



## “IndiQube Spaces Limited Q4 FY26 Earnings Conference Call”

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**MODERATOR:** **MR. KARAN KHANNA – AMBIT CAPITAL**

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**Moderator:** Ladies and gentlemen, good day and welcome to the IndiQube Spaces Limited Q4 FY26 Results Conference Call.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing “\*” and then “0” on your touchtone phone.

I now hand the conference over to Karan Khanna. Thank you, and over to you.

**Karan Khanna:** Good afternoon, everyone. I would like to welcome you all to the Q4 and FY26 Earnings Conference Call for IndiQube Spaces Limited.

From the Management, we have with us Mr. Rishi Das – CEO, Ms. Meghna Agarwal – COO, Mr. Pawan Jain – CFO, Mr. Vikas Agarwal – Head (IR) and Mr. Vamsi Chatrathi – AVP (Marketing).

We would like to now begin the call with opening remarks from the Management, post which we will have the forum open for an interactive question and answer session.

Thank you, and over to you, Rishi and Meghna.

**Rishi Das:** This is Rishi. Good afternoon, everyone, and thank you for joining us for the IndiQube Spaces Limited Earnings Call. It is my pleasure to welcome our shareholders, analysts, investors, and all participants joining us today.

Our Earnings Presentation has been uploaded to the Stock Exchanges and on our Website, and we trust you have had an opportunity to go through it.

FY26 has been a landmark year for IndiQube. We delivered record performance across key financial metrics supported by strong revenue growth, continued margin expansion, and a significant strengthening of profitability.

We achieved our highest-ever revenue of INR 1,469 crores, representing a growth of 37% year-on-year. EBITDA crossed the INR 300 crore milestone and is growing at 60% year-on-year.

Profit after tax improved sharply by 145% to INR 125 crores. Equally important to us is the fact that this growth has been accompanied by consistent margin improvement. EBITDA margin expanded from 18% in FY25 to 21% in FY26. PAT margin improved from 5% to 9% over the same period. Our cash flow from operations also strengthened significantly, increasing 147% year-on-year to INR 304 crores. In a year marked by geopolitical volatility and broader

uncertainty around the impact of AI on businesses and workspaces, our performance demonstrates the resilience of our business model, the competitive advantage of our workplace platform, and the strength of our execution.

On the sustainability front:

I am pleased to share that our 4 MW solar plant in Latur, Maharashtra, is now operational. This, together with our operational 20 MW solar farm in Yadgir, Karnataka, and soon-to-be-operational 2.7 MW solar farm in Virudhunagar, Tamil Nadu, gives us strong momentum towards our goal of transforming our portfolio to 100% green power.

Beyond supporting our sustainability commitments, our continued focus on green power through open access and rooftop solar is expected to structurally reduce our operating costs, especially in times like what we are today, the energy costs over a period of time, and insulate us from the rising energy costs. Backed by expanding profitability, stronger cash generation, continued sustainability progress, and our CRISIL A+ Stable rating, we remain confident in our ability to grow with scale, discipline, and profitability.

With that, I will now hand over to my Co-Founder, Meghna Agarwal, who will take you through the operational highlights for the quarter. Thank you, Rishi.

**Meghna Agarwal:**

Thank you, Rishi. FY26 has been a year of continued operational discipline, focused execution, and steady expansion for IndiQube.

As Rishi highlighted, our strong financial performance has resulted from consistent operational discipline. During the year, we have added close to 1.6 million square feet in rent-paying area and launched 15 new centers. The growth has been achieved while maintaining a sharp focus on asset quality, center maturity, and client experience. Our steady state occupancy improved from 87% to 88%, reflecting strong utilization and sustained demand across our mature centers. This also demonstrates the strength of our portfolio, the relevance of our offering, and our ability to drive operating leverage as centers stabilize over time.

Alongside portfolio expansion, value-added services remain an important growth lever for us. The contribution to overall revenue increased to 15% compared to 12% last year. This reinforces our belief that VAS is a key part of the workplace value chain.

It allows us to deepen client relationships, extract greater value from each association and provide a holistic workplace experience for employees. We have always believed that the workspace is no longer just physical infrastructure. It is increasingly about convenience, productivity, engagement, and ease of use.

Our technology platform MiQube continues to play an important role in this journey. Over the last year, MiQube recorded 1.4 million transactions, reflecting growth adoption across our client base. Our new space management module and the vehicle pooling feature within our transport module have also seen strong traction.

For IndiQube, growth is not just about adding more space. It is about building a platform that brings a stronger width scale, more valuable to clients over time, and more resilient across changing market environments. FY26 has been an important step forward in that journey.

It reinforces our conviction in the long-term opportunity ahead and in our ability to execute with discipline, innovation, and client-centricity.

With that, we look forward to addressing our questions on the Q&A session.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We have the first question from Shamit Ashar. Please go ahead.

**Shamit Asher:** My first question was that your occupancies have dipped to around 80% this quarter versus 85% in the previous one. Whilst your area addition has only increased by approximately 0.11 million square feet. So, is this dip because of a temporary reshuffling in your client portfolio? And secondly, I would like to know your CAPEX. In the last call, you had guided that CAPEX for the whole year would be similar to the range of 1H, which was approximately INR 180 crores. So, around INR 360 crores was your CAPEX guidance in the previous call. However, the actual numbers came in at around INR 413 crores. And also, if we look at the area addition in the second half, it was slightly lower than the first half. So, any possible reasons for this increase in CAPEX?

