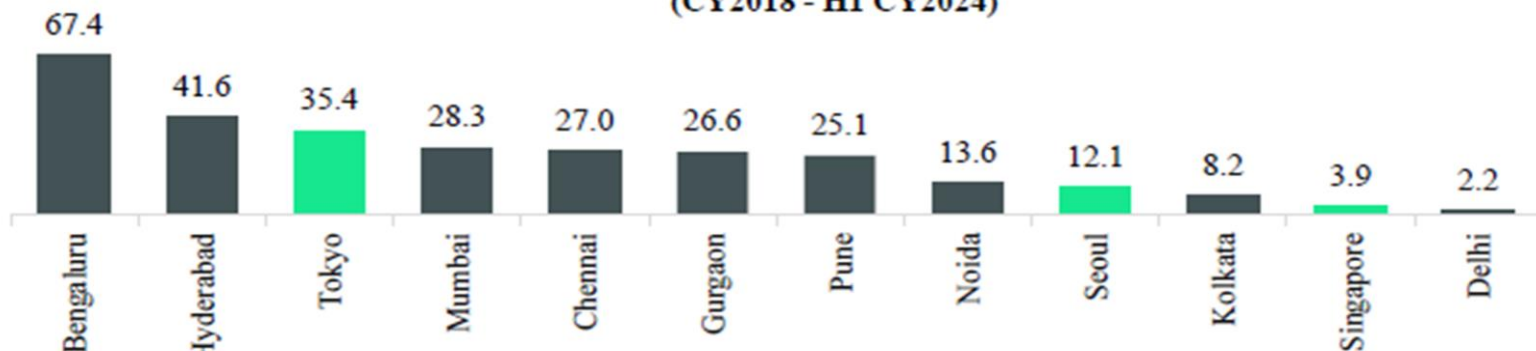
Consolidated Financials In INR Crs	FY25	FY24	FY23
Operating Income	1,374.06	1,039.36	711.39
Profit Before Interest, Depreciation & Tax (PBIDT)	892.88	733.42	456.68
Adjusted Profit After Tax (PAT)	-63.18	-49.96	-101.05
EPS	-6.18	-5.18	-10.57
Equity Paid Up	103.19	79.01	77.69

Company's RHP, ACE Equity, AUM Research

## Industry Overview

### Cumulative Office Absorption

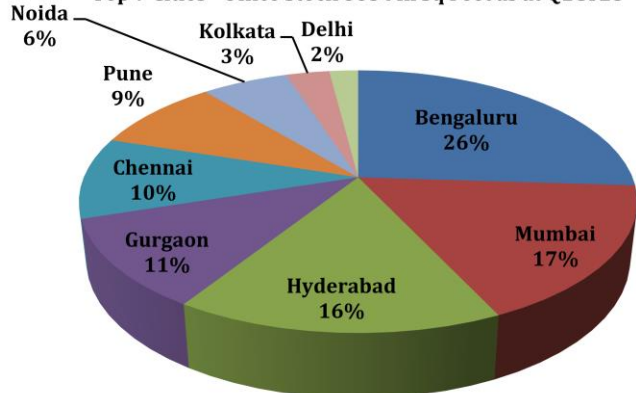
**Select Global Cities - Cumulative Office Absorption in Mn sq. ft. (CY2018 - H1 CY2024)**



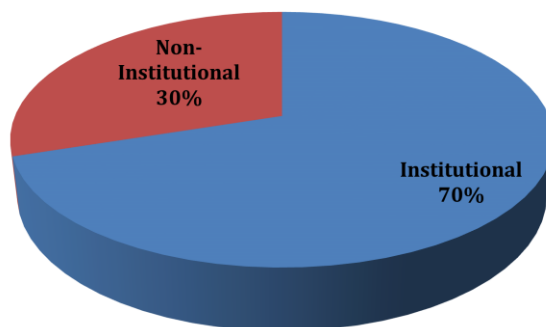
Company's RHP, AUM Research

- Tokyo along with Indian cities such as Bengaluru, MMR, and Hyderabad currently have the highest total stock when compared with selected cities (Seoul, Manila, Singapore) in APAC (Asia Pacific region).
- India had an increased interest/traction from occupiers, indicating an increase in demand for office spaces.
- The increasing preference for quality office spaces coupled with the office stock in India highlights the evolving expectations of occupiers and India's ability to meet those demands. Consequently, the market has witnessed an increase in space take-up for quality spaces.

