



Neutral

IPO Report

09th July '25

Snapshot

Company an office experience and managed Campus platform. As of March 31, 2024, company was 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. Company have leased, and company manage a total SBA of 8.99 million square feet as of March 31, 2025. Company strive to make Enterprises and their employees in India more productive at work by providing value-centric pricing and 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.

VALUATION

Company is bringing the issue at price band of Rs 387-407 per share at p/e multiple of approx. 8.4x on post issue book value basis.

Company's market leadership backed by scale and steady growth with its ability to lease and transform entire / large properties across India's key office clusters into amenities rich 'Smartworks' branded Campuses. With company's focus on acquiring Enterprise Clients with higher Seat requirements as well as emerging mid to large Enterprises and grow with them. Company's risk mitigating strategy allows it to build a financially stable business model.

Hence we are "Neutral" to this ipo.

Price Band (Rs./Share)	387-407
Opening date of the issue	10th July '2025
Closing Date of the issue	14th July '2025
No of shares pre issue	103,189,592 Eq Shares
Issue Size	Rs 576-583 Cr
Fresh issue	Rs 445 Cr
Offer For Sale	33,79,740 Eq Shares
Face Value (Rs/ share)	Rs 10/share
Bid Lot	36
Employee Discount	Rs 37/share
BIDDING DETAILS	
QIBs (Including Anchor)	50% of the offer (Approx 71,10,630 Eq Shares)
Non-Institutional	15% of the offer (Approx 21,33,190 Eq Shares)
Retail	35% of the offer (Approx 49,77,443 Eq Shares)
Employee Reservation	Rs 3.75 Cr
Lead managers	JM Financial, BOB Capital Markets, IIFL Securities, Kotak Mahindra Capita
Registrar to the issue	MUFG Intime India Pvt Ltd

WHAT WE LIKE

Company's market leadership backed by scale and steady growth

As of March 31, 2024, company was 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.. 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

Company's financial acumen and strategic execution abilities make it capital efficient, resulting in saving company's equity on capital expenditure and working capital

Company's payback period, which is the time period for recovery of capital invested at a Centre level, is shorter than the industry payback period. Further, payback period for the operator is expected to be 51-52 months from the fit-out commencement cycle and nearly 45-46 months from the date of operations As of March 31, 2025, the average payback period for company's Mature Centres is 30-32 months from the date of deployment of capital for fit-outs.

Company's 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's ability to serve their customised infrastructure and operational requirements make company a suitable partner for them.



COMPANY BACKGROUND

Company focus on mid-to-large Enterprises and have built a growing Client base, which includes Indian corporates, MNCs operating in India and startups. Company equip its Campuses with modern and aesthetically pleasing designs using its 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 its 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.

Company's managed Campus platform consists of a total SBA 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, break-up.

As on June 30, 2025, company 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, company 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 operationalised pursuant to agreements entered into by company with the Landlord and each of the respective Client(s).

As of March 31, 2025, company's 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 company's Operational Centres by the respective Clients.

Company have also taken on lease two Centres in Singapore with a total SBA of 35,036 square feet and serve 83 Clients as on June 30, 2025. Singapore has emerged as one of the preferred locations for corporate headquarters with the highest number of completed regional headquarters in the past 10 years in Asia Pacific (2014 – 2023). Company's presence in Singapore provides it the opportunity to explore further business opportunities in both India and Singapore.

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. Company have constantly outranked itself in leasing large Campuses in India. Vaishnavi Tech Park in Bengaluru (Karnataka) surpassed company's other Campuses, namely, M-Agile in Pune (Maharashtra), with a total SBA of 0.69 million square feet and AP-81 in Pune (Maharashtra), with a total SBA of 0.55 million square feet. As of March 31, 2025, company's average Centre size is SBA of 0.18 million square feet.