**Meghna Agarwal:** Thank you, Shamit. There are quite a few questions. I will try to answer one by one. On your occupancy dip. Firstly, occupancy of 81% is the end-of-month occupancy for March 2026. But if you see, the more relevant metric is the average occupancy during the year, which is about 84%. Therefore, the actual dip is only 1%, not 4%. And additionally, if you see, my EBITDA margins have increased from 18% to 21%. So, if there had been a marginal meaningful occupancy decline of 4%, which is not there, such margin expansion would not have been possible. So, that is your occupancy dip. So, it is only 1% dip. Now, on a quarter-to-quarter fluctuation, it is very important for, in fact, every one of us to understand. There are two key metrics we track on an annual basis and not on a quarterly basis. Those are the area, which is the area seat addition, or the second is the financial performance, which is about revenue and EBITDA. From an expansion perspective, we plan to add approximately 1.5 million square feet to 2 million square feet every year, which means 33,000 seats to 44,000 seats every year. And we aim to maintain an occupancy level of around 80% to 85% at the corporate portfolio and about 85% to 90% at the mature center level. All this would translate into an overall top-line

growth of approximately 25% to 30% and EBITDA of about 18% to 21%. So, quarter-wise fluctuation in a rent-yielding area or area addition should not be viewed in isolation. And it is extremely natural and can arise due to factors such as the timing of the new area addition, the ramp-up phase of the newly operational buildings. Overall, the important metric is that we have outperformed the guidance of revenue by 7%. We said about 30%, our revenue growth has been 37%, keeping our EBITDA in 18% to 21%, and the PAT in the range of 8% to 10% as per the guidance. So, quarterly fluctuation in this business would happen. So, overall, what you have to see is my occupancy is going below than 80% in the overall or the mature center going below than 85% is my EBITDA going below than 18% or my PAT going below 8%. But quarterly fluctuation in this business is very, very natural. Your other question about the CAPEX. You rightly said our overall CAPEX for the year starts about INR 414 crores. The CAPEX deployment actually is the total of CAPEX on interior, the design build, the solar investments and the vendor payment cycles. So, I will give you the bifurcation of that. So, INR 256 crores to INR 248 crores is about the CAPEX interiors. Your design-and-build, we spent about INR 50 crores. Our solar investment was about INR 73 crores, which is for the captive use and is generating close to INR 22 crores to INR 23 crores of savings per year. And our vendor outstanding and advances put together is about close to INR 30 crores. So, that would make an addition of INR 414 crores. So, delta what you are seeing is nothing, the solar investment, which is generating the savings of INR 20 crores to INR 23 crores. I hope I am able to answer all your questions.

**Shamit Asher:** That was pretty helpful. And any guidance on the seat addition, revenue growth for next year, and the CAPEX as well?

**Meghna Agarwal:** Yes. So, guidance again, we have always added 1.5 million to 2 million in the rank paying area, which is, as I said, 33,000 to 44,000, and we continue to do so. And that would translate to the same occupancy EBITDA. So, the top-line growth, you can again see in the range of 25% to 30%. And my CAPEX would also be in the range of the same factors, as I said if I am adding so my per square feet of the CAPEX is about 1650. So, depending on the area addition, multiply by 1650, the similar vendor payment cycle would work, and there would be a CAPEX on the solar. So, next year, we plan to give you some kind of bifurcation of the solar so that it is much clearer on how much CAPEX or what kind of investment we are doing on the solar and sustainability initiative.

**Shamit Asher:** Thank you. That's helpful.

**Moderator:** Thank you. We have a next question from the line of Adhidev Chotopadhyay from ICICI Securities. Please go ahead.

**Adhidev Chotopadhyay:** Yes, good afternoon, everyone. Congratulations to the management for an excellent year. Our first question is mainly about our lease liability for weapons for the next year. If you could give

us some directional guidance on whether it will trend in line with the growth in revenue, or it may be higher or lower than that. If anything, you could guide us on the lease payments for the coming year.

**Rishi Das:** So, yes, good afternoon, Adhidev. I think you are asking more in terms of the lease liability, right?

**Adhidev Chotopadhyay:** The INR 650 crores of payment, which you have incurred in '26. So, basically, will there be any growth in this, will it be in line with the revenue growth or lower than that or higher, whatever, depending on.

**Rishi Das:** The voice is not at all clear.

**Meghna Agarwal:** The voice is actually rougher, Adhidev. So, it's not very clear.

**Adhidev Chotopadhyay:** The question was mainly on our lease payment for the coming year. My question was that will it be in line with the revenue growth or higher or lower than that? That is, if you could give us some directional sense on that, that was the question.

**Meghna Agarwal:** It is in line with the revenue growth. I said, yes, it would be definitely, Adhidev, in line with the revenue growth. The top line would be in line with 25% to 30%, I said. So, EBITDA would be in the range of 18% to 21%. So, yes, the cost would be in line with the growth itself.

**Adhidev Chotopadhyay:** Our second question is on our solar investment. So, you said there is a saving of INR 22 crores to INR 23 crores, right? So, is it fully reflected in the FY26 financials? That is the first part. And going ahead with whatever investments you are planning in solar incrementally, any guidance on where this number may end up a couple of years from now in absolute terms of the utility savings? Yes, that is the second question.

