kotak Securities

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

Smartworks Coworking Space (SMARTWOR)

Current Market Price	Fair Value (FV)
Rs.506	Rs.600

Date: 2 January 2026

Previous Rating: - NA **Current Rating:** BUY **Change:** Initiating Coverage

Ratings Rationale

- Smartworks is India's leading flexible workspace operator with an operational footprint of 91 lakh sq. ft, in the mid-priced segment.
- Smartworks focuses on mid-to-large enterprises and has a growing client base comprising Indian corporates, MNCs and start-ups.
- Smartworks has more than doubled its leased area over FY22-25, growing at 31% CAGR.
- Going forward, the company plans to add ~20-30 lakh sq. ft of area annually.
- Operational capacity of 91 lakh sq. ft to increase to 1.45 cr sq. ft over the next 3 years.
- Likely to deliver Adj. EBITDA CAGR of 38% over next 3 years, aided by increase in area.
- 21% CAGR in the operational area, steady blended occupancy of 83% and operating leverage lead to an improvement in the margin to 16% (+380 bps) by FY28
- The rise of hybrid work models, need for flexibility in leases and a shift in work culture are fueling the transformation toward flexible workspaces.
- We expect Smartworks to deliver superior growth than most REITs & hotel companies.

(EV: Enterprise Value, EBITDA: Earnings before Interest, tax, Depreciation and Amortization, CAGR: Compound Annual Growth Rate, REIT: Real Estate Investment Trust, MNCs: Multi-National Companies, DCF: Discounted Cash Flows)

Valuation

Initiate with BUY rating & DCF-based FV of Rs600 (implied EV/ adj. EBITDA of 19X on FY27E)

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

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

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
SELL	–	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.
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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.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
Head of Research
shrikant.chouhan@kotak.com
+91 22 6218 5408

Arun Agarwal
Auto/Auto Ancillary, Building Material
Cement, Consumer Durable
arun.agarwal@kotak.com
+91 22 6218 6443

Amit Agarwal, CFA
Transportation, Paints, FMCG
agarwal.amit@kotak.com
+91 22 6218 6439

Rini Mehta
Research Associate
rini.mehta@kotak.com
+91 22 6218 6433

Sumit Pokharna
Oil and Gas, Information Tech
sumit.pokharna@kotak.com
+91 22 6218 6438

K. Kathirvelu
Support Executive
k.kathirvelu@kotak.com
+91 22 6218 6427

Pankaj Kumar
Construction, Capital Goods & Midcaps
pankajr.kumar@kotak.com
+91 22 6218 6434

Amarjeet Maurya
Internet Software & Services
amarjeet.maurya@kotak.com
+91 22 6218 6427

Veer Trivedi
BFSI
veer.trivedi@kotak.com
+91 22 6218 6432

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
shrikant.chouhan@kotak.com
+91 22 6218 5408

Amol Athawale
amol.athawale@kotak.com
+91 20 6620 3350

Sayed Haider
sayed.haider@kotak.com
+91 22 62185458

DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal
sahaj.agrawal@kotak.com
+91 79 66041701

Prasenjit Biswas, CMT, CFTe
prasenjit.biswas@kotak.com
+91 33 6638 8331

Karan Kulkarni
karan.kulkarni@kotak.com
+91 20 66203350

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