



Date: 19th August 2025

To,

BSE Limited,
20th Floor, P.J. Towers,
Dalal Street,
Mumbai - 400001.
BSE Scrip Code: 544454

National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
NSE Scrip Symbol: INDIQUBE

Subject: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript

Dear Sir/ Ma'am,

Transcript of the discussion on the Unaudited Financial Results of the Company for the quarter ended June 30, 2025, at the earnings conference call with investor(s)/analyst(s) held on August 13th, 2025, is attached and also available on the website of the Company at: <https://indiqube.com/investor/>

The earnings conference call with investor(s)/analyst(s), conducted through conference call, concluded at 11:56 a.m. (IST) on August 13th, 2025.

This is for information and records.

Thanking You.

For Indiqube Spaces Limited

Pranav Ayanath Kuttiyat
Company Secretary and Compliance Officer
Membership No. A57351



“IndiQube Spaces Limited Q1 FY ‘26 Earnings Conference Call”

August 13, 2025



MANAGEMENT: **MR. RISHI DAS – CHAIRMAN, EXECUTIVE DIRECTOR
AND CHIEF EXECUTIVE OFFICER, INDIQUBE SPACE
LIMITED**
**MS. MEGHNA AGARWAL – CHIEF OPERATING
OFFICER AND EXECUTIVE DIRECTOR, INDIQUBE
SPACE LIMITED**
**MR. PAWAN J. JAIN – CHIEF FINANCIAL OFFICER,
INDIQUBE SPACE LIMITED**
**MR. VIKAS KUMAR AGRAWAL – HEAD (INVESTOR
RELATIONS), INDIQUBE SPACE LIMITED**
**MR. VAMSI CHATRATHI – ASSISTANT VICE PRESIDENT
(MARKETING), INDIQUBE SPACE LIMITED**

MODERATOR: **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to IndiQube Spaces Limited Q1 FY '26 Earnings Conference Call hosted by ICICI Securities Limited.

As a reminder, all participants' 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 this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities Limited. Thank you. And over to you, sir.

Adhidev Chattopadhyay: Yes, good morning, everyone. On behalf of ICICI Securities, I would like to welcome everyone to the mail-in investor call of IndiQube Spaces Limited for Q1 FY '26.

From the Company Management we have with us today, Mr. Rishi Das – the Chairman, Executive Director and CEO, Ms. Meghna Agarwal – the COO and Executive Director, Mr. Pawan Jain – the CFO, Mr. Vikas Kumar Agrawal – the Head (Investor Relations), and Mr. Vamsi Chatrathi – the AVP (Marketing).

I would now like to hand over the call to the Management for their ‘Opening Remarks’. Over to you. Yes, thank you.

Rishi Das: Thank you, Adhidev. Good morning, everyone and thank you for joining IndiQube Spaces Limited Q1 FY '26 Earnings Call. On behalf of the entire Management, I extend a warm welcome to all our shareholders, analysts and other participants.

Since this is our very first earnings call post-listing, I would like to begin by briefly introducing myself, my co-founder Meghna and our journey into building IndiQube. I will also walk you through our business model before we dive into the financial performance for the quarter.

A little bit about myself, I did my engineering from IIT Roorkee in 1997 and coming from a middle class humble background, entrepreneurship has always fascinated me from the early days in life. I started my first venture in the recruitment space back in 1999 and over time built it into one of the largest recruitment companies in India.

During that time, both Meghna and myself were running companies in the recruitment and recruitment outsourcing space. As our teams grew, we found ourselves shifting offices very frequently. In 2013, we leased an office space of 80,000 square feet out of which 50,000 was used for our own operations and the remaining space we subleased to other businesses and clients.

Right from the beginning, we were providing employee-centric amenities like food, transport, gym and creche amenities to our teams. Interestingly, what was happening, our tenants also began using these facilities. When we needed the space back for our own expansion, many of them were reluctant to move. They asked us to help them manage their next office, citing a lack of bandwidth and expertise. Despite having no background in real estate, coming to Bengaluru as migrants, we took a leap of faith and leased our first independent building on Outering Road in Bengaluru.

To our surprise, it was fully leased within a matter of three to six months. That is when we dug deeper and realized that there was a large market gap between large tech parks and unorganized commercial spaces. There was no concept of employee service or a flexible pay-as-you-go model for growing companies.

And so in 2015, IndiQube was launched and our space platform focused on flexibility, employee centric design and managed services that scale with companies' growth.

Meghna, I would like to hand over to you to share your background.

Meghna Agarwal:

Thank you, Rishi. Hello, everyone. I am Meghna. I come from a small town called Alwar in Rajasthan. I am a qualified company secretary and also hold an MBA degree. Unlike Rishi, I became an entrepreneur more by accident than by choice.

Coming from a traditional Agarwal family, I was driven by the fear of getting married early and that fear pushed me to work hard and become financially independent. I graduated around the time of the 9-11 attack and when the job opportunities were limited. That is when I met Rishi and together we started exploring the idea for recruitment process outsourcing companies, RPO.

Eventually, I launched my first business in 2003. Our experience in running businesses and later challenges with office spaces led us to build IndiQube, a platform that reflects the need of today's agile businesses.

Over to you, Rishi, again.