**Top 9 Cities - Office Stock 883 Mn Sq Feet as at Q1CY25**



**Share Of Institutions & Non-Institutions**



Company's RHP, AUM Research

- 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. 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.

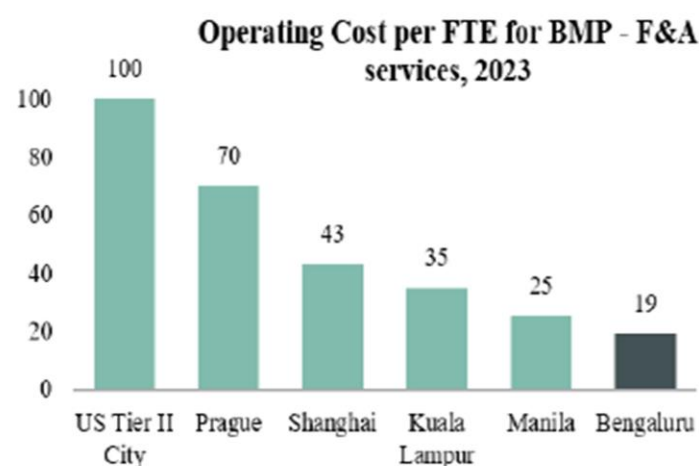
## **Key Drivers of Office Demand**

### **1) Large, English-Speaking Talent Pool**

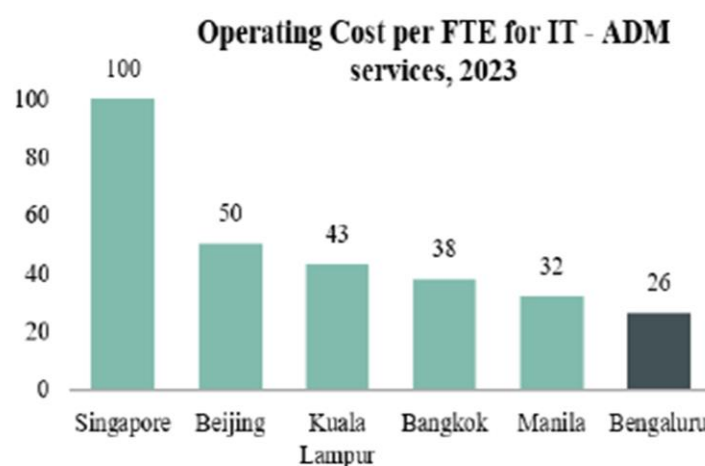
- The availability of English-speaking skilled manpower (second largest English-speaking population in the world), 11.31 Mn graduates (including 0.89 Mn engineers and 2.32 Mn commerce graduates as of 2022) and the improving quality of multi-disciplinary educational institutions provide a large and skilled talent workforce.
- 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.

### **2) Competitive Cost Advantage**

- India has a cost advantage compared to many of its global counterparts. Further, the operating cost per full-time equivalent ("FTE") for Application Development and Management/Maintenance ("IT-ADM") services is relatively less.