Clients

Company specialise in serving large Enterprises that have large teams, multi-city presence and customised infrastructure and operational requirements. Company also serve mid and emerging Enterprises and other organisations, which helps it expand its business with their growth. Company is present in key clusters across Indian cities, which gives company's Clients the ability to choose office spaces across locations based on their requirements. Company's modern workspaces are quickly configurable to meet diverse needs. By providing fully managed, aesthetically pleasing and tech-enabled Centres, in prime locations at valuecentric pricing, company achieve financial and capital efficiencies for its Clients. Additionally, company focus on creating aspirational and daily-life amenities that are likely to enhance well-being, fostering a vibrant and engaging work atmosphere. Company have a diverse Client base that includes Indian corporates and MNCs, such as Google IT Services India Private Limited, L&T Technology Services Limited, Bridgestone India Private Limited, Philips Global Business Services LLP, Persistent Systems Limited, Billionbrains Garage Ventures Private Limited (Groww), MakeMyTrip (India) Private Limited. Many of company's Clients have long-term contractual arrangements with company across multiple locations.

Landlords

Approximately 70.2% of the total commercial organized stock in India is non-institutionally owned stock as of March 31, 2025 .The Indian office market is predominantly fragmented.

Service partners

Company have a wide range of 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. Through company's service partners, company provide value-added services and amenities, such as cafeterias, sport zones, Smart Convenience Stores, gymnasiums, crèches and medical centres, to the Clients' employees, who gain access to amenities and services right at their workplaces. Company offer its service partners access to a large base of customers i.e. employees of mid-to-large Enterprises, with disposable income, in company's Campuses. Company's service partners also consist of vendors of various fit-outs in its Centres such as electricals, furniture, plumbing equipment etc.



INVESTMENT RATIONALE

<i>Company's ability to lease and transform entire/ large properties across India's key clusters into amenities rich 'Smartworks' branded Campuses</i>	Company's ability lies in partnering with Landlords, especially passive and non-institutional, to lease entire/ large properties in key clusters in India. As of March 31, 2025, company is 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, company is present in 19 out of these 28 key clusters. About 94.37% of the SBA under company's management as of March 31, 2025, are in these key clusters in India's Tier 1 cities. Company focus 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.
<i>Experienced management team, supported by company's synergistic partnerships with SSP and K Hospitality</i>	Company have a seasoned management team with an average of over 24 years of experience, as of March 31, 2025. Company's experienced and professional management team comes from diverse backgrounds and has execution track records across various industries, such as hospitality, fast-moving consumer goods, telecommunications, IT, infrastructure, retail, and durables
<i>Company's focus on acquiring Enterprise Clients with higher Seat requirements as well as emerging mid-to-large Enterprises, and grow with them</i>	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's ability to serve their customised infrastructure and operational requirements make it a suitable partner for them. Company's 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 company's value proposition and focus on serving large Enterprises. These mid-to-large Enterprises typically form long-term contractual arrangements, committing to workspaces for extended tenures and lock-in periods. This long-term commitment enhances company's business stability and revenue predictability.
<i>Company's execution capabilities backed by cost efficiencies, effective processes and technology infrastructure</i>	<p>Company's commercial model and standardised operations resonate with the price-conscious ethos of the Indian market. Company standardise designs, use modular and reusable fit-outs, achieve economies of scale and leverage proprietary technology in company's facility build out and operations. Company offer superior office experiences with aesthetically pleasing designs, by understanding company's Clients' functional requirements and preferences to offer customised solutions. It also ensures that company's Clients get superior workspaces that adapt to their evolving needs.</p> <p>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</p>
<i>Company's risk mitigating strategy allows it to build a financially stable business model</i>	<p>Company's business model based on risk mitigating strategy ensures that it grow and thrive in a competitive market while providing a stable and predictable environment to its Clients.</p> <p><i>Asset liability mismatch risk:</i> Company's focus on mid-to-large Enterprises sets it apart and drives longer lock-in periods and Client retention. Company's pricing strategy strives to achieve Rental Revenue from Clients, which is at least double the lease rentals company owe to its Landlords. As of March 31, 2025, in terms of the existing contractual arrangements with company's Clients and the balance lease period with them, the contracted lease rental income covers its rental obligations for Fiscal 2026 and Fiscal 2027, in terms of the lease agreements executed with company's Landlords.</p>



OBJECTS OF OFFER

The Offer comprises the Fresh Issue and the Offer for Sale.

Offer for Sale

Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale by the Selling Shareholders will not form part of the Net Proceeds.

