

**BUY**  
 TP: Rs 547 | ▲ 26%

**SMARTWORKS  
 COWORKING SPACES**

Real Estate (Flex-Work) | 03 May 2026

**Utilisation under pressure from aggressive expansion**

- Reported Q4FY26 EBITDA of Rs 3,384mn, beating our estimates by ~5.25%, driven by larger operational area and lower operating costs
- Added ~2.6msf over Q4FY26 to leased SBA (13.7msf); resulting in expanded operational SBA of 10.1msf (+9.8% QoQ and +35.2% YoY)
- Measured expansion of operational area, improved occupancy and operating margins to drive growth over FY27E-FY29E; maintain BUY

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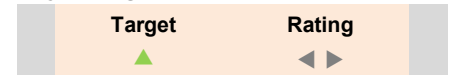
Over Q4FY26, SMARTWORKS expanded leased SBA by 2.6msf to 13.7msf (+23.4% QoQ). Operational SBA grew by ~0.9msf, signalling **limited ability to translate growth in leased SBA to operational SBA**. Additionally, aggressive expansion in operational SBA led to lower blended occupancy of 82% (-200bps QoQ and -110bps YoY), resulting in **lower utilisation of leasable area**.

Over FY26, SMARTWORKS leased ~4.71msf from landlords (+182.6% above average over FY23-FY25) and made ~2.63msf operational (~+64.6% above average over FY23-FY25). Having grown faster than the industry over CY25, compounded by lower utilisation and macro-economic uncertainties given AL-led disruptions to IT (~39% of revenues), we believe **this pace of growth is unsustainable going forward. We remain cautious about the durability of demand, especially from IT tenants.**

However, over FY26, **expanded operational area and higher contributions from VAS** drove total operating revenues up ~+30.7% YoY to ~Rs 17,960mn (vs +56% over FY23-25). Adj. EBITDA margins improved to ~18%, driven by higher operating efficiencies (economies of scale) lowering operating costs. **A bigger proportion of space leased to larger cohort of tenants (>1,000 seats) resulted in increased revenue contribution of ~37% (from ~17% as of FY23)**. We believe that over FY27E-29E, **measured growth will result in improved operational ratio and higher utilisation** of SMARTWORKS' portfolio and expect the operator to expand leased SBA by ~+16.2% CAGR. Durable demand for flex-workspaces is likely to result in **higher occupancy (+300bps) and commensurately higher revenues from VAS** (~13% of total operating revenues) **resulting in higher Adj. EBITDA margins of ~19%**.

We revise our estimates to reflect increased leasable area, improved occupancy and operating margins. We apply an unchanged multiple of 10.0x on 1QFY28E-4Q28E Adj. EBITDA, implying an updated 1Y TP of Rs 547 (from Rs 543). Our multiple reflects the benefits from SMARTWORKS scale and its efficient operations, including the risk from tenant concentration. **Maintain BUY.**

**Key changes**



|                  |                    |
|------------------|--------------------|
| Ticker/Price     | SMARTWOR IN/Rs 433 |
| Market cap       | US\$ 520.7mn       |
| Free float       | 42%                |
| 3M ADV           | US\$ 0.4mn         |
| 52wk high/low    | Rs 619/Rs 362      |
| Promoter/FPI/DII | 58%/0%/9%          |