Source: NASSCOM, Indexed to US Tier II City = 100



Indexed to Singapore = 100

Company's RHP, AUM Research

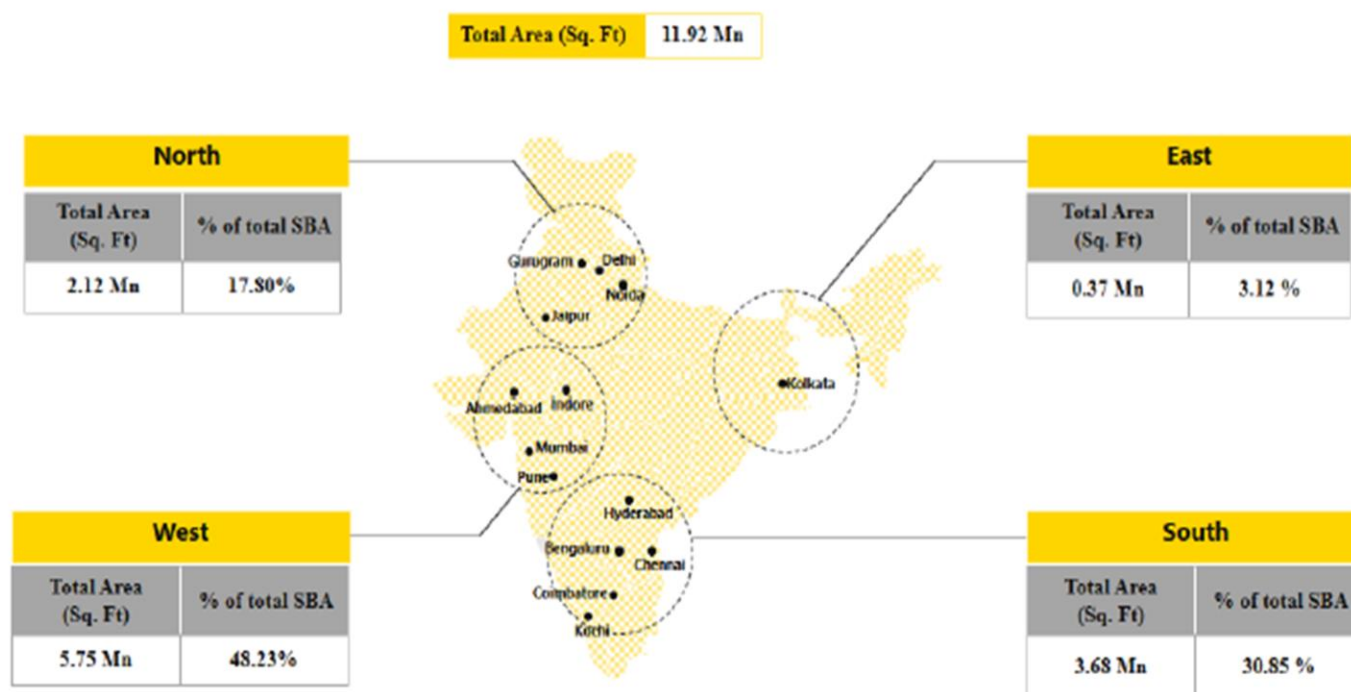
### **3) GCC ( Global Capability Centers) Charting a New Technology Era and Driving Growth**

- While the first two decades of India's growth in the technology industry were led by third-party service providers, the last decade has seen the emergence of Global In-House Centres ("GICs", also called captives or Global Capability Centres "GCCs").
- Indian GCC ecosystem has become a sandbox<sup>30</sup> for global companies driving organization-wise transformative initiatives. From decentralization and diversifications of portfolios, to creating innovation hubs, Indian GCCs are strategically restructuring and transitioning from their origins as cost arbitrage centres, to a hub for service transformation with a focus on value enhancement and skilled talent.
- GCCs have steadily expanded their footprint in India and have become a critical driver of office demand across most markets. The overall GCC leasing in India has increased from 19 Mn sq. ft. in CY2022 to 29 Mn sq. ft. in CY2024. Furthermore, out of the overall office space leasing, GCC space take-up in the Tier 1 cities had an increase from an estimated 31% in CY2022 to 36% in CY2024.
- While Bengaluru continues to account for the largest share in leasing, Hyderabad, Chennai, and Pune have also seen increased traction. This is due to a trend amongst GCCs moving closer to their talent pool and the increased availability of quality office supply by large developers and institutional investors.
- A clear shift is being observed in India as most of the new GCCs entering the country are establishing multifunctional centres Engineering, Research & Development (ER&D), IT, and Business Process Management. GCCs in India are supporting their parent organizations with transformation initiatives such as building new products, creating technology enhancements, and becoming a business hub for them. Tier I cities remain the preferred destinations for GCCs in India, with approximately 96% of the talent housed in these cities.
- 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.

### Company Overview

- SCSL's managed Campus platform consists of a total SBA (Small Business Administration) of 8.99 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.
- As on June 30, 2025, SCSL has 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, SCSL has 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 operationalised pursuant to agreements entered into by the Company with the Landlord and each of the respective Client(s).
- As of March 31, 2025, SCSL's Operational Centres served 738 Clients occupying 152,619 Seats. Further, as on June 30, 2025 it had 728 Clients with 169,541 Seats, out of which 12,044 Seats were yet to be occupied at its Operational Centres by the respective Clients.