Rishi Das:

Yes. So, over the past decade, we have built IndiQube into an integrated workspace solutions company catering to startups, GCCs and Indian enterprises. Today's call is a step in our new chapter in our journey, one that is about creating long term value for our shareholders, empowering our clients and setting new benchmarks for our industry.

We have uploaded our presentation on Exchanges and our Website. I hope, everybody on this call had the opportunity to go through the same.

Our vision has always been to revolutionize how office spaces are consumed, providing flexible, integrated workspace solutions that enhance employee experience, adapt to evolving workspace trends and also deliver operational efficiency for our clients.

Q1 FY '26 has given us a strong start to the year.

I will start with our IGAAP equivalent numbers:

Our revenue in Q1 FY '26 was Rs. 313 crores, which was our highest ever quarterly revenue, growing at 27% year-on-year. Importantly, 98% of our revenue is recurring, which gives us a lot of predictable and resilient ways for future growth. We have registered an EBITDA of Rs. 65 crores, growing at 98% year-on-year.

Our EBITDA margin improved by 743 basis points and has reached 21% in Q1 FY '26 compared to 13% in Q1 FY '25. Also, our IGAAP equivalent ROE has seen an improvement of 27% in Q1 FY '26 compared to 8% in Q1 FY '25. Our net worth has also increased to Rs. 395 crores in Q1 FY '26 from Rs. 330 crores a year earlier.

Notably, our IGAAP equivalent profit after tax surged nearly three times to Rs. 18.5 crores in Q1 FY '26 compared to Rs. 4.6 crores in the corresponding quarter last year. Our PAT margins also saw a healthy increase to 6% in Q1 FY '26 from 2% a year earlier. Our annualized EPS grew to Rs. 4.1 compared to Rs. 1 in Q1 FY '25.

Also, I would like to highlight that as per the IndAS adjusted cash EBIT. Now, for us, adjusted cash EBIT is cash EBIT plus income from financial lease. This has grown to Rs. 52 crores and has registered an 85% growth over the Q1 FY '25 and adjusted cash EBIT provides insights into the improved cash flow generated from operational activities.

Our robust financial performance combined with our CRISIL A+ stable rating underscores the resilience of our business model and our disciplined approach to financial management.

Let me now hand over to Meghna to give out our key operational highlights.

Meghna Agarwal:

Okay, thanks Rishi. While Rishi has taken you through our financial performance, I would like to emphasize that these results were driven by disciplined execution and operational excellence. We adopt and follow the talent strategy.

Our expansion focuses on high potential micro markets with skilled talent and strong infrastructure. Our business model is highly adaptable. We customize our offering to suit each micro market, whether it is managing the entire standalone buildings like campuses or operating within large tech paths or even taking up a single floor in prime locations.

This flexibility allows us to serve a diverse client base from early stage startups and Indian enterprise to large GCCs, each with their own unique space and budget requirements. On one hand, we choose Grade A locations and on the other, we take Grade B buildings in those Grade A locations and transform them into Grade A experience through smart renovation. This lets us unlock valued underperforming assets and deliver modern workspaces others overlook.

Let us now go through the operational highlights of this quarter:

In quarter FY '26, the first quarter, we have further cemented our position as one of India's leading flexible workspace providers with 8.7 million square feet of area under management across 120 centers in 15 cities compared to the quarter one FY '25, this represents an additional of nearly 1 million square feet, 17 new centers and expansion into two new cities, which is Kolkata and Mohali.

Our occupancy has also improved from 85% up from 81% last year. With an area AUM of about 8.7 million square feet and the rent paying area of 6.5 million, we have over 2.2 million square feet of headroom for growth that is expected to become operational for the next 6 months to 12 months.

On the demand side, we currently serve 789 clients with a healthy mix of 40% GCCs and 60% Indian companies. These 60% of our clients are sold directly through our own channels, a testament to the strength and recall of the IndiQube brand in the marketplace. Our focus on large, long stay enterprise clients is evident in clients occupying more than 300 seats, accounting for about 64% of our total occupancy.

We continue to maintain a positive average monthly rent sharing of just about 0.16%, a strong indicator of a client's sickness and incremental business from existing customer base.

On a technology front:

Our MiQube App has now crossed 83,000 downloads with steadily growth transaction volume. This reinforces our belief that technology is a key enabler of workspace experience, scalability, efficiency and engagement. Taking our sustainability mission further, in May 2025, we commissioned the first phase of a 20 megawatt solar farm in Karnataka with 10 megawatt already energized.

This generated over 9.8 lakh units of green power in June alone, delivering around 68 lakh in monthly energy savings. And with almost close to 29 green certified centers, we remain committed to creating a sustainable ecosystem for our clients. We remain confident about the opportunities ahead and committed to delivering sustainable growth.

With that, we look forward to addressing your questions after the presentation. I will now hand over the floor back for us to begin the Q&A.

Moderator:

Thank you very much. We will now begin the question-and answer-session. We take the first question from the line of Mohit Agrawal from IIFL Capital. Please proceed.

Mohit Agrawal:

Yes, congratulations to the team on your listing and thanks for the opportunity. My first question is, if you could kind of elaborate what is the kind of area addition or seat addition that you see over FY '26 and FY '27? So last year you added about a million square feet. How do you see this number, let us say for '26 and '27? You did mention some about the visibility. I heard that number around 2.2 million, but if you could kind of confirm that.

