

Smartworks Coworking Space (SMARTWOR) - BUY

Q3FY26 Result Update

Current Market Price (CMP) Rs.462	Fair Value (FV) Rs.620
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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.

Positives:

- 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.

Negatives:

- 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, Lol: Letter of Intent, Ind AS: Indian Accounting Standard)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

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
- REDUCE

– We expect the stock to deliver -5% - +5% returns over the next 12 months
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– We expect the stock to deliver < -5% returns over the next 12 months
- NR

– **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- SUBSCRIBE

– We advise investor to subscribe to the IPO.
- RS

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- NA

– **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM

– **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE

– Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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