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 <sup>^</sup>	8.09	46	183,613	8.31	48 <sup>*</sup>	190,421
Fit-outs Centres	0.72	3	15,494	0.70	2	15,042
Centre(s) yet to be handed over <sup>(1)</sup>	0.18	1	4,011	1.07	4 <sup>#</sup>	26,085
<b>Total</b>	<b>8.99</b>	<b>50</b>	<b>203,118</b>	<b>10.08</b>	<b>54</b>	<b>231,548</b>





## **Rationale For Investment**

### **1) Supply opportunity**

- India's commercial office stock stands at an estimated 883 million square feet as at March 31, 2025. It is forecasted to grow at a CAGR of 6.7% to 1,072 million square feet by the end of 2027.
- It is concentrated in the top nine cities comprising of Bengaluru, Mumbai Metropolitan Region ("MMR"), Hyderabad, Gurgaon, Chennai, Pune, Noida, Kolkata, and Delhi in order of size of market (Source: CBRE Report). The Indian office market is predominantly fragmented.
- SCSL has developed a mutually beneficial proposition by partnering with passive and non-institutional Landlords to typically take on lease their entire/ large bare shell properties. It takes on lease a mix of newly constructed properties and existing properties transitioning from expiring leases. For example, Golf View Corporate Towers – Tower B in Gurugram (Haryana), which has a total SBA of 144,626 square feet and Maple Corporate Park in Noida (Uttar Pradesh), which has a total SBA of 270,000 square feet, were formerly occupied by a global consulting firm and a major Indian information technology multinational, respectively, are now taken on lease by SCSL.
- SCSL's proven success in converting existing properties to its platform highlights Landlords' growing preference for its model of managed leasing over traditional leasing arrangements. This has unlocked an additional addressable market for it.

### **2) Demand opportunity**

- Supported by the country's steady economic growth, domestic companies are emerging as a strong force in the demand for office space in India.
- 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 and multinational corporations.
- These companies may also consider evaluating flexible workspaces to expand their operations in India which may also 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.
- As per India's Office Occupier Survey 2024, the number of companies with over 10% of their office space being flexible is expected to jump from 42% (Q1 2024) to 59% by 2026. Majority of the deals have been getting transacted in 100+ seats cohort categories in flexible workspace centres over the last 2-3 years. This represents a market opportunity for SCSL, given its Pan-India presence, value-centric pricing and expertise in leasing entire/ large properties.
- The flexible workspace stock in Tier 1 Cities grew from more than 35 million square feet by the end of 2020 to over to 82 million square feet by the end of 2024, at a CAGR of approximately 23-24%. SCSL has the advantage of being one of the first few operators to start offering managed office solutions coupled with the strength of its business model and leasing strategy focused on mid-to-large Enterprises. This has driven SCSL's steady growth of SBA managed by it in Tier 1 cities at a CAGR of 38.37% between 2020 and 2024, enabling it to outpace the industry growth rate by more than 1.50 times in terms of total SBA during the same period.