And also, second part to that question will be that how will you see the area addition within your core Bengaluru market and outside the Bengaluru market?

Meghna Agarwal:

So, thanks Mohit for the question. So, as outlined in Slide #16, our FY '26 area under management stands at 8.7 million square feet, while our rent paying area is currently about 6.5. So, this already leaves us with a headroom of 2.2, which I was talking earlier in my this thing, that is about 30% based on the 6.5 million square feet. Most of this area will be available for occupancy or for leasing in the next 9 months to 12 months.

At 85% occupancy, this translates into an additional of about 1.87 million square feet of potential rent yielding area without any further center additions. So, this kind of a growth what we are seeing right away.

Rishi Das:

Also, I will refer to the same slide which Meghna talked about. If you look at all the three numbers vis-à-vis Q1 FY '25 and Q1 FY '26, AUM has increased by a million. Same way, if you look at the leased area, that is occupied area, from 4.47 million has increased to 5.54 million.

So, one, we have, as Meghna said, we have a good headroom of almost 33% space, which will get handed over pretty soon. And we will continue to add more buildings. So, I think the past data gives you some idea on the momentum. So, I think that should continue from here on. And if we look at the revenue, typically, like we have been growing, consistently delivered a 30% year-on-year revenue growth. And we expect to maintain a similar trajectory, which will be supported by the new center additions and improved occupancy.

Meghna Agarwal:

Yes. And regarding your Bengaluru thing, before I answer that question, I would actually give you one more data point on the Bengaluru. So, Bengaluru is the fastest growing commercial real estate hub globally, absorbing 23 million square feet, which we are all aware of. And at 5.7 million square feet, we have almost 21% of market share in the city. These are the network effects at work, once you reach a certain level of dominance in the presence. It is like saying that we are one of the largest players in the fastest growing market globally, right?

That said, the share of Bengaluru in overall portfolio for us has reduced from 90% to 65% currently. So, we would be continuing in Bengaluru in absolute terms. Bengaluru will definitely continue to have a higher share. This is due to the market size of the Bengaluru and not due to the lack of diversification. But we would be adding upon the other micro markets also in the future.

Mohit Agrawal: Okay. Just a small follow-up. So, Rishi, you mentioned 1 million. So, expect that the gross area, you could keep on adding a million square feet at least. That is one. And the second is, Meghna, to your point, the 65%, how do you see this, let us say, in the next two years to three years?

Meghna Agarwal: So, as I said, Mohit, in terms of absolute, it would –

Rishi Das: So, if you look at cities like Hyderabad, for example, we were almost 70,000 square feet, two years back and today, we are north of 200,000 square feet. Same thing, you look at Coimbatore. We started with one property of 70,000. We are almost about 2.5 lakhs today just in Coimbatore. So, basically, other cities are growing and we definitely can say that it will, as an overall share, there will be a downward trend with respect to Bengaluru. I do not see that increasing. But, yes, difficult to put a number because all cities are growing. Yes.

Meghna Agarwal: Yes. And in terms of area additions, I said, it is like going up to like what, 1.5 million square feet. That is what we have been doing in the last few years. We see the similar, as what Rishi mentioned also, the revenue will be growing at about 30%. We see the similar kind of growth in revenue in the coming quarters.

Mohit Agrawal: Perfect. My second question is on your margins. And thanks for sharing the cash EBITDA and IGAAP numbers. Now, when I look at the margins in both these disclosures, there is a difference of about 400 bps to 500 bps, right? So, just trying to understand that, how do you explain that and how do we see this going forward in terms of the margins? Also, what will be your guidance on how do you see the margins? Let us say, is operating leverage a driver for margin improvement and how do you see the margins improving over the next one year or two years?

Meghna Agarwal: Okay. So, Mohit, here also, you have to look at our margins. It is in two phases we have divided, okay. Margin expansion from 13% to 18% and then from 18% to 21%. All right. So, when you come to 13% to 18%, our occupancy has increased from 81% to 85%, which has been clearly depicted on the investor presentation. That has helped us in increasing the margins. Having said that, while quarterly fluctuations in this occupancy are natural due to the new building additions or ramp ups.

The right lens is to evaluate the full year performance. And when you look at our slides on that basis, we have delivered 18% EBITDA margins in both FY '24 and FY '25. So, 13% to 18% is like that. From 18% to 21%, that margin improvement is largely due to, if you can see, we have

a growth in revenue of quarter-to-quarter, 4% growth in revenue, while your operating cost remains flat, driven by improved efficiency, operation efficiency, as we are all aware of. So, this demonstrates strong operational leverage and this has helped us to grow from 18% to 21%. So, margin has to look in two phases.

I hope, you are able to understand that. And looking at the future numbers, do you need more margin improvement now, after so much? I would say we expect the similar kind of margin improvement, similar in overall basis, in the range of 21%, what we have shown in the first quarter itself. That is, we kind of will maintain the similar momentum in the upcoming quarters.

Mohit Agrawal: Okay. I think what I tried to probably, and maybe I can word it differently, so I understand in the 18% to 21% within the IGAAP, I am trying to understand, will this cash EBIT margins of close to about 17% and the IGAAP margins of 21%, will this converge over time? Is that something that we should --

Meghna Agarwal: Converge, it is very tough to say because both the accounting standards are different. I would say the difference, we are hopeful that it will reduce. But converging, we are not too sure of --

Rishi Das: Right. So, Mohit, it will certainly reduce, the gap will reduce.