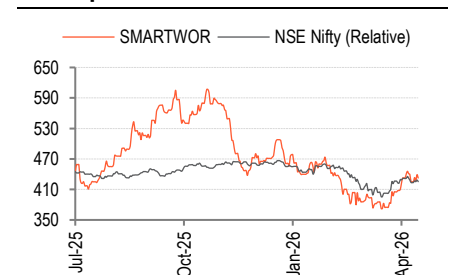
Source: NSE | Price as of 30 Apr 2026

**Key financials**

| Y/E 31 Mar              | FY26A  | FY27E    | FY28E  |
|-------------------------|--------|----------|--------|
| Total revenue (Rs mn)   | 18,499 | 25,082   | 31,241 |
| EBITDA (Rs mn)          | 11,551 | 16,174   | 20,770 |
| Adj. net profit (Rs mn) | 105    | 1,363    | 2,680  |
| Adj. EPS (Rs)           | 0.9    | 11.9     | 23.5   |
| Consensus EPS (Rs)      | 0.6    | 10.6     | 21.5   |
| Adj. ROAE (%)           | 3.3    | 22.8     | 33.5   |
| Adj. P/E (x)            | 490.5  | 36.2     | 18.4   |
| EV/EBITDA (x)           | 4.3    | 3.1      | 2.4    |
| Adj. EPS growth (%)     | 114.4  | (1253.2) | 96.6   |

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE



### SMARTWORKS expanding faster than the industry

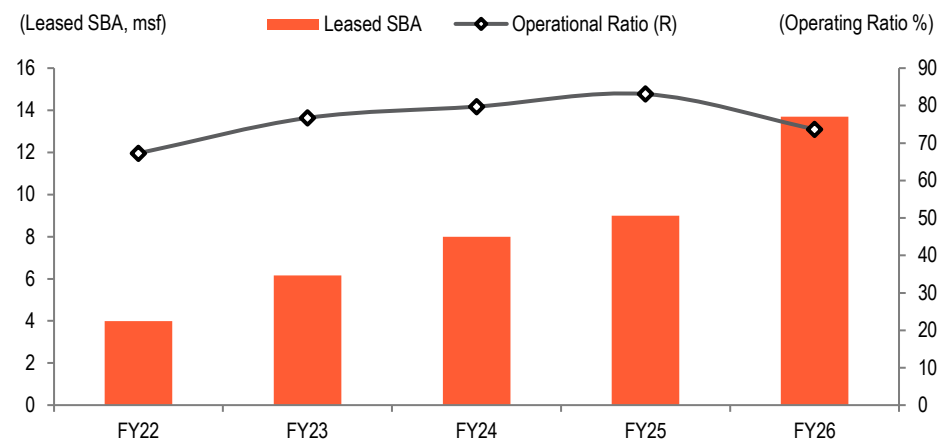
Over CY26, office stock in India grew by ~+8.0% YoY to ~1.0bsf. Office stock leased to flex-workspaces operators rose to ~110msf (~+22% YoY), as adoption by GCCs and traditional employers continued gaining momentum. Over the period, SMARTWORKS outpaced industry growth to expand leased SBA by ~+24% to ~11msf.

Over Q4FY26, SMARTWORKS leased 2.6msf, accounting for ~12.6% to total office space absorbed over the period. Leased SBA expanded to 13.7msf (+23.4% QoQ and +52.4% YoY), that pushed operational SBA to 10.1msf (+9.8% QoQ and +35.2% YoY). While the **expansion of leasable SBA over FY26 has exceeded growth achieved over FY23-FY25 (+31.1% CAGR), growth in operational SBA has lagged (+40.7% CAGR over FY23-FY25).**

Over FY26, SMARTWORKS has been **constrained in its ability to translate growth in leased SBA to operational SBA.** Over the period, SMARTWORKS leased ~4.71msf (+182.6% above average over FY23-FY25) from landlords and made 2.63msf operational (~+64.6% above average over FY23-FY25). As a result, SMARTWORKS ended FY26 with a lower operational ratio (Leased SBA/Operational SBA) signalling lower utilisation. Additionally, leasing of workspaces by the operator has lagged its aggressive expansion, resulting in lower blended occupancy of ~82% (-200bps QoQ and -110bps YoY), deteriorating utilisation further.