### **3) SCSL's operating model | Office experience and managed Campus platform**

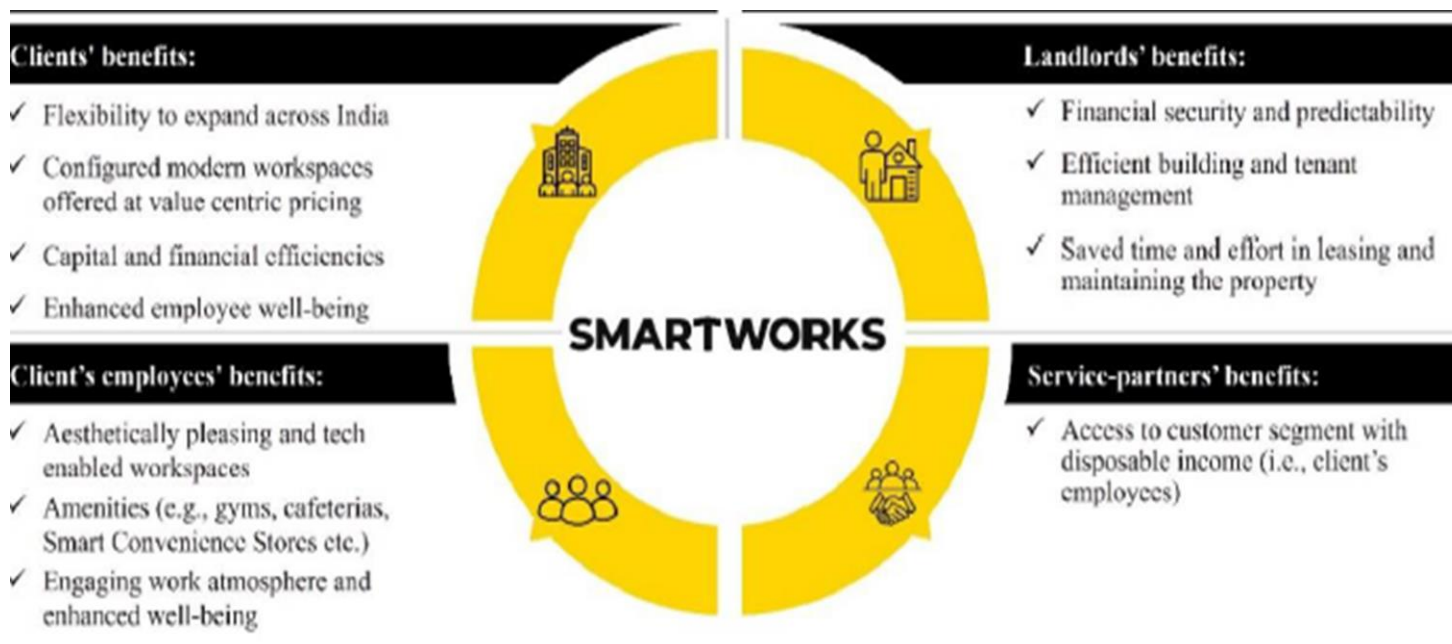
- SCSL focuses on leasing entire/ large, bare shell properties in prime locations from Landlords and transform them into fully serviced, aesthetically pleasing and tech-enabled Campuses with daily-life and aspirational amenities.
- SCSL's Centres offer Clients' employees a modern, attractive and aesthetically pleasing work environment. It 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.
- SCSL standardises designs by using modular and reusable fit-outs, and also focuses on achieving economies of scale. It leverages its integrated proprietary technology to build out and operate Centres. This allows it to offer its Clients a standardised, hassle-free, one-stop solution for their workspace needs by combining core services such as design and build out, facility management and technology infrastructure. This helps SCSL's Clients to focus on their business priorities without worrying about day to day management of workspace.
- Since SCSL invests in the initial workspace build out cost and provide cost-effective and sustainably priced flexible workspace solutions, it allows its Clients to achieve financial and capital efficiencies by allocating capital to their core business. Its clients also benefit from the swift turn-around time of delivery of workspace experience in 45 to 60 days from the date of the contractual arrangement.

#### 4) Renowned Clientele



Company's RHP, AUM Research

#### 5) Key Stakeholders



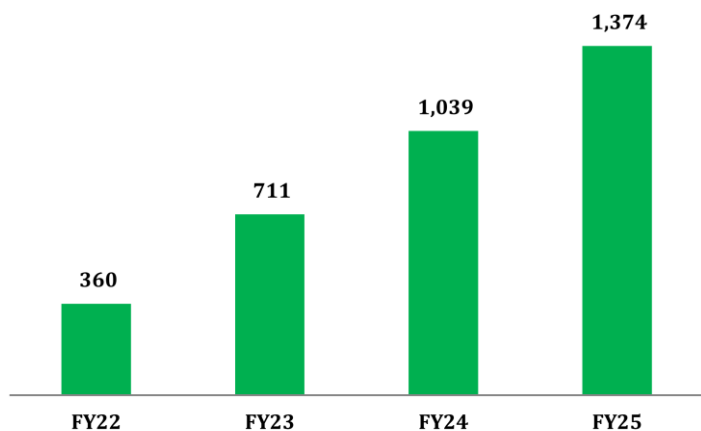
Company's RHP, AUM Research

- SCSL's managed Campus platform creates an ecosystem consisting of its key stakeholders: (i) Clients; (ii) Landlords; (iii) Clients' employees; and (iv) service partners, who benefit from its business model and offerings.