Meghna Agarwal: Yeah, the gap will reduce.

Rishi Das: But that will continue to be a function of how fast we are growing over there. So, when we look at our IGAAP EBITDA, the pre-operating and all those kind of things do come into that. So, but definitely as the base is increasing and we see this converging, yes.

Mohit Agrawal: Great. That is all from my side. Thank you and all the best.

Meghna Agarwal: Thank you.

Rishi Das: Yes. Thank you, Mohit.

Moderator: Thank you. We take the next question from the line of Shivkumar Prajapati from Ambit Investment Advisors. Please proceed.

Shivkumar Prajapati: Yes. Hi. Good morning team. First of all, congratulations on your successful IPO. So, my first question is around 80% of our revenue comes from two cities. So, just trying to understand what sort of brand power or recognition we have when we plan to expand to other cities and if you could share the market share in Bengaluru that we command.

Rishi Das: Yes. So, Bengaluru total stock today is about 27 million square feet. Yes. Just one second. So, if you look at the total stock of Bengaluru, about 26 million - 27 million as per the CBRE data,

that is the total stock and we have a stock of 5.7 million. So, basically about 21% market share we have in Bengaluru and similarly, if you look at Chennai, we have like the total stock is around 6.5 million to 7.5 million, about 7 million. If you take that number, we have one point, just one second.

We have 1.2 million. So, basically about close to 20% market share, 18% to 20% market share we have in Chennai as well. So, these two markets, we have a very, very dominant share and we are among the top operators in cities like Pune as well. Now, if you look at our expansion into other cities, which I said in the previous Q&A also, if you look at Hyderabad, Hyderabad two years back was just one center of 70,000 square feet. Today, our Hyderabad presence is three centers with about 225,000 square feet.

Similarly, you look at any city for that matter, for example, Coimbatore. Coimbatore again, we had a very similar situation, one center of 70,000, now we have three centers totaling 275,000. Kochi, we have doubled our presence in the last 12 months. Similarly, our addition in Mumbai, which has almost doubled in the last one year. So, there is an all rounded growth happening, typically in a lot of Tier I as well as Tier II cities over a year.

Shivkumar Prajapati:

Okay, sir. Sir, my next question is, one of our peers follow the MA model, that is Managed Accreditation Model, which is known to be asset light model. I just want to have your view, do we also plan to explore this kind of model going forward or what flaws do we see in this model?

Rishi Das:

So, basically, as you would have seen, our sourcing strategy has been very, very diverse. As Meghna said in our talk and the presentation also, if you see, 30% of our properties are renovated buildings. Then we pick up old buildings, renovate them. We also operate in tech parks, where we take up floors in Grade A buildings. We have full buildings also. So, we follow a mix of that. And we have also looked at Managed Accreditation Model, Revenue Sharing Model actively.

And for some of the markets, which are Tier II cities or some of the micro markets, which are basically very new, where we do not have a very, very consistent track record. Those micro markets, to minimize our entry risk, we are exploring the Managed Accreditation Model as well over there, typically. So, that is how we see that, that wherever we see that the risk profile is going to be substantially higher. Those places, we may not like to take the exposure of underwriting the leasing commitments upfront. And we will look at MA Model as well.

Meghna Agarwal:

Yes. So, the micro markets, where we are seeing low potential and as I said, high risk, there we could explore. We have not yet explored. There we could explore. But otherwise, our strategy of acquiring buildings has been closed. It is based on the follow the talent strategy, metro proximity, full building or renovated. So, there, the question of MA kind of reduces.

Shivkumar Prajapati:

Okay. And sir, my next question is around 40% plus of our tenant mixes from GCC and exposure towards IT and IT enabled services are around 50%. So, what sort of risk we see, given the IT sector, the hiring is praised or there is not much active hiring, plus few of the companies announcing layoffs. So, what sort of risk we see on the GCC front and IT sector? Plus, if you could share more detail like 40% of our clients are acquired through other channels. So, from this 40%, how much is attributable to GCC and how much to other Indian companies?

Rishi Das:

Okay. So, basically, as you rightly highlighted that 40% of our clients are mobile capability centers. Now, 60% are the clients which are typically of Indian origin. Now, we have almost equal mix of all the three segments. There are three types of clients in this. One are basically the IT services companies, as you said. The second segment, which is growing very fast post COVID is the Indian companies. You look at companies like Narayana Hrudayalaya or companies like Mahindra Logistics, those kinds of companies. So, that segment is also very, very substantial. We are working with multiple Tata companies now.

So, those are the places where we see a very substantial presence of the Indian enterprise. And as you know, Indian economy is doing well. So, that segment is growing very fast. The third segment that we have is basically companies which are the late stage startups, the unicorns and beyond. For example, if you look at, say, Myntra, Walmart, they have taken 300,000 square feet from us. We have NoBroker kind of companies also. So, it is quite a good mix. Now, if you look at the specific question about the slowdown that we are seeing in IT, I would like to highlight, if you look at, the mid cap IT is doing better than the large cap IT.

And a lot of our IT services companies of Indian origin are mid-cap IT services companies. That is one. Second thing is, if you look at the top IT companies in India, the big five, the NASSCOM big five or big ten, most of these people actually do not participate in the leasing market very actively, office leasing market.