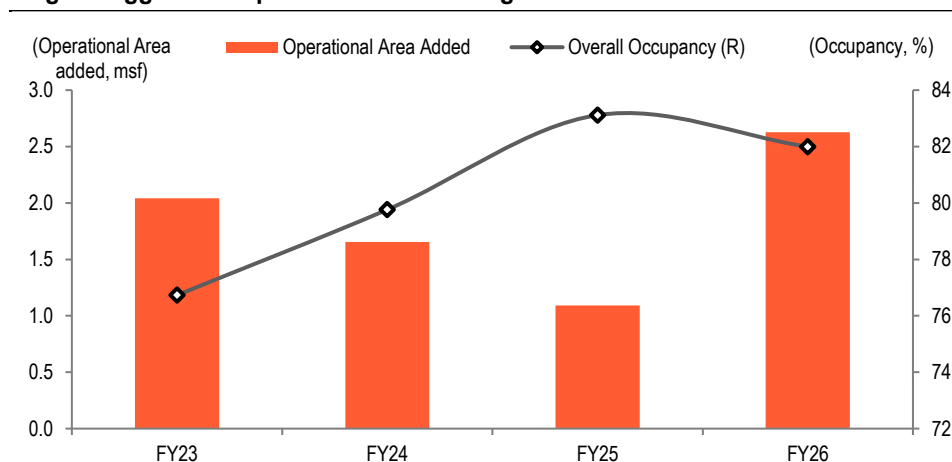
Over FY27E-29E, in line with management guidance, we expect **SMARTWORKS to moderate growth to ~2.5msf/Y, leading to +16.2% CAGR expansion in leased SBA.** Based on the company's track record, we expect **improved utilisation, driven by the moderate pace in space additions and the persistent high demand for flex-workspaces, to result in higher blended occupancy of ~85% by FY27 (~+300bps).**

**Fig 1 – Limited SBA (vs overall expansion) made operational**



Source: Company, BOBCAPS Research

**Fig 2 – Aggressive space additions leading to lower utilisation**



Source: Company, BOBCAPS Research

### Improving earnings visibility and tenant mix

**Fig 3 – EPS beat driven by the deferred tax refunds**

|                         | Q4FY26 | Q4FY25 | YoY (%) | Q3FY26 | QoQ (%) | Q4FY26E | Deviation (%) |
|-------------------------|--------|--------|---------|--------|---------|---------|---------------|
| Revenue from operations | 5,197  | 3,584  | 44.99   | 4,721  | 10.07   | 4,937   | 5.26          |
| EBITDA                  | 3,384  | 2,324  | 45.58   | 3,056  | 10.71   | 3,215   | 5.25          |
| EBITDA Margin (%)       | 65.11  | 64.84  | 26bps   | 64.73  | 38bps   | 65.11   | 0bps          |
| Adj. EBITDA             | 1,081  | 549    | 96.86   | 847    | 27.58   | 969     | 11.57         |
| Adj. EBITDA Margin (%)  | 20.80  | 15.32  | 548bps  | 17.94  | 285bps  | 19.62   | 118bps        |
| PAT                     | 166    | (83)   | 300.24  | 12     | 1240.65 | 84      | 97.24         |
| EPS                     | 1.45   | -      | -       | 0.11   | 1239.11 | 0.74    | 97.01         |