**Rishi Das:** Yes. So, basically, the depreciation of solar will be in this year because a large part of the deployment happened towards the latter part of last year. October onwards, we started getting systems live. So, it happened till Feb-March. So, this year is where you will see depreciation coming in. And as you will be aware, we will be eligible for accelerated depreciation. And that will help us improve our PAT because we have 40% accepted depreciation on solar. So, that should be a healthy thing for us. Now, what we are intending for the coming year is about 30-35 megawatt of solar addition next year. Because of what is happening now, in our internal area that we are adding, as we are adding more area, we are ensuring that that area is green from day one. So, that is one requirement. Also, we are now finding a lot of GCCs and all coming to us asking, they want to set up micro and mini data centers within our facilities. We now have two such clients, which I must term as power guzzlers. They are consuming a lot of power. And now, since we are one of the very few guys who have 100% green power in a lot of our buildings. So, as a result of that, we have a double advantage. One, we are able to provide them with high-

quality infrastructure, and also provide them with green power. So, keeping in line with their requirements, we will also see the addition of power happening in our Karnataka, Tamil Nadu, and Maharashtra plants. So, we will keep adding power as our customers are going to have more consumption. Plus, as whatever addition of spaces is happening, that will happen. So, about 30-35 megawatts is what we see will be the addition. And predominantly, we are focused on three states, as I mentioned to you, Karnataka, Tamil Nadu, and Maharashtra, for the coming year.

**Adhidev Chotopadhyay:** Okay. And my final question is on the demand side. So, obviously, you talked about the AI-led disruption and other global factors. But what are you seeing in terms of the demand trend? Is there more demand for Flex, or how are corporates looking at it based on your conversations, I guess, with companies? We just understand the impact, either positive or negative, whatever you think, we are likely to see for the next 12 months, probably.

**Rishi Das:** Yes. So, if you look at the calendar year 2025, the total office absorption, gross absorption was about 82.5 million square feet. And in the Q1 Calendar Year 2026, which is Jan-Feb-March, the absorption has been totally 20.7 million square feet. And that is quite substantial. And the way last year has gone, I think we'll see a repeat of that happening this year also. And within this, Bangalore leads the pack with about 29%-30% market share. And the absorption that we are seeing for this year looks like 5% higher than last year's absorption. And plus whatever space I talked about, about 23% of this space was absorbed by Flex operators. And the GCC absorption has been almost 44%. So, we are seeing a very healthy uptake of office spaces. And so far, we are not seeing any impact of the war. In fact, if you ask me, because of the depreciating rupee, which is an export-led industry, we are seeing that a lot more work will come to India, because now \$1 is more attractive to bring to India. So, we are anticipating good growth over here. One more factor people are asking about, of course, is the AI impact. So, far, we have not seen the impact. And when I talk about GCC, one thing we have to appreciate is that, for example, US banks. The US has 6,000 banks. As of date, I don't think even 60 banks have come into India. So, you can imagine the longtail that we are going to talk about, which is going to come over next 4-5 years. Plus, within the GCC segment, we are seeing a lot of diversity. We are not just seeing the GCC as a North American phenomenon. As India is doing FTAs and the current geopolitics, we are finding a lot of European, East Asian, and global capability centers also coming to India in a very, very big way. And whatever was more looking like a BFSI retail kind of a mix, we are now seeing a lot more uniform mix where logistics, healthcare, typically, or manufacturing, those kinds of global shipping, mining, those kinds of global capability centers are also coming to India. Now, one peculiar trend about global capability centers is that they don't tend to hire like in 4-digit numbers. Most of them will be hiring high-quality capability in 3-digit numbers, but the volume of GCCs that is coming in is very, very high over there. So, as a result of that, we see that the space absorption will be GCC-led over the next maybe couple of years. And high-quality mix is what we are seeing is very likely to happen.

- Adhidev Chotopadhyay:** Okay. Thank you for the detailed answer. Yes, that answers my questions. Wish you all the best. Thank you.
- Moderator:** Thank you. We have the next question from the line of Saurabh Gilda from JM Financial. Please go ahead.
- Saurabh Gilda:** Yes. Hi, good afternoon, and thanks for the opportunity. Just wanted to get your sense on the trajectory for the occupied area. It has remained the same for the last three quarters, although we have added some areas in the operational bucket. But just if you can share something, how this operational area of 6.3 million square feet should pan out over the next two quarters.
- Meghna Agarwal:** Sorry. So, the question is, how my area under management, which is about 9.66, would get converted into rent-paying area, is that the question?
- Saurabh Gilda:** Yes.
- Meghna Agarwal:** Yes. So, the area under management is about 9.66. So, it is under different stages, and it should get into the operational stage in about the next 18 to 24 months.
- Saurabh Gilda:** So, my question was more on the occupied area, although we have seen some area getting operationalized, like for example, from Q1 to Q4, the total rentable area was increased from 6.5 to 7.8, right? Although that area is getting converted into rentable, the question was how the trajectory for the occupied area should move.
- Meghna Agarwal:** So, what I said earlier was that we would be adding 1.5 million square feet to 2 million square feet every year, and our occupancy would be in the range of 80% to 85%. So, on that basis, my occupied area would get translated. So, we have to see everything annually. Like today, we are sitting at 7.84 rent-paying area, and the rent-yielding area is 6.23, which is almost like about 81%, right? So, that is what I said. So, quarterly, it is not the right matrix to look at. Annually, in a similar way, the moment we add 1.5 to 2 million, my occupancy on a portfolio level will be between 80% to 85%, and the mature centers would be in the range of 85% to 90%. So, as and when my rent-paying area would get added, you take the occupancy percentage, accordingly, my rent-yielding area would be added. Did you get it?
- Saurabh Gilda:** Yes, I got it. Thanks for the detailed answer. Just on the VASP, although we have mentioned that it is an ongoing thing, but on the one-time VASP contribution, which was close to INR 40 crores this quarter. So, any sense that you can give, first of all, what is contributing to this increase, and what the trajectory will be going ahead?
- Meghna Agarwal:** So, yes, you are absolutely right, that VASP, which is recurring in one time. So, all these services are bifurcated into IT products; if any company wants to take the IT products from us, or the design-and-build, they have taken some kind of a different kind of workstation or chairs, and

