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Simpliwork Offices To Double Operational Footprint, Expand Into New Markets

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Hemant Lath, director of strategy, Simpliwork Offices

Bengaluru-based Simpliwork Offices, backed by the Sattva Group, is planning to double its operational presence over the next two years by strengthening its presence in high-demand, established markets, among other strategic initiatives, a top executive told VCCircle.

In an interaction, [Hemant Lath](#), director of strategy at [Simpliwork Offices](#), said the company aims to increase its managed [office space](#) portfolio to around 9-9.5 million square feet from the current 4.2-4.5 million square feet over the next two years.

“This growth plan has been discussed and aligned at the board level. That said, we’re seeing enough demand within our existing micro markets and cities,” Lath said.

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Simpliwork, which is estimated to have closed the fiscal year ended March 31 with revenue of around Rs 680 crore, is also targeting doubling its revenue in tandem with its expansion to about Rs 1,400 crore by FY27, the executive said. The projected revenue for the current financial year is about Rs 950 crore, Lath added.

Simpliwork reported net revenue of Rs 563 crore in FY24, up from Rs 386.4 crore the previous year, while net loss narrowed to about Rs 88 crore from Rs 186 crore in FY23, as per VCCEdge, the data research platform of VCCircle.

Simpliwork, which primarily serves large enterprises requiring substantial space--typically ranging from half a floor to entire buildings (around 40,000-50,000 square feet)--is also working on broadening its client base to include smaller space seekers, the executive said.

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[Sattva Group](#), which holds a 55% stake in Simpliwork, first acquired 51% in 2020 and increased its stake the following year. The Bengaluru-based real estate developer operates across Bengaluru, Hyderabad, Coimbatore, Pune, Goa, among other cities.

Expansion blueprint

Founded in 2018, Simpliwork currently has a presence in over 85 cities with a footprint of about 4.5 million square feet. It competes with players such as WestBridge Partners-backed [IndiQube](#), [WeWork India](#), [Keppel-backed SmartWorks](#), and [Peak XV](#) and ChrysCapital-backed [Awfis](#). In terms of area, SmartWorks is one of the largest players at around 8 million square feet.

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For its expansion, the Sattva Group company is banking on demand from both existing and alternative micro-markets, especially from foreign companies looking to set up global capability centers (GCCs) in India.

The highest demand is expected from its key micro-markets, including Gurugram in Delhi-NCR, Hyderabad, and Bengaluru, likely driven by existing tenants renewing their leases. Many of the firm's leases were signed in the last five-six years and are now entering their renewal phase, referred to as "Day Two" by the company, Lath shared.

"As a result, we're now navigating through our first major set of lease renewals, and the early signs are very encouraging. We are currently seeing a renewal rate of around 75-80%, which is strong," he said.

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These renewals will likely translate into higher margins, as many initial leases were signed at lower rates. The renewals will help Simpliwork yield better returns from already-deployed capital. Further, continuing with existing fit-outs and a moderate price increase will improve unit economics and margins.

New offerings

To further fuel its growth, the company is developing a new offering for clients, including GCCs, seeking smaller office spaces--typically 50-100 seats--as against its usual 300- to 400-seat offerings.

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“We have started developing a new offering tailored to this segment: 50- to 100-seater offices, with shorter lock-ins, and partially customized spaces. The idea is to grow alongside these clients, giving them the flexibility to expand as their teams grow,” Lath said.

The model is currently being piloted in Bengaluru, Kolkata and Mumbai. Though the centers are yet to be launched, early traction has been promising, he noted.

The firm is also venturing into alternative micro-markets due to inflated pricing and supply constraints in some prime areas. The model has proven successful over the past six-eight months, helping Simpliwork tap strong demand at normalized costs, Lath said.

“While some customers are willing to pay a premium for a prime location, we’ve found that many clients still seek value, especially when it comes to justifying their internal budgets,” he added.

On the supply front, Simpliwork said it is evaluating a few micro-markets, but did not disclose details. It expects about 8-10 million square feet of quality office space, currently under construction, to be available over the next few years, which will support its expansion strategy.

Funding the expansion

To fund its planned expansion, the company estimates a capital expenditure of about Rs 700-800 crore, Lath said. This capex will likely be funded through debt, even as the company [explores](#) the possibility of a public listing in the next couple of years.

“So far, we have grown the business primarily through debt and have a line of credit in place, so funding is not an immediate concern. That said, we are considering raising capital at the right time, but we are quite conservative about it. Debt remains a more cost-effective option compared to equity,” Lath said.

In 2021, the company’s founder and CEO Kunal Walia had announced plans to invest about Rs 650 crore to double the managed office space to about 6 million square feet by the end of 2023, and also mentioned plans to expand into international markets, including Hong Kong and Singapore. However, those plans appear to have been shelved.

Several of Simpliwork’s peers--IndiQube, SmartWorks, WeWork India, and Awfis—have also taken steps towards [public market participation](#). WeWork’s India franchisee, controlled by real estate developer Embassy Group, [filed for an initial public offering](#) earlier this year, joining several other VC- and PE-backed companies that have gone public or are preparing to do so.

[Awfis](#) Space Solutions Ltd [floated its IPO](#) last year and received strong response from investors, while [SmartWorks](#) Coworking Spaces Ltd has received regulatory approval for its share sale. [IndiQube](#) Spaces Ltd [filed for an IPO](#) in December, and Table Space Technologies Pvt Ltd is also reportedly exploring a public listing.

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