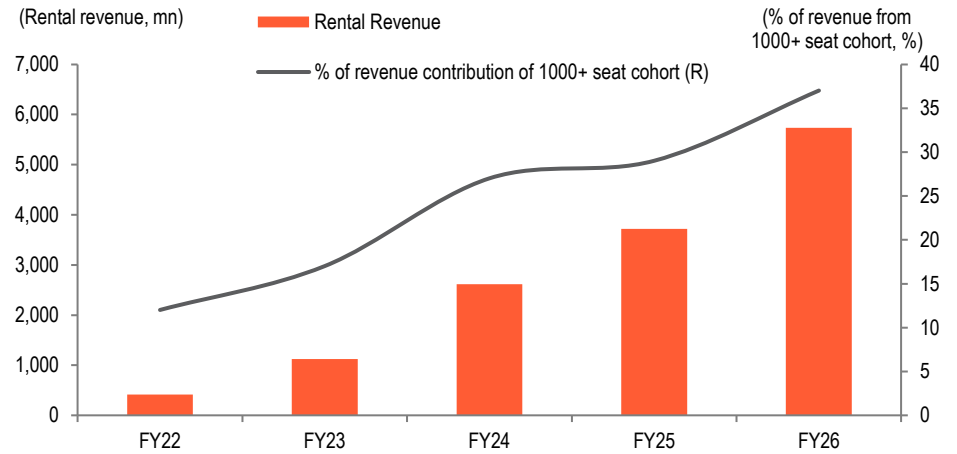
Source: Company, BOBCAPS Research

Over FY26, revenue from lease rentals grew +22.0% YoY to ~Rs 15,684mn — lower than the pace achieved over FY23-25 (+55% CAGR). Revenue from design and fit-out, including other ancillary services, increased ~+167% YoY to ~Rs 2,275mn — making up ~12.7% of total revenue from operations (up from 6.2% over FY25). Expanded operational area and higher contributions from VAS drove total operating revenues up ~+30.7% to ~Rs 17,960mn (vs +56% over FY23-25). Adj. EBITDA margins improved to ~18% on the back of higher operating efficiencies (economies of scale) — resulting in lower operating costs.

A bigger proportion of space leased to larger cohort of tenants (>1,000 seats) resulted in increased revenue contribution of ~37% (from ~17% as of FY23). These larger cohort of tenants continue to sign longer leases, pushing average lease terms to 49 months (from 46 months as of FY23).

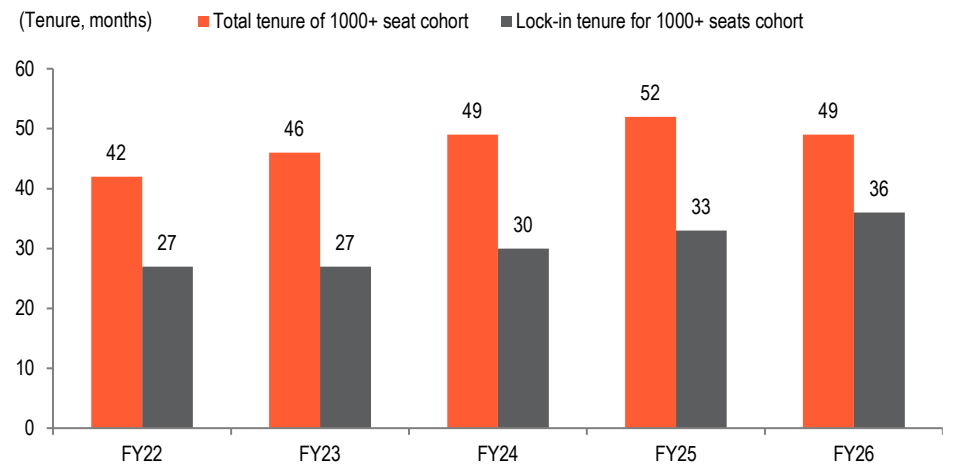
We believe that leases signed with larger tenant cohorts provide superior earnings visibility and expect SMARTWORKS to continue expanding area leased to this cohort of tenants. Over FY27E-29E, we expect SMARTWORKS to grow total operating revenues by ~+27.9% CAGR driven by expanded operating area, improved utilisation and higher contributions to VAS (we expect VAS to be ~13% of total operating revenues).