they would like to pay upfront. So, those are kind of, we call it like one-time, and reoccurring is something which is amortized over time of three-years or five years. So, one-time VASP is difficult to predict, but as you said we are currently about 15%, last year we were about 12%, so we increased by 3%. We expect the contribution of VASP revenue to be total now, we cannot predict what is one-time or recurring, but we expect the total contribution of VASP revenue to increase by 2% to 2% in the coming year. So, from 15% we see the going up till about 17% to 18%.

**Saurabh Gilda:** Okay, sure, got it. Thank you.

**Meghna Agarwal:** Yes, thank you.

**Moderator:** Thank you. We have the next question from the line of Yashesh Gilanjee from Bob Capital Markets. Please go ahead.

**Yashesh Gilanjee:** Good afternoon, Team. Thank you for taking my question. I see that IT/ITES tenants now account for approximately 49% of their rents, down from approximately 51% as of FY25, and Indian Enterprises accounts for approximately 58% of their rents, down from 60% last quarter. So, is it right to assume that Indian IT tenants are reducing their footprint? If so, how do you expect your tenant mix to change over the coming year?

**Rishi Das:** So, I think this will broadly remain the same, honestly speaking, in terms of vertical split. As I mentioned to you, the GCCs are throwing up a lot more diversity in terms of manufacturing, logistics, healthcare, and all of that. So, you might see small movement, but this will be more gradual. I am not seeing any very abrupt shift happening in this mix. IT/ITES will continue to be the larger one, maybe a percentage point here, there, kind of a number. I do not know if I have answered your question. Yes. Anything you want?

**Yashesh Gilanjee:** No, sure. That is clear. With tenant lock-ins at approximately 38 months and lock-ins with your landowners of approximately 38 months, I understand that your assets and liabilities are well managed, but please help me understand why your landlords are willing to agree to have a significantly longer 15-year lock-in. Any light you can shed on this dynamic?

**Rishi Das:** So, see, what happens from a landlord's point of view, because they mostly give us a bare shell space. So, for them, the cost of us re-exiting is minimal. But since we are putting our fit-outs, we are putting so much skin in the game, and as you can imagine, if you have to get out, you will typically not get great value for your interiors if you have to pull them out. So, as a result of that, basically, we request or expect them to give longer lock-ins. It is exactly like the way you see hotels, for example. Hotels will never sign up spaces where they get at least a 15-20-year lease, like very much. Plus, even retail, for that matter, is mostly nine years. So, I think very similar nature. And that is where the landlords are agreeing to it. And that is a typical industry

norm as well. We have been able to do that, and we have not seen any challenge now. And we do not see anything happening henceforth.

**Yashesh Gilanjee:** Understood. And lastly, as VAS contributions make up approximately 15% of total revenues, do you expect to be able to drive this higher? And are further improvements to margins going to be solely driven by improvements in occupancy?

**Rishi Das:** Yes. So, as Meghana had mentioned earlier, from 12% of the overall revenue, VAS today contributes 15% of our overall revenue. And we see this number going to 17%-18% over here. Because what we are noticing is a lot of customers, for example, if they have two or three of their offices within IndiQube, and they have six or seven more offices across India, they are expecting us to manage those offices. So, the scope of valued services is going beyond IndiQube buildings. So, that is a very healthy trend we are seeing now. So, with a plethora of B2B and B2C services that we have created, I think now we are seeing a good multiplier happening over here, which is ensuring that typically we will have an upward movement in the VAS. Now, from a margin point of view, most of this VAS is between 10%-15%. And since these are early days of our value-added services, basically, it will stabilize. But obviously, this will not be as accretive as our 18%-20% EBITDA space business. So, VAS will not have that kind of margin, but VAS will definitely have that scale. And VAS also gives us a very strong glue to hold our customers when you provide a lot of B2B, B2C, and all that. So, yes, and that is a good differentiator we believe we have been able to create for a lot of our clients.

**Yashesh Gilanjee:** Understood. This has been very helpful. Thank you.

**Moderator:** Thank you. We have our next question from the line of Vikrant Kashyap from Asian Market Securities. Please go ahead.

**Vikrant Kashyap:** Hi, good afternoon, and congrats on a very strong set of numbers. To Rishi and Meghna, my question pertains to the trends that you are seeing across the key micro markets, which include Delhi, NCR, Mumbai, Hyderabad, and Bangalore. So, what has been the trend now? And how have your sourcing plans been in these key markets vis-à-vis are you getting big buildings and large spaces, given the high demand that we have seen in the recent past?