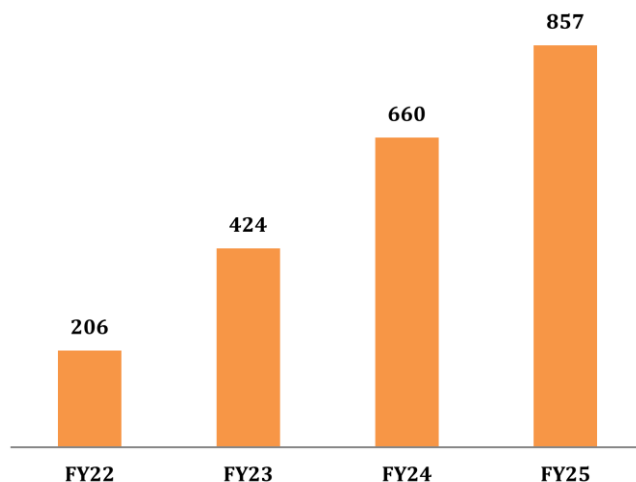
Consolidated P&L Account (Value in Rs. Crs)			
Particulars	FY25	FY24	FY23
<b>Operating Income</b>	<b>1,374.06</b>	<b>1,039.36</b>	<b>711.39</b>
<b>Expenditure</b>			
Power & Fuel Cost	119.13	94.00	62.02
Employee Cost	65.37	49.61	40.84
Operating Expenses	120.09	75.23	52.23
General and Administration Expenses	156.49	115.45	93.80
Selling and Distribution Expenses	44.43	37.53	29.85
Miscellaneous Expenses	11.28	7.87	8.66
<b>Total Expenditure</b>	<b>516.79</b>	<b>379.69</b>	<b>287.39</b>
<b>Operating Profit (Excl OI)</b>	<b>857.26</b>	<b>659.67</b>	<b>424.00</b>
Other Income	35.61	73.75	32.68
<b>Operating Profit</b>	<b>1,374.06</b>	<b>1,039.36</b>	<b>711.39</b>
Interest	336.34	328.32	236.66
PBDT	556.54	405.10	220.02
Depreciation	636.00	472.72	356.25
<b>Profit Before Taxation</b>	<b>-79.46</b>	<b>-67.62</b>	<b>-136.23</b>
Provision for Tax	-16.28	-17.67	-35.18
<b>Profit After Tax</b>	<b>-63.18</b>	<b>-49.96</b>	<b>-101.05</b>
EPS	-6.18	-5.18	-10.57

\*Source: Company, Ace Equity, AUM Research

Operating Income In INR Cr



EBIDTA In INR Cr



Consolidated Balance Sheet (Value in Rs. Crs)			
Particulars	FY25	FY24	FY23
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital</b>	<b>103.19</b>	<b>79.01</b>	<b>77.69</b>
Share Warrants & Outstandings	3.93	0.21	0.21
Total Reserves	0.76	-29.22	-46.44
<b>Shareholder's Funds</b>	<b>107.88</b>	<b>50.01</b>	<b>31.47</b>
Secured Loans	216.03	239.75	291.33
Unsecured Loans	-	-	8.50
Deferred Tax Assets / Liabilities	-133.60	-117.21	-99.60
Other Long Term Liabilities	3,103.21	2,897.07	3,356.00
Long Term Provisions	7.12	5.26	4.50
<b>Total Non-Current Liabilities</b>	<b>3,192.75</b>	<b>3,024.86</b>	<b>3,560.74</b>
Trade Payables	115.88	119.81	99.71
Other Current Liabilities	1,051.70	787.55	574.14
Short Term Borrowings	47.37	46.68	107.23
Short Term Provisions	1.67	0.96	0.62
<b>Total Current Liabilities</b>	<b>1,216.62</b>	<b>955.00</b>	<b>781.70</b>
<b>Total Liabilities</b>	<b>4,517.26</b>	<b>4,029.87</b>	<b>4,373.91</b>
<b>ASSETS</b>			
Gross Block	5,693.47	4,631.24	4,441.27
Less: Accumulated Depreciation	1,913.10	1,219.56	716.83
<b>Net Block</b>	<b>3,780.37</b>	<b>3,411.68</b>	<b>3,724.43</b>
Capital Work in Progress	135.48	63.31	41.87
Intangible Assets Under Development	3.28	8.56	10.26
Non Current Investments	10.96	11.28	-
Long Term Loans & Advances	243.35	194.54	156.00
Other Non Current Assets	88.55	75.35	80.40
<b>Total Non-Current Assets</b>	<b>4,262.00</b>	<b>3,764.71</b>	<b>4,012.97</b>
Sundry Debtors	25.53	14.09	14.32
Cash and Bank	68.93	52.38	213.72
Other Current Assets	64.75	64.13	52.99
Short Term Loans and Advances	96.05	134.56	78.74
<b>Total Current Assets</b>	<b>255.26</b>	<b>265.16</b>	<b>359.77</b>
Assets as Held for Sale and Discontinued Operations A	-	-	1.17
Net Current Assets (Including Current Investments)	-961.37	-689.84	-421.93
Total Current Assets Excluding Current Investments	255.26	265.16	359.77
<b>Total Assets</b>	<b>4,517.26</b>	<b>4,029.87</b>	<b>4,373.91</b>

\*Source: Company, Ace Equity, AUM Research



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