**Fig 4 – Larger tenants contributing a bigger portion of revenue**



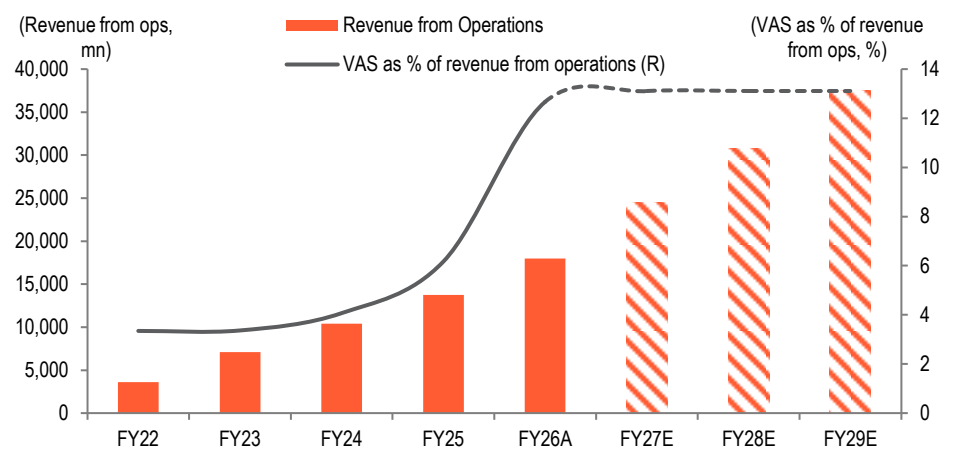
Source: Company, BOBCAPS Research

**Fig 5 – Larger tenants signing longer leases**



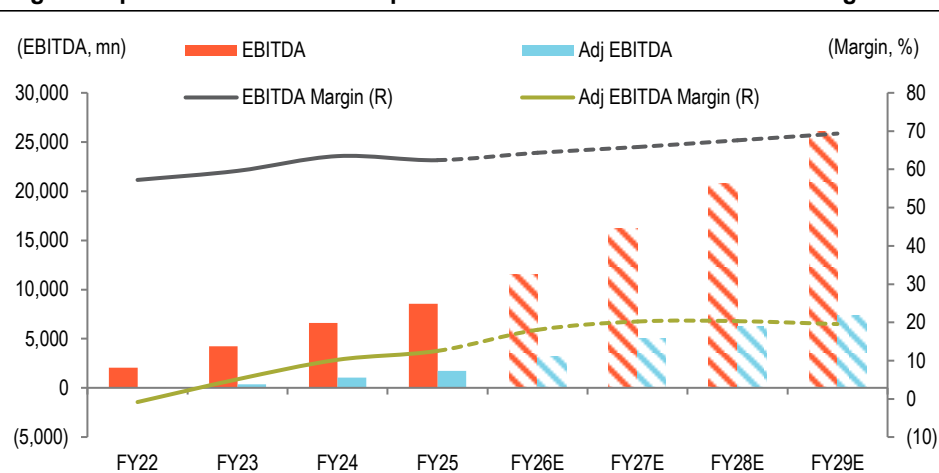
Source: Company, BOBCAPS Research

**Fig 6 – Revenue from operations came on larger operational area and improved utilisation**



Source: Company, BOBCAPS Research

**Fig 7 – Improved utilisation and operational cost efficiencies to drive margins**



Source: Company, BOBCAPS Research

### Valuation Methodology

We revise our estimates (Fig 8) to reflect increased leasable area, improved occupancy and operating margins. We apply an unchanged multiple of 10.0x on 1QFY28E-4Q28E Adj. EBITDA, implying an updated 1Y TP of Rs 547 (from Rs 543). Our multiple reflects the benefits from SMARTWORKS scale and its efficient operations, including the risk from tenant concentration.

### Key Risks

Key downside risks to our estimates:

- A materially slower pace of expansion in total SBA could cap revenue growth from the lease rentals.
- Unexpected lease terminations could lead to a substantial decrease in overall occupancy; especially as more space is leased to tenants having higher seat/area requirements.
- Given the shorter durations and flexible terms of lease agreements, flex-workspace operators are particularly vulnerable to market downturn (AI-led disruptions).

**Fig 8 – Revised estimates**

|                         | New       |           |           | Old       |           |       | Change (%) |         |       |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-------|------------|---------|-------|
|                         | FY27E     | FY28E     | FY29E     | FY27E     | FY28E     | FY29E | FY27E      | FY28E   | FY29E |
| EPS                     | 11.93     | 24.49     | 33.68     | 10.59     | 22.05     | -     | 12.71      | 11.06   | -     |
| Revenue from operations | 24,560.74 | 30,720.45 | 37,538.22 | 22,904.01 | 27,837.91 | -     | 7.23       | 10.35   | -     |
| Adj. EBITDA             | 4,970.37  | 7,663.03  | 8,711.10  | 5,189.27  | 7,249.54  | -     | (4.22)     | 5.70    | -     |
| FCFF                    | 1,700.63  | 2,917.81  | 3,329.11  | 3,508.81  | 4,720.53  | -     | (51.53)    | (38.19) | -     |