Most of them have their own campuses, where the government had given them very attractive subsidies in various states and all that. So, basically, the active participation of the top ten NASSCOM companies is limited into the leased office based market in India. So, that basically allows us.

And also, I would like to highlight that, if you remember, when COVID happened, the Indian enterprises were not doing well at all. But the IT services guys, the start-ups were doing very well because funding was coming in. GCC was not very active at that point of time.

So, the good part has been that Indian commercial real estate has been very, very resilient. And if you take any data, like 10 years data, 20 years data, the growth rate of commercial real estate absorption has been between, say, 7% to 8%, 6% to 8% percent consistent growth has happened over there.

And if you have to look at the data, because a lot of these large property consultants, their reports, they follow the calendar year. So, as per their H1 number, which is Jan to June number, already they are saying 60 million square feet of gross absorption has happened in just six months, compared to the total absorption of 65 million - 70 million during the calendar year '24. So, people are expecting this to touch 80 million - 90 million by the end of this calendar year.

So, from that point of view, the growth is robust. And the share of GCCs is definitely growing with us also. But I think overall, the client base for us and the real estate absorption in India is quite diverse. So, nothing much to worry about from that point of view.

The second part?

Meghna Agarwal: And to your second question about that 40% of direct, usually what happens, these through the IPCs and all, these are the global GCCs because they have a mandate globally. So, in about 40%, I would say 30% percent of our, I mean, I do not have exact number, but 30% would be coming from the larger IPCs because these are governed by the global mandate. So, when they are opening offices in India, so we have to go through that.

Rishi Das: Yes. So, GCCs, the dominant part of the GCCs are coming to the brokers, the consultants, typically. But at the same time, we have a very healthy growth rate of our existing clients growing. A good percentage of our growth comes from the existing clients. And there we do not have any brokerage as such to pay out. Yes.

Meghna Agarwal: Yes. Mostly the way to look at it, one-third is from the existing client expansion. One-third is through the broker community. And one-third is your in-house, the new sales. So, that is how broadly I would say, the diversification would be.

Shivkumar Prajapati: Great, sir. Okay. All right. I will get in the queue.

Rishi Das: Thank you, Shiv.

Moderator: Thank you so much, sir. The next question is from the line of Murtuza from Kotak Securities. Please proceed.

Murtuza: Yes. Hi. Thank you for allowing this question. Just two questions from my side. Just want to be absolutely clear. When we talk about the AUM of 8.7 rentable area of 6.5, and occupied of 5.5. Rentable is what is operational area. And rent paying for you as well. And what would be the delta between AUM and rentable, the additional? Is it leases which are already, area which you have got possession? Or it is just something that you are going to get possession of? Or again, that differential whether it is rent paying or it is entirely in the rent free period. So, what is the rent paid on? 6.5 or it is a number between 6.5 and 8.7?

- Rishi Das:** No. So you are spot on, Murtuza, that the rent paying area is 6.5. So, we are paying rent only on 6.5 million. We are not paying rent on the entire 8.7. And this 2.2 million delta that you see are the spaces where we have signed up, where we have given them some part of the commitment fee, the security deposits. And they will be getting handed over between 6 months to 12 months. So, if you have to look at our occupancy, the occupancy is calculated as occupied area divided by the rentable area, which is the rent paying area. Yes, like that.
- Murtuza:** Okay. Because you could not have potentially lease remaining straight up because it is still a work in progress.
- Rishi Das:** Correct.
- Murtuza:** But all of the 6.5 will be operating. I am sorry, I am just trying to because –
- Rishi Das:** Yes, it is all operating.
- Murtuza:** Okay. Second question from my side, just to reconcile numbers. Your IGAAP EBITDA is Rs. 65 crores. Your cash EBIT, a few slides lower, is 48. And then you have got an adjusted cash EBIT of 52. But the bigger one, which is the 65 to 48, can you help explain to us? Because I am assuming the 65 also takes into consideration the entire rent payment, given that it is an IGAAP EBITDA.
- Rishi Das:** Yes. So, basically, there are two parts to it. This 48 and 52 delta that you talked about. This is on account of the financial, basically, leases. Because what we do is, we do in some places, design and build kind of projects. Where, basically, like, as per the IndAS accounting standard, that is not taken as part of the revenue from operations. It is taken in other incomes. So, that is where we have added it and we have the adjusted cash EBIT.
- Now, talking about the IGAAP, delta, and the adjusted cash EBIT. So, basically, like, this is a difference of the accounting standard that is there. And as per the IGAAP accounting standard, like, certain pre-operating expenses and all, we are, like, because as you can imagine that when we pick up any client and when we do the fit-out, it takes two months to three months to do the fit-out for that particular client. So, those are the pre-operating expenses, which, basically, are of capital nature.
- And the way our interiors are capitalized, those are taken care of in that. So, that is how you see the delta coming in over there.
- Murtuza:** Okay. So, that differential in your P&L is being expensed, but under IGAAP, that would have got capitalized. Am I reading that right?
- Rishi Das:** Right. Yes.

