Dated: 23 July 2026

Smartworks Coworking Spaces (Smartwork)- BUY

Q1FY27 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.489	**Rs.630**

Rationale:

- Reported 25% yoy area growth to 1.04 cr sq.ft. & 337 yoy bps margin expansion to 19.6%.
- Expanded operational area to 1.04 cr sq. ft and overall portfolio to 1.69 cr sq. ft.
- Management reiterated its FY27 guidance of 28-30% revenue growth, with margins of 19-20% on an operational portfolio of 1.3 cr sq. ft.
- Smartworks has been aggressively growing its portfolio with adequate visibility of incremental supply for the next three years.
- Valuations of 9.6X EV/adj. EBITDA (2028E) are inexpensive.
- Maintain BUY with an unchanged FV of Rs630.

Positives:

- Reported a strong 44% yoy and a 5% qoq increase in revenues to Rs546.2 cr for Q1FY27.
- Reported a strong 74% yoy growth in adjusted EBITDA in Q1FY27.
- Strong 19.6% EBITDA margin in Q1FY27.
- Annualized ROCE of 21.5% for the quarter.
- Diversified demand across industries reducing concentration risk for Smartworks.
- Total tenure for enterprise clients stood at 48 months, with locked-in tenure of 35 months.

Negatives:

- Aggressive area addition led to a drop in occupancy to 81% (-200 bps).
- Lower cash generation for the payment of deposits and higher capex.

(EBITDA: Earnings Before Interest, Tax, Depreciation & Amortization, EV: Enterprise Value RoCE: Return On Capital Employed)

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.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

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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