**Rishi Das:** So, good afternoon, Vikrant. Thank you. So, see, what is happening is as you have noticed that the global capability centers are continuing to grow. And most of these global capability centers prefer to go to tech parks and larger office spaces. So, our institutional uptake, which was about 16% of our portfolio, has now become 18%. So, we are definitely seeing that a larger share of centers are coming up. Of course, this is more applicable to places where institutional supplies are available. For example, if you look at Hyderabad. Now, in HITEC City in Hyderabad, you will not have a lot of grade B or those kinds of spaces. So, those places most of our uptake is happening through the institutions. In Delhi and Outer Ring Road, we have signed up a good

amount of space in Ecoworld, which is, I must say, the most premier tech park in Bangalore today. And we are continuing to double down on those kinds of locations. City-wise, if I have to talk about typically, because mostly, more than cities, to be honest with you, we look at more micro markets. And we are now present in about 17 cities, as you know. We don't see that we will continue to madly add more cities. Maybe a couple of more cities may keep getting added every year. So, in addition, I think we are in good shape now. Now, the larger thing is that within those cities, what do we do with the micro markets? And, micro markets, which have, say, (+90%) occupancy, like if you see Guindy in Chennai or OMR on Mahabalipuram Road, or you look at Outer Ring Road, or you pick up Golf Course Road, those are the kind of locations where, basically, our big focus will be. We will not be very interested in going to locations like, say, Manesar, or too much of North Bangalore, or even Navi Mumbai, for that matter, because vacancy levels in those micro markets are more than 15% to 25%. So, whenever we see that there is a demand supply equilibrium, the rental inflation of 4%-5% is likely to be sustained, we will be doubling down on those locations and also keeping in mind the metro proximity, typically. And, as you know, renovation is a big area for us, typically. So, about 25% of our portfolio is renovated buildings so we will continue to pick up. As you are seeing now the transformation is happening in Nariman Point area. So, very similarly a lot of cities are going through that. So, renovation, followed by our tech park pickup, and doubling down on the key micro markets, I think those will be the questions. And, of course, our preference has always been to pick up full buildings, bigger buildings. So, I think that will continue to be there, wherever we see availability and we see the appetite to pick up the entire building.

**Vikrant Kashyap:**

Okay. Thank you, Rishi, for this clarification. One thing to continue on that, we have added new cities in recent past, and that largely in the Tier-2 market. So, how have those markets been trending, the new markets that you have entered? So, you could throw some lights on that as well.

**Rishi Das:**

So, see, Vikrant, India, as you know, has 50 cities where population is a million plus. And today, unlike when somebody like me passed out 20 years back, today, jobs are going where people are. So, there is a democratization of jobs. And that is how you are seeing companies looking for distributed offices and all. So, the Tier-2 story is clearly hinging on that fact. Now, certain Tier-2 are better placed than others. For example, if you look at Coimbatore. Now, Coimbatore is the only South Indian non-capital city that has a population of more than 3 million. And Coimbatore is like what Pune was 20-25 years back. So, in those cities we are seeing very good traction happening over there. And there is a lot of healthy competition among different states for Tier-2 cities. Also, the nature of business what we are seeing going to Tier-2 is slightly different. I can talk to you about being the largest player in the down South 3 states, basically, that what's happening over here, a lot of healthcare back-office work is going to these cities. And the type of jobs are not like our engineering jobs. Mostly graduates they are hiring. And 70% of the people they are employing are women. So, different types of jobs are going to Tier-2 cities like that. It is quite I would say, democratic. I think, but while the Tier-2 story is promising but

if you ask me, it is a 10-year story. The scale in Tier-2 still is not there. And we have a lot of chicken and egg problems also. For example, you land up in a city and suddenly you realize there is no quality supply available there. And the landlords also do not have the maturity to handle a GCC or those kinds of quality of clients also. So, those issues are there. But yes, it is a good trend. And our strategy has been that we put our flag in those locations and see how each of these cities behave and grow. And depending upon the response, plus our pickup of Tier-2 cities is a combination of proactive-reactive measures. For example, a client comes and says I want to be in a particular city, an existing client, we will go and proactively, reactively basically pick up a supply and create that for them. But in certain places like Coimbatore, when we went, we were quite hopeful based on our market research that it looks like a promising city. So, we picked up proactive supply. So, it is a combination of proactive and reactive thing happening for these Tier-2 cities.

**Vikrant Kashyap:**

Yes. Okay. One other question about your investment in green energy. We have seen a quite uptick in last 2-3 years and largely has been concentrated in and around Bangalore. So, going forward, are you continuing to be willing to put more of the investments in solar, make it green, and so the savings on energy? If yes, then how are you placed, how much investment will go and where are you more concentrated now after Bangalore?

**Rishi Das:**

Yes. So, as I said earlier, we are looking at 3 states, Karnataka, of course, is the largest for us, followed by Maharashtra and Tamil Nadu. And we have a 4 megawatt plant operational in Maharashtra; 2.7 megawatt is getting operational in Tamil Nadu by the next quarter. And Bangalore, we are continuing to grow our 20-megawatt facilities that we have. So, I think the predominant focus will be on these 3 cities, and we will add about 30-35 megawatts of power in the year. And we see about INR 125 crores to INR 150 crores of capital expenditure going into the solar power to meet this 30-40 megawatt requirement.

**Vikrant Kashyap:**

One last question, if I can, it's about one industry report that came out in the last two days, which talks about AI and the impact on the Flex co-working market, which talks about very good things about the co-working industry. So, I just wanted to understand your thoughts vis-à-vis the trend that they have highlighted, or maybe that trend that you are observing in the recent past. That's all from me. Thank you, and wish you the best of luck.