- Meghna Agarwal:** Yes, you are right. But the finance lease, income on the finance lease, which is being clearly mentioned that it is like your design and bespoke model revenue, which is the actual revenue, but in your NDS, it is used as the other income. So, that is why it is being added back, that four.
- Murtuza:** Sure. Now, thank you for the explanation.
- Rishi Das:** Thank you.
- Moderator:** We take the next question from the line of Girish Choudhary from Avendus Spark. Please proceed.
- Girish Choudhary:** Yes. Hi, Megha and Rishi. Firstly, congratulations on the listing.
- Rishi Das:** Thank you, Girish.
- Girish Choudhary:** Yes. I just wanted to understand your margins as per your business model. What is the center level EBITDA margins for mature centers? And what is for the new centers? And for new centers, what is the average ramp up period which you see from opening to break even? And then what are the corporate overheads like?
- Rishi Das:** So, there are like three metrics. If you look at typically at the overall portfolio level, our center level EBITDA is about 30%. And this is at the overall level. Now, within that, we have centers which are more than 12 months old, which we call them as mature centers or steady state centers. So, there our EBITDA will be average will be about 32% over there. And then we have the corporate expenses.
- And if you look at what happens is from the time we start paying rent, typically, we start getting about 8% to 10% occupancy every month. Between 9 months to 12 months, what we have seen is, we are able to cross 90% occupancy in most of our properties. And our operational break even happens between the 5th and the 6th month. That is what we have seen on an average is where it happens.
- Meghna Agarwal:** It is like 5 months to 6 months, which is about 56% of the entire building. And 9 months to 12 months, we fill it about 85% plus to 90% of the occupancy.
- Rishi Das:** Yes, that is right.
- Girish Choudhary:** Got it. On the margin side, the difference of Rs. 17 crores between IGAAP EBITDA and the cash EBITDA, what are the main retailing items in terms of you can quantify the numbers between the various areas which you mentioned like pre-operating expenses and so on so forth?

- Rishi Das:** So, as Girish, I mentioned that the Rs. 4 crores that you see is on account of the financial leases. So, basically, that is like a revenue which typically as per India's Accounting Standard does not get covered, so that is a add back. So, that is like the adjusted cash EBIT. Now, from 52 to 65, we will not have the exact breakup over there. But most of it will be, I will say, on account of that 2 months to 3 months of rent that I talked about.
- Meghna Agarwal:** It is basically like a pre-operating expenses, Girish. And we take the pre-operating expenses of almost average is about 30 days to 45 days, that is fair.
- Rishi Das:** So, for example, what IGAAP does is that when you sign up a client and you take 60 days to 90 days to do the fit out. So, part of that period basically is treated as an item of capital nature. So, most of the data that you see will be that, as Meghana said, 45 days going up to say 60 days of rent. So, basically, that is what you see is within that. Most of it is on account of that 45 days to 60 days of rent for that ramp-up period for the area that has got added.
- Girish Choudhary:** Got it. So, this part of the difference between the cash EBIT and the IndAS EBIT will remain subsequently as well. So, you also mentioned about this converging? So how will it converge going ahead?
- Rishi Das:** So, basically, as a percentage, this will converge, Girish. Because, as you can imagine that today, our rent paying area base is about 5.5 million. Next year, this base will keep on increasing. So, today, for example, you are seeing like Rs. 65 crores and Rs. 50 crores to Rs. 13 crore delta, for example. And this is like 20% on Rs. 65 cores, that you see the difference. So, as the base will increase, this number, suppose, this will remain around Rs. 10 crores - Rs. 12 crores every quarter kind of a number. And then, obviously, as the base will increase, this percentage will reduce over there.
- Girish Choudhary:** Got it. Secondly, on the CAPEX, if you can just help us understand what is the CAPEX budget for the year. And also, the CAPEX per seat trends, which you are seeing in some of the recent additions in the portfolio. And your portfolio average is on the presentation is around 1,500 per square feet. So, are we seeing any trend or lower trends coming?
- Meghna Agarwal:** CAPEX has been Rs. 1,500 per square feet. So, the thing, what we have done is, this has been, I would say, average Rs. 1,500 throughout the years. But the cost is not increased, but the quality is increased. So, what we have done, instead of reducing our CAPEX cost from Rs. 1,500, so there was a conscious call as a management. Instead of doing Rs. 1,500 to Rs. 1,400, can we improve our quality in Rs. 1,500? So, similar product can be enhanced.
- So, rather than reducing the cost, we enhance the quality. So, in future also, we see that Rs. 1,500 remaining almost in the similar bracket. The idea is to, whatever savings we are getting from the

economies of scale, the idea is to put it back and improve the interior quality, then reducing the cost.

Rishi Das: Right. And I will also like to highlight that this Rs. 1,500 rupees is the blended capital expenditure that we incur when we do the new fit outs as well as whatever renovation that we do for assets. Because as you see that 30% of our properties are renovated properties. And when we pick up any property which requires renovation, we have to invest beyond interiors in terms of upgrading the property.

So, this Rs. 1,500 includes renovation CAPEX also. So, if one were to separate that out, you will see maybe a 10% basically reduction in the interior CAPEX vis-à-vis the CAPEX on the renovation over there. And renovation properties basically give us much better EBITDA margins because they tend to come at 20% - 25% cheaper than the market rate. So, the payback on that Rs. 150 odd renovation CAPEX tends to be quite good over there.

Girish Choudhary: This is clear and all the very best.

Rishi Das: Yes. Thank you, Girish. Thanks.