Source: BOBCAPS Research

## Financials

### Income Statement

| Y/E 31 Mar (Rs mn)         | FY25A         | FY26A         | FY27E         | FY28E         | FY29E         |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total revenue</b>       | <b>14,097</b> | <b>18,499</b> | <b>25,082</b> | <b>31,241</b> | <b>38,059</b> |
| EBITDA                     | 8,573         | 11,551        | 16,174        | 20,770        | 26,041        |
| Depreciation               | (6,360)       | (8,293)       | (11,210)      | (13,524)      | (17,148)      |
| EBIT                       | 2,213         | 3,259         | 4,964         | 7,247         | 8,893         |
| Net interest inc./(exp.)   | (3,363)       | (3,661)       | (3,203)       | (3,730)       | (4,137)       |
| Other inc./(exp.)          | 356           | 541           | 521           | 521           | 521           |
| Exceptional items          | 0             | 0             | 0             | 0             | 0             |
| EBT                        | (795)         | 138           | 2,281         | 4,037         | 5,277         |
| Income taxes               | 163           | (33)          | (918)         | (1,357)       | (1,667)       |
| Extraordinary items        | 0             | 0             | 0             | 0             | 0             |
| Min. int./Inc. from assoc. | 0             | 0             | 0             | 0             | 0             |
| <b>Reported net profit</b> | <b>(632)</b>  | <b>105</b>    | <b>1,363</b>  | <b>2,680</b>  | <b>3,610</b>  |
| Adjustments                | 0             | 0             | 0             | 0             | 0             |
| <b>Adjusted net profit</b> | <b>(632)</b>  | <b>105</b>    | <b>1,363</b>  | <b>2,680</b>  | <b>3,610</b>  |

### Balance Sheet

| Y/E 31 Mar (Rs mn)              | FY25A         | FY26A         | FY27E         | FY28E         | FY29E          |
|---------------------------------|---------------|---------------|---------------|---------------|----------------|
| Accounts payables               | 1,159         | 1,921         | 2,596         | 3,044         | 3,445          |
| Other current liabilities       | 11,007        | 12,047        | 14,817        | 17,151        | 18,521         |
| Provisions                      | 71            | 91            | 91            | 91            | 91             |
| Debt funds                      | 2,160         | 1,354         | 1,348         | 1,348         | 0              |
| Other liabilities               | 31,032        | 43,917        | 50,910        | 59,528        | 68,267         |
| Equity capital                  | 1,032         | 1,143         | 1,143         | 1,143         | 1,143          |
| Reserves & surplus              | 47            | 4,164         | 5,528         | 8,208         | 11,818         |
| Shareholders' fund              | 1,079         | 5,307         | 6,670         | 9,351         | 12,961         |
| <b>Total liab. and equities</b> | <b>46,509</b> | <b>64,636</b> | <b>76,432</b> | <b>90,512</b> | <b>103,285</b> |
| Cash and cash eq.               | 497           | 879           | 2,270         | 3,500         | 5,544          |
| Accounts receivables            | 255           | 387           | 536           | 668           | 810            |
| Inventories                     | 0             | 0             | 0             | 0             | 0              |
| Other current assets            | 1,801         | 3,589         | 4,155         | 4,404         | 4,656          |
| Investments                     | 110           | 22            | 22            | 22            | 22             |
| Net fixed assets                | 11,380        | 15,234        | 19,136        | 23,823        | 28,586         |
| CWIP                            | 1,355         | 559           | 559           | 559           | 559            |
| Intangible assets               | 175           | 182           | 182           | 182           | 182            |
| Deferred tax assets, net        | 1,336         | 1,392         | 1,392         | 1,392         | 1,392          |
| Other assets                    | 29,601        | 42,392        | 48,181        | 55,962        | 61,533         |
| <b>Total assets</b>             | <b>46,509</b> | <b>64,636</b> | <b>76,432</b> | <b>90,512</b> | <b>103,285</b> |

