

Smartworks Coworking Space (SMARTWOR) - BUY

Q3FY26 Result Update

Current Market Price (CMP)
Rs.462

Fair Value (FV)
Rs.620

Rationale:

- Smartworks reported strong operational performance supplemented by service fee.
- Strong adjusted EBITDA growth of 86% yoy, with improved occupancy of 84%.
- Signed LOIs for 17 lakh sqft of area in Q3FY26, taking total footprint to 1.53 cr sqft.
- We expect momentum to sustain, with 24% CAGR in adjusted EBITDA over FY26-28E.
- Valuations at 13.7X EV/adjusted EBITDA (2027E) are inexpensive in the context of the strong growth and return profile.
- Maintain BUY with a revised DCF based FV of Rs620 (from Rs600) as we increase our earnings estimates by 5-6%, while rolling forward to December 2027E.

Positive:

- Smartworks reported a strong 34% yoy & 11% qoq increase in revenue to Rs472.1 cr.
- Reported Ind-AS PAT stood at Rs1.2 cr, in comparison to losses in the earlier quarter.
- Performance was aided by increase in operational area to 92 lakh sqft (+14% yoy), improvement in occupancy to 84% (+400 bps yoy) & other operating revenue.
- Smartworks has a committed rental revenue of Rs4700cr (2.7X of FY26E revenue) and supply visibility through FY27E.
- Smartworks' presence stood at 1.53 cr sqft as of December 2025 (1.27 cr sqft in September 2025) comprising 92 lakh sqft of operational area.
- Diversified demand across industries reducing concentration risk for Smartworks.

Negative:

- Smartworks generated negative free cash flows of Rs10.5 cr in Q3FY26.

(EV: Enterprise Value, EBITDA: Earnings before Interest, tax, Depreciation and Amortization, CAGR: Compound Annual Growth Rate, DCF: Discounted Cash Flows, PAT: Profit after tax, LoI: Letter of Intent, Ind AS: Indian Accounting Standard)



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Holding Period: 12 months

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BUY	- We expect the stock to deliver more than 15% returns over the next 12 months
ADD	- We expect the stock to deliver 5% - 15% returns over the next 12 months
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NA	- Not Available or Not Applicable. The information is not available for display or is not applicable
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NOTE	- Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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