Moderator: Thank you. We take the next question from the line of Kshitij Saraf from Tusk Investments. Please proceed.

Kshitij Saraf: Hi, good morning. Congratulations on the listing. I just had a couple of questions. Could you help us with a walk from the cash EBITDA to the free cash flow in terms of what the operating cash flow would be? And the CAPEX you have incurred in this quarter and any sort of outlook you would like to share? And what would be the free cash flow for this quarter and outlook ahead?

Rishi Das: Yes, so I am getting Vikas, our IR head to give the answer to this.

Vikas Kumar Agrawal: Yes, hi. So, our free cash flow for this quarter is around Rs. 35 crores. So, on the basis of cash EBITDA of Rs. 52 crores, we have subtracted our interest cost and tax amount. And we have added back our non-cash item. On the basis of that, our free cash flow for this quarter is Rs. 35 crores.

Kshitij Saraf: Okay. And are there any working capital adjustments and--

Vikas Kumar Agrawal: After adjustment, all working capital and all, this Rs. 35 crores is coming to the top.

Kshitij Saraf: Okay. And what is the trend you are seeing in the micro market? So, for example, we have a very large footprint in Bengaluru. Apart from Bengaluru, because when we see the steady state occupancy last year, that was a 91. This year, we see the steady state occupancy at 87. Even

though the occupancy for our portfolio has increased 5 percentage points. So, is there any element of slowdown in the IT sector in Bengaluru which is getting captured?

Rishi Das:

Very good point that you have highlighted. I am happy about that. But if you look at what happened was, basically, there were three renovated properties that we added in FY '23 - FY '24. And the renovation of these older properties take between 9 months to 12 months to renovate them. Now, as per our definition of steady state centers, these properties got classified as steady state in FY '24 - '25. However, the active leasing of these properties started only in the last financial year.

And as a result, you see this, the steady state center occupancy has taken a bit of a dip. Now, these properties have picked up leasing traction. Over the next couple of quarters, we should see an improvement in the steady state center occupancy, once the tenant rental starts kicking in, basically, from September - October onwards. So, this was more on account of suddenly three properties totaling about 2.5 lakh square feet getting added, which basically created a temporary blip.

Also, I would like to highlight here that, as Meghna had said earlier also, that when you look at quarter wise occupancy, depending upon, suddenly, suppose some property has become rentable in that quarter, you will see some fluctuations happening into those numbers. And historically, we see that our overall occupancy has ranged between 80% - 85%. And our steady state center occupancy has ranged between 85% - 90%.

Meghna Agarwal:

The full year is better rather than looking at the quarter wise. So, full year, more than 80% - 85% in a blended level and 85% - 90% in a mature state. That has been the thing with the uptick.

Kshitij Saraf:

Okay, thank you. We will connect offline for more details. Thank you.

Moderator:

Thank you. We take the next question from the line of Shivkumar Prajapati from Ambit Investment Advices. Please proceed.

Shivkumar Prajapati:

Thanks for taking my question again. Thanks for having me again. So, my first question is, if we look at the revenue to rent multiplier, it is close to around 1.8 times in comparison to others who are close to 2x or 2x plus. And as a percentage of co-working revenue, if we see rent expenses, it is higher for us. So, basically, rent to revenue multiplier is the lowest and the rent expenses as a percentage of co-working revenue is highest for us among the peers. So, could you please help me understand why these metrics are a bit away from the industry average? I mean, is there any difference in business model or the market dynamics are different for IndiQube?

Rishi Das:

Yes. So, Shiv, I am assuming that you are referring to our Slide #32 where you have the revenue to rent ratio?

- Shivkumar Prajapati:** Let me check once.
- Rishi Das:** Just look at that. So, Slide #32, which is our revenue to rent ratio. So, for Q1 FY '26, our revenue to rent ratio has been 2.26.
- Shivkumar Prajapati:** But, sir, for a full year basis, can you share that data? I mean, this is the quarterly data here.
- Rishi Das:** Yes. So, full year will be again, I think, pretty similar. It will be north of 2 only. See, it was 1.8 almost 3 years back, typically.
- Shivkumar Prajapati:** Okay.
- Rishi Das:** Yes. And then from there on, it has been continuously improving. And if you look at Q4, for example, it was 2.09. And this is on the overall area. So, basically, it is not just the portfolio that got added in that quarter. So, yes. There is an improvement from 2, it has become 2.26. And why we are seeing improvement in this is, like, one, of course, we pick up a good percentage of our properties as renovated properties. So, in renovated properties, the base rents are lower, whereas our revenues are better as a percentage. That is one.
- Second thing, a large number of properties we manage. We take full buildings. So, the common area maintenance and all those things come under our scope. And those costs are also significantly lower. If we were to pay the landlords in terms of **(Inaudible) 46:33.4** and rent and all that. So, plus third is basically the value added services that we look in our case, continuously is increasing. Typically, like, whatever revenue we are making from our value-added services. So, these three factors are basically ensuring that our revenue rent ratio is seeing, basically, a continuous improvement.
- Shivkumar Prajapati:** Okay, sir. And, sir, currently, the income from ancillary activities is about 10% of our overall revenue. Is that correct?
- Rishi Das:** Yes, correct. Basically, it is Rs. 34 crores in the FY '26 Q1.
- Shivkumar Prajapati:** Okay. So, how do we plan to increase this share so that ultimately our realization per se would be higher?
- Rishi Das:** Yes, Meghna.
- Meghna Agarwal:** Yes. So, first, we have to look at the same slide. You have to look at the 32 slides. We have divided our value added services into two components. One is your reoccurring and one is your one-time. So, if you see my re-offering, the revenue has been increasing on a year basis 35% and quarter-on-quarter is about 12.5%. But when you see one-time, so one-time revenue, which is not reoccurring is also attributable to, depending on the project specific demands, certain

clients would have a certain source. So, that thing keeps fluctuating. But a reoccurring revenue, there has been a constant growth. And in terms of, like, going forward, we aim to maintain a similar growth trajectory in the reoccurring, at least in the reoccurring segment, which we can talk about.