### Cash Flows

| Y/E 31 Mar (Rs mn)                 | FY25A          | FY26A          | FY27E           | FY28E           | FY29E           |
|------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| <b>Cash flow from operations</b>   | <b>9,285</b>   | <b>11,972</b>  | <b>16,652</b>   | <b>20,597</b>   | <b>25,501</b>   |
| Capital expenditures               | (2,910)        | (3,880)        | (3,902)         | (4,688)         | (4,763)         |
| Change in investments              | 18             | 94             | 0               | 0               | 0               |
| Other investing cash flows         | 132            | (1,229)        | 0               | 0               | 0               |
| <b>Cash flow from investing</b>    | <b>(2,761)</b> | <b>(5,014)</b> | <b>(3,902)</b>  | <b>(4,688)</b>  | <b>(4,763)</b>  |
| Equities issued/Others             | 1,168          | 4,451          | 0               | 0               | 0               |
| Debt raised/repaid                 | (261)          | (1,442)        | 0               | 0               | 0               |
| Interest expenses                  | (417)          | (253)          | (155)           | (155)           | 0               |
| Dividends paid                     | 0              | 0              | 0               | 0               | 0               |
| Other financing cash flows         | (6,867)        | (8,878)        | (11,204)        | (14,524)        | (18,695)        |
| <b>Cash flow from financing</b>    | <b>(6,377)</b> | <b>(6,209)</b> | <b>(11,359)</b> | <b>(14,679)</b> | <b>(18,695)</b> |
| <b>Chg in cash &amp; cash eq.</b>  | <b>147</b>     | <b>749</b>     | <b>1,391</b>    | <b>1,230</b>    | <b>2,044</b>    |
| <b>Closing cash &amp; cash eq.</b> | <b>111</b>     | <b>879</b>     | <b>2,270</b>    | <b>3,500</b>    | <b>5,544</b>    |

### Per Share

| Y/E 31 Mar (Rs)      | FY25A | FY26A | FY27E | FY28E | FY29E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS         | (6.1) | 0.9   | 11.9  | 23.5  | 31.6  |
| Adjusted EPS         | (6.1) | 0.9   | 11.9  | 23.5  | 31.6  |
| Dividend per share   | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Book value per share | 10.5  | 46.4  | 58.4  | 81.8  | 113.4 |

### Valuations Ratios

| Y/E 31 Mar (x) | FY25A  | FY26A | FY27E | FY28E | FY29E |
|----------------|--------|-------|-------|-------|-------|
| EV/Sales       | 3.5    | 2.7   | 2.0   | 1.6   | 1.3   |
| EV/EBITDA      | 5.8    | 4.3   | 3.1   | 2.4   | 1.9   |
| Adjusted P/E   | (70.6) | 490.5 | 36.2  | 18.4  | 13.7  |
| P/BV           | 41.4   | 9.3   | 7.4   | 5.3   | 3.8   |

### DuPont Analysis

| Y/E 31 Mar (%)               | FY25A  | FY26A | FY27E | FY28E | FY29E |
|------------------------------|--------|-------|-------|-------|-------|
| Tax burden (Net profit/PBT)  | 79.5   | 76.0  | 59.8  | 66.4  | 68.4  |
| Interest burden (PBT/EBIT)   | (35.9) | 4.3   | 46.0  | 55.7  | 59.3  |
| EBIT margin (EBIT/Revenue)   | 15.7   | 17.6  | 19.8  | 23.2  | 23.4  |
| Asset turnover (Rev./Avg TA) | 32.0   | 33.3  | 35.6  | 37.4  | 39.3  |
| Leverage (Avg TA/Avg Equity) | 55.7   | 17.4  | 11.8  | 10.4  | 8.7   |
| Adjusted ROAE                | (80.0) | 3.3   | 22.8  | 33.5  | 32.4  |