Requirement of funds

The net proceeds of the Offer, i.e., gross proceeds of the Fresh Issue less Offer related expenses ("Net Proceeds") are proposed to be utilised by Company in the following manner:

1. Repayment/ prepayment/ redemption, in full or in part, of certain borrowings availed by Company;
2. Capital expenditure for fit-outs in the New Centres and for security deposits of the New Centres ("Capex"); and
3. General corporate purposes.

RISKS

During Fiscal 2025, company derived 75.19% of company's Rental Revenue from its Centres located in Pune, Bengaluru, Hyderabad and Mumbai. Any adverse developments affecting such locations and Centres could have an adverse effect on company's business, results of operations and financial condition.

Source:RHP

INDUSTRY OVERVIEW

Key Growth Drivers & Salient Features of Flexible Workspace Solutions

The demand for flexible workspaces has been fueled further by an increasing focus on flexibility, capital efficiency, cost optimization, hybrid / distributed working, employee well-being, and a focus on core business activity amongst other things by end-users. Both startups and large enterprises have been increasingly evaluating flexible workspace solutions owing to their increasing use cases and the innovations by leading flexible workspace operators.

Below are some key growth drivers & salient features of the flexible workspace solutions that in isolation or combination may incline end users towards evaluating flexible workspace solutions:

- **Evolving Real Estate Strategies:** With the increasing adoption of hybrid / distributed working practices, large organizations may consider to further integrate flexible workspace solutions into their overall real estate portfolios. This might enable these organizations to have more agile office portfolios while providing their employees the flexibility to work from a network of locations.
- **Capital & Financial Efficiencies:** 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.

Operational Outsource: Real Estate is a non-core function for most organizations and managing their real estate requirements may take from management's bandwidth and resources. By opting for a flexible workspace solution, organizations are usually able to align with a solo vendor/provider and a single point of contact for all or most of their workspace related expenses, escalations, support requirements, and other operational requirements allowing them to retain their focus on their core business.

- **Flexibility:** If pre-negotiated with the operator during the structuring of the membership agreement, end users may have the opportunity to build in their contract flexibilities around upsizing or downsizing the space, alternate locations, pricing, etc.
- **Variety of Offerings:** Some leading flexible workspace operators may have the ability to provide end users with a variety of offerings including but not limited to on-demand solutions, meeting rooms, training rooms, private suites, built-to-suite managed office solutions. Organizations can opt for a mix of these offerings to cater to diverse business/organizational needs based on factors like location, team type, number of employees, purpose, etc.
- **Customization, and Bespoke Solutions** - When opting for a managed office solution, end user occupiers may have the flexibility to customize their workspace to their preference and have bespoke, private/semiprivate and dedicated office spaces with services that suit their specific needs.


Consolidated Financials

(Rs in Mn)

Financials	FY23	FY24	FY25
Total Revenue (A)	7113.00	10393.64	13740.56
Total Expenditure (B)	2873.94	3796.94	5167.92
EBIDTA	4239.06	6596.70	8572.64
EBIDTA Margin	59.60	63.47	62.39
Other Income	326.78	737.46	356.13
Depreciation	3562.46	4727.20	6359.98
EBIT	1003.38	2606.96	2568.79
Interest	2366.56	3283.18	3363.38
PBT	-1363.18	-676.22	-794.59
Share of profit in Asso	0.00	0.00	0.00
PBIT	-1363.18	-676.22	-794.59
Exceptional	0.00	0.00	0.00
PBT	-1363.18	-676.22	-794.59
Tax	-351.80	-176.65	-162.80
PAT	-1011.38	-499.57	-631.79
NPM	59.60	63.47	62.39
ROE%	-321.13	-99.90	-58.76
EPS	-10.57	-5.18	-6.18
Eq Cap	776.91	790.13	1,031.90
Net Worth	314.66	500.07	1,078.81

(Source: RHP)

Peer Comparison

Company Name	Face Value	EPS	P/E	ROE %	NAV
<i>Company</i>	<i>10.00</i>	<i>-6.18</i>	<i>--</i>	<i>-58.76</i>	<i>10.55</i>
Peers					
Awfis Space Solutions Limited	10.00	9.75	63.18	14.78	65.97

(Source: RHP)



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