**Rishi Das:**

Thank you. So, basically, see the trend is very positive, and as you know, my earlier venture has been in the recruitment space. So, what is happening is few things which I can tell you. So, this year, for example, campus hiring has been very, very robust. The Big 5 have picked up almost 20,000 people on average from campus. So, that's a very healthy trend over there. Number two, one of the large guys, the Big 5 IT major, which typically pay INR 4 lakh per campus, they are hiring 8,000 people from campus at INR 21 lakh salaries. So, what it means is we are going back to the late 90s and early 2000s, when campus hiring used to be confined to the top campuses. So, basically, if you look in the pyramid, while we are talking about very low-end jobs to be

impacted but the quality jobs are getting added in very, very substantial numbers. Roles like product management, roles like domain knowledge, those are in massive preference over here. And since companies are now looking at better quality of talent where the average salary is substantially higher, we are seeing the concept of premiumization coming into office spaces where people are looking for plug-and-play managed offices and all. They want a lot more flexibility also. They want to be closer to talent. So, the concept of distributed offices is coming in and all that. So, I think, overall, those are very, very healthy trends, and that's what the report that you mentioned a couple of days back also talks about over there. So, net-net, we are bullish and number, as I mentioned to you, 82 million square feet absorption last year and 20 million absorptions in the January-March period this year is clearly getting reinforced by this report as well over here.

**Vikrant Kashyap:** Yes. Thank you. Thank you. And wish you the best of luck. Thank you.

**Moderator:** Thank you. We have the next question online from Dhairya Trivedi from DJT Investments. Please go ahead.

**Dhairya Trivedi:** Hi, sir. Thanks for taking my question. So, over the course of last year, we have seen several high-ticket deals in the GCC space, the latest one being that of Uber in Hyderabad. Now, if you look at any of these marquee deals, the MNCs, whether it is Uber or NVIDIA, are all taking up spaces which are upwards of 1 lakh square feet, and they are leasing it directly with the developer. So, what do you think could be the reasons or advantages for these MNCs to lease directly as opposed to taking up space with the office provider?

**Rishi Das:** Very good question. Thank you. So, see, what is happening is that most of the large MNCs or large companies follow the strategy of hub-and-spoke models. So, whenever they have a hub location, which is like 2 lakhs going up to say even a million square feet, those offices, they tend to pick up on their own because they want very long leases. They do substantial investment in their IT infrastructure and all that, labs, data centers, and all of that. So, those assets are very, very strategic. And those, they want very long-term visibility, a very high level of control, and all of that. Now, then they look at spoke models. So, basically, where they want, suppose somebody has set up a big hub in Hyderabad. Now, they know because of the talent availability, they would like to have a second R&D center in Bangalore or NCR, and all that. So, those are the places where they start coming to us. That is one trend we are clearly seeing: the hub is being done by them, and spokes are being done by us. Now, within that also, if you look at the hub locations that they have, there what they are doing, while they are signing up the real estate on their own, they are looking at a design-and-build service, where they are saying that, basically, can you do the entire interiors and offer me a Plug-and-Play office spaces for a 5-year period. And multiple deals we have done, typically with an automotive major in Hyderabad and then a mining major in Chennai those kinds of deals are there. So, it is going to be a combo. For example, if you think about a very large company that has 5 million portfolios in India, we are

not expecting that the 5 million will move to us. We are expecting that 20%-25% of that 5 million portfolio will be through Flex. So, what maybe 5 years back was not even 100,000 square feet today, it is already 1 million -1.5 million. So, you will see, most of the companies will be bending, the large occupiers I am talking about, for them, Flex is not going to be about 0 or 1. Flex is going to be about percentages. And we are seeing a very good trend as they are experiencing, getting confidence that Flex operators can deliver well. They are increasing the share of Flex operators in their overall real estate portfolio in India.

**Dhairya Trivedi:** And how would the commercials of leasing directly compare with that of leasing, say, through a Flex office provider for these MNCs?

**Rishi Das:** So, it depends on the size of the real estate and the tenure of the real estate. For example, if they go to a company and they go to a large REIT, and if they are picking up maybe smaller offices, say, 50,000 or 1 lakh of floor vis-à-vis Flex operator going and picking up an entire block of 4-5 lakh square feet, then obviously, the wholesale-retail theory applies. And as a result, and if the tenures are longer, then the REITs are happy to basically give a 5%-10% differential if the tenures are long and the uptake of real estate is very, very substantial. But to be very honest with you, there is not a very significant difference in the cost at which a GCC will pick up real estate on its own, vis-à-vis an operator doing it. But the moment you move to independent buildings, non-institutional supply, this wholesale-retail theory plays out very differently. It could be as high as 20%-25% difference. If you just pick up a floor vis-à-vis picking up the whole building, 20%-25% rental difference could be there.

**Dhairya Trivedi:** All right. And on our strategy of leasing out entire office buildings, I just wanted to understand a bit more about that. Do we first go and scout clients and then take up buildings based on the demand that we have, or do we first lease out the buildings and then look for potential companies to lease that space?

**Rishi Das:** Yes. So, 90% of our space uptake is speculative, where we believe that the markets are good and strong based on our research. For example, suppose I have a particular micro market, and I already have 0.5 million square feet in that micro market, I will not be shying away from picking up a, say, 2 lakh square feet space because I know that my half million customers will grow and they will require space. So, all those spaces are proactive. So, the bulk of our strategy of picking up spaces has been proactive. However, it does happen that somebody comes in with an RFP, and the customer wants a particular location, and we do back-to-back and all that. But back-to-back business is very limited. Also, if you see the single tenant, single building or single location is just 10% of our portfolio. That's not very substantial because we believe single tenant, single location is a big risk because the day the client is gone, then we are back to square one. So, we always prefer multi-tenancy buildings where if somebody is going, somebody is expanding, so that building doesn't see a zero occupancy at any stage. Our big preference is there, and we believe this is very important from a risk mitigation point of view.