### Ratio Analysis

| Y/E 31 Mar                                   | FY25A  | FY26A | FY27E    | FY28E | FY29E |
|--|--------|-------|----------|-------|-------|
| <b>YoY growth (%)</b>                        |        |       |          |       |       |
| Revenue                                      | 26.6   | 31.2  | 35.6     | 24.6  | 21.8  |
| EBITDA                                       | 30.0   | 34.7  | 40.0     | 28.4  | 25.4  |
| Adjusted EPS                                 | 3.2    | 114.4 | (1253.2) | 96.6  | 34.7  |
| <b>Profitability &amp; Return ratios (%)</b> |        |       |          |       |       |
| EBITDA margin                                | 60.8   | 62.4  | 64.5     | 66.5  | 68.4  |
| EBIT margin                                  | 15.7   | 17.6  | 19.8     | 23.2  | 23.4  |
| Adjusted profit margin                       | (4.5)  | 0.6   | 5.4      | 8.6   | 9.5   |
| Adjusted ROAE                                | (80.0) | 3.3   | 22.8     | 33.5  | 32.4  |
| ROCE   | 4.5    | 6.2   | 8.3      | 8.8   | 9.3   |
| <b>Working capital days (days)</b>           |        |       |          |       |       |
| Receivables                                  | 7      | 8     | 7        | 7     | 7     |
| Inventory                                    | 0      | 0     | 0        | 0     | 0     |
| Payables                                     | 102    | 141   | 142      | 142   | 140   |
| <b>Ratios (x)</b>                            |        |       |          |       |       |
| Gross asset turnover                         | 0.3    | 0.3   | 0.4      | 0.4   | 0.4   |
| Current ratio                                | 0.2    | 0.3   | 0.4      | 0.4   | 0.5   |
| Net interest coverage ratio                  | 0.7    | 0.9   | 1.5      | 1.9   | 2.1   |
| Adjusted debt/equity                         | 42.1   | 11.2  | 10.5     | 8.7   | 7.0   |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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 SEBI Depository Participant Registration No: **IN-DP-728-2022**  
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 For any queries or grievances, you may contact the Grievance Officer.  
 Name of the Grievance Officer: Mr. Manoj Pawar  
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Brand Name: **BOBCAPS**  
 Website: <https://www.bobcaps.in/>  
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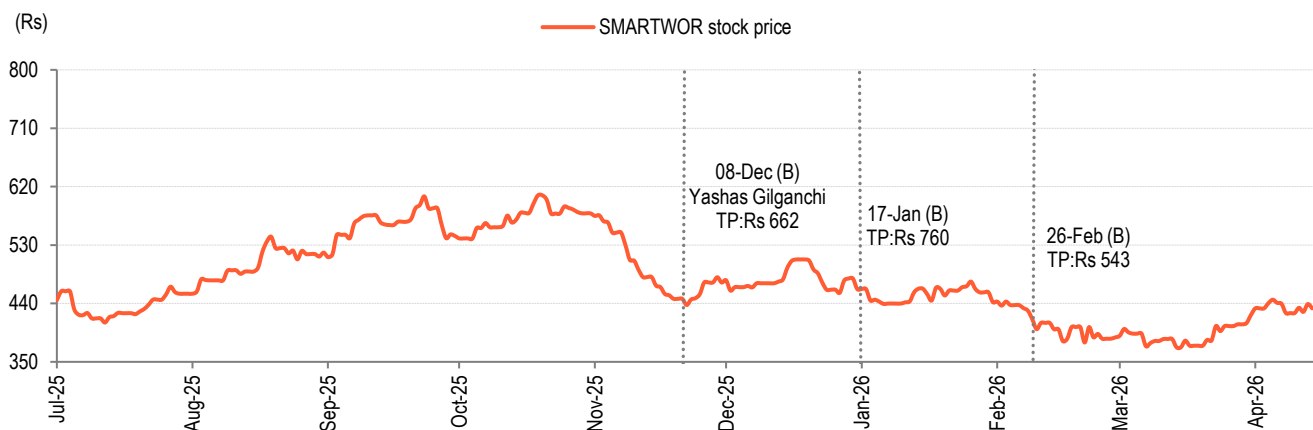
### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%  
**HOLD** – Expected return from -6% to +15%  
**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): SMARTWORKS COWORKING SPACES (SMARTWOR IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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