**Dhairya Trivedi:** Right, right, understood. And just one last question on the revenue per occupied seat per month. So, can you give some sense of what that number would be in FY26 versus last year and how it's likely to shape up for FY27?

**Rishi Das:** So, typically, about INR 192 is the kind of average revenue realization we have for the last year. And most of our contracts come with 5% to 6% rental inflation built in. So, that is one fact that will happen. Plus, what is happening, as I mentioned, is that we are now picking up a lot of institutional supply because of GCCs and all coming in, and this real estate tends to be more expensive and premium. So, if we are picking up space earlier at an average price of INR 70-80, now we may be doing a lot of properties at INR 21-30. So, these are the two factors that will play out. One is the inflation, which is 5% to 6% built into our contracts, and the second is more in terms of the premium spaces and all we pick up. Plus, a lot of our supplies are in key micro markets, as I mentioned. So, we also see, because of the demand-supply mismatch, we have some pricing elasticity, where if a particular tenant goes out or there is churn, we are able to lease out the space at a higher rate. So, that also is happening. So, a combination of all these three, so you can say that maybe 5% to 10% per inflation, you can see in this INR 192 over a year, on an overall basis may happen.

**Dhairya Trivedi:** Right, understood. Thank you. Thank you very much, and all the best for the next financial year. Thank you.

**Moderator:** Thank you. We have the next question from the line of Yog Rajani from Omega Portfolio Advisors. Please go ahead.

**Yog Rajani:** Hello, Thank you for taking my question. My first question is regarding the CAPEX for square feet. As I can see, it has increased from INR 15.50 to INR 16.50 per square foot. Is there any reason for that?

**Rishi Das:** Yes, so a war is underway, and that is a big culprit that we are currently seeing. So, definitely, what we are noticing is about 5%-7% bump-up has happened in a lot of materials that we are using. So, what was INR 15.50 is now trending towards INR 16.50. But it is a small increase and that too it is a CAPEX kind of increase. So, we are pretty much at this point in time absorbing it. We are not passing out to our clients. But luckily, while this number is increasing, we have not faced any major supply disruptions like LPG supply when it got impacted, but tiles were in short supply and all. But more or less, our supply chain and a large part of our procurement is luckily from vendors that are manufacturing everything in India. So, the dollar also has not created a lot of havoc to that extent in our CAPEX. So, we see that this number will be about INR 16.50, and also, as I mentioned to you, the whole thing about premiumization. So, today, if you visit any of our offices vis-à-vis what we were doing 5 years back, you will see a substantially higher quality of interior. And those numbers are also budgeted in this INR 15.50, going up to INR 16.50. The INR 100 takes into account all that is also over there.

**Yog Rajani:** Okay. Fair enough. My next question is regarding the cash balance and the utilization of cash. So, I believe we have around INR 300 crores – INR 400 crores available to us in terms of cash and cash-equivalent balance. And there was also some mention of the variation of funds generated from IPO proceeds in the quarterly result update. Could you give us some more clarity on the utilization of cash and what that update would be about?

**Rishi Das:** Yes. So, see, our IPO proceeds was totally like the primary that we raised was to a tune of INR 610 crores. Now, in that, the biggest chunk was INR 462 crores towards CAPEX. So, what we have now done is we have basically looked at that reallocation of that CAPEX. So, for example, INR 187 crores is what we have requested to be moved to other capital assets because as we mentioned, we are doing a lot of design-and-build. So, design-and-build is where we don't have the real estate, but we do the design-and-build, as I mentioned to you for automotive major and all. So, INR 55 crores towards interior CAPEX have been allocated for that. And then I mentioned about solar CAPEX, so INR 16 crores towards solar CAPEX we have looked at. And INR 52 crores is towards payment of security deposit for the real estate that we are taking from landlords. Earlier, this item was not there. And since we are picking up supplies, which are where we are going at a land space, signing up LOIs with the landlords, and these are refundable deposits. So, we need some money on that side. So, again, a long-term item. And then we have kept INR 64 crores towards investment into any real estate or any adjacent ventures that IndiQube may see interesting coming up. So, that is how INR 187 crores has been picked up. The general corporate purpose, which was INR 50.4 crores, has been kept the same. And the repayment of debt has not been changed. So, it's more a reallocation of the capital expenditure across certain other heads, which we have seen since the time we filed our DRHP, they have become important. And we found it prudent that some money is allocated to them on priority.

**Yog Rajani:** Okay, fair enough. And also, because there is significant amount of cash, while I believe we have more cash available than, say, some other peers, why aren't we being more aggressive with our growth strategy in terms of either larger sizes or more properties in our portfolio? Because if other people are growing fast, the question also arises, why can't we grow at the same rate, given the management capabilities we have?

**Rishi Das:** So, I think, if you see, of course, more is always better that way. But if we have grown our revenue at 37%, typically, and purely if you look at the quality of growth because we believe that this business is not a winner-takes-it-all business. This business is to some extent like our IT services business. You will have the Big 5 in this space. And all of us have different strategies of growth. Our belief has always been sustainable growth, because we believe that growth at any cost comes at a huge cost. So, we are quite focused on those parameters. And we are fundamentally looking at it because in this business if you look at the hotel business, right? A hotel which you pick-up in a location like Navi Mumbai, 100 other five-star hotels will come in Navi Mumbai, right? So, there is going to be massive value erosion. Now, you may say that, okay, let me put growth on steroids and do those kinds of locations. But since we are very

focused on key micro markets, and key micro markets, by nature, tend to have limited supply. For example, if you want to grow in Andheri, right? You can't do magic over there. You have to grow in a prudent way. But an Andheri property is so defensible that if you maintain it well for 20 years, 30 years, it will give you money. So, I think, so we are very clear that the property that we are picking up, the defensibility of that, in terms of proximity to metro, availability of real estate in that micro market, and so many other factors is where we are focused on. But having said that as Meghana had mentioned that, if you look at 9.6 million, we have as AUM and 6.3 is rent yielding. So, we have almost more than 50% of our occupied space available to us for leasing. So, that is a good amount of headroom. And if you look at our data earlier also, whatever is our occupied area, we try to have more than 50% of that available to us at any point of time as AUM. But at the same time, we have geopolitical situations, you have this whole big elephant in the room, AI, all that happening. So, we do not want to basically go and take a position where we may repent that, okay, we overshoot. And the other thing is, if you look at the landlord community, in Bangalore, 70% of my landlords are from one community. So, this is like our banking relationship, the credibility with these people. So, we are very wary of even leaving a single building where we have signed up and we have defaulted or left a building and left bad there. I do not have any litigation at all with any of my landlord. So, when you grow with that quality in mind, typically, you always have that temptation to do that. But we definitely take your point, it is always on our agenda and that is where you see our value-added services and all these things are growing. Our city presence is expanding over there. But definitely, we are trying to see as much as we can push and grow faster.

**Yog Rajani:**

So, fair enough. And just on the point of suggestions, as Meghana mentioned, we can look at this business on a quarter-to-quarter basis, just like a flowchart where we can understand how much area would be added every quarter would be very helpful for us to understand what we should expect before we see the results rather than after.

**Rishi Das:**

Yes. So, basically, see, what happens is that in our business and what Meghana said, I am just substantiating that, that when any supply is picked up, it is front-loaded. For example, if you pick up anything on 1st April, pretty much your rental starts there. And then we have a cycle wherein on an average about 9 to 12 months, we reach (+90%) occupancy. So, whenever any large supply addition happens, you will see variation happening in that particular quarter. So, this is the challenge that will always be there. So, the right way is you look at a year-on-year, 12-month number, because by that time, the property would have stabilized. So, plus the steady state occupancy is a better metric because it cuts out the noise. This 12-month variation goes out of all of that. So, 12 months, hence, those indicators are far more relevant to our industry. And so, you will always see this as much we want to smoothen it out that is what exactly happened in Q4. We have a couple of large properties getting delivered. And that is where you are seeing all this blip happening over there. So, those will continue to be there. But again, we pick up supplies well in advance. We do not go with a bag of money and pick up supplies. So, 2-years,

3-years, we sign up well in advance. All those things we do to ensure that our supplies are smoothed out. But this bit of cockpit turbulence is bound to be there in our journey.

**Yog Rajani:** No, no. I completely agree. I am not suggesting that we smooth it out, also at the cost of doing proper business. But some explanation in advance, where we understand how much property will be added on a quarter-to-quarter basis, would help us understand before how the year would proceed, rather than waiting and understanding it after that.

**Rishi Das:** I think that kind of guidance we could look at. Basically, that is a good suggestion that whatever we are expecting to be a rent-paying area in the next quarter, like that, those could be basically disclosed in advance. Those numbers are with us. Some supplies will still get added. But by and large, we have visibility into what we are likely to have rent-paying areas in the next quarter. So, I think, yes, that we will consider and try to implement.

**Yog Rajani:** Since you said you have the numbers, could you share them with us what would be the increase in the rent-paying area over the next two to three quarters?

**Rishi Das:** Let us mull over it because that is the metric we have not shared till now. But again, if I were to be honest with you, as Meghana has told you, if you look at 1 lakh square feet to 1.5 lakh square feet per month, that is what we will be adding in terms of rent-paying area. And about 1 lakh to 1.25 lakh is what will be a rent-yielding area, typically 80%. So, that is what she told you is 80%. So, if you look at, say, we are adding 1.25 lakh, 80% of that is 1 lakh. So, that is what you are seeing, that between about 1 lakh and 1.25 lakh per month will be additions in the RYA. RPA addition may be between 1.2 to 1.5 typically. So, that is the clear metric. Slightly some quarters you may see a blip. That is where she also mentioned that if you have to look at occupancy, look at the average occupancy for the four quarters, which was 84%, whereas Q4 was 81%. So, those errors are reduced, actually, if you take averages over larger database.

**Yog Rajani:** Fair enough. Thank you. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question. As there are no further questions, I will now hand over the conference back to the Management for closing comments.

**Rishi Das:** Thank you all for your patience. I really appreciate you asking all the questions. Hope you found the whole thing useful. And we would like to thank our partners, Ambit for arranging this. Thank you so much. And I look forward to your continued support. Thank you.

**Meghna Agarwal:** Yes. Thank you all. And thank you, Ambit team. Thank you very much.

**Moderator:** Thank you. On behalf of Ambit Capital Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.