Because one-time, it is very client dependent and very situation dependent. So, our focus is on the reoccurring. And similar, what we have done so far, 10% to 15% will be doing in the next coming quarters also in the similar range.

- Shivkumar Prajapati:** All right. No worries. Thank you so much for answering my questions and best of luck.
- Meghna Agarwal:** Yes, thank you.
- Rishi Das:** Thank you.
- Moderator:** Thank you so much. We take the next question from the line of Karan Khanna from Ambit Capital. Please proceed.
- Karan Khanna:** First of all, congrats on the listing. So, I just wanted to understand, like how big is the opportunity for IndiQube and if you could provide a segmented revenue split for the same?
- Meghna Agarwal:** So, currently, Karan, we have not done this segmented listing. The DNB also is a part of, is bundled in the VAS revenue as of now. So, I would say services wise, we have not yet divided into it. But it is growing at a very healthy pace. We have signed up one very big automobile company in the DNB space this quarter. So, all those things are happening. But segment wise, revenue, which we have not done it, we do not have it offhand right now. This is in totality, we usually contribute to the value. It is bundled in the VAs services only.
- Karan Khanna:** Okay, it is in VAS, okay. And in the future, you will be open to taking third-party contracts as well in this segment?
- Meghna Agarwal:** Yes. So VAS is nothing but a third-party contract also. So, when we say VAS, the services which we say, whether it is the food or the transport or the DNB, it is also catering to our existing client, but to the non-IndiQube clients also. It is blended revenue, but nothing to do with the, which is already part of the leasing, which is over and above. So, design and build, as I said, this automobile company which I am talking about, they were not a part of IndiQube family. It is like a third-party revenue only we are talking. So, the value added services, it is both IndiQube and non-IndiQube, but it is over and above your leasing revenue.
- Karan Khanna:** Understood. Thanks and all the best for the next quarter.
- Meghna Agarwal:** Yes, thank you.

Rishi Das: Thank you.

Moderator: Thank you. We take the next question from the line of Anand from MyTemple Capital. Please proceed.

Anand: Hello. Thank you for the opportunity.

Rishi Das: Yes, hi Anand.

Anand: I just have one question. So, on Slide 24, you have given the impact of IndAS 116. I just wanted to check. So, this is mainly on the cost side. Is there also any benefit that we get on the income side due to IndAS 116? And what would be the impact of that?

Rishi Das: No, there is basically only thing is that there we have the other income. --

Meghna Agarwal: If you see the slide number, I will tell you what, Karan. If we go to my slide number. Yes, 12th slide. If you see revenue from operation and if you see our IGAAP, the difference in the revenue is hardly few Rs. 2 or Rs. 3 crores. So, revenue wise, there will be income side, there will be hardly any difference. It will be equal. Whether it is IndAS or IGAAP, mostly the impact is on the cost front, which we have explained in the IndAS impact. The revenue, the top line effect is like Rs. 1 crores or 2 crores, which is kind of negligible in the larger thing.

Anand: Okay. And that also, I think if you were mentioning, it is coming on the other income side, not in the revenue from operation thing. Yes.

Meghna Agarwal: Yes, I mean, yes. Like for example, if you see --

Anand: Sorry, the total income is Rs. 324 crores for IndAS, whereas the IGAAP equivalent is Rs. 313. So, should I be comparing that, the Rs. 11 crore benefit that is flowing in?

Rishi Das: No, actually, all our metrics that you see, we have calculated on Rs. 313 crores only.

Meghna Agarwal: Yes.

Rishi Das: We have not taken Rs. 324 crores at all.

Meghna Agarwal: It is just the reconciliation we have given it.

Rishi Das: Yes.

- Meghna Agarwal:** Yes, like for example, if you see the quarter for FY '25, the IndAS revenue is about Rs. 307 crores and the IGAAP is Rs. 301crores. So, there is only difference of about Rs. 6 crores. So, that is only for the top line.
- Rishi Das:** So, you are right on that, that the revenue that you should take is Rs. 313 crores, not Rs. 324 crores.
- Meghna Agarwal:** Rs. 324 crores.
- Anand:** Okay. Got it. That was it. Thank you, thank you so much.
- Rishi Das:** Thanks.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraints, we take that as the last question and would now like to hand the conference over to the management for closing comments. Over to you, sir.
- Rishi Das:** So, I would like to take this opportunity to thank all of you, all the people who took time to join in. I would also like to thank the ICICI Securities for organizing this call. Thank you all.
- Meghna Agarwal:** Thank you. And for the rest of the balance question, the coordinates will be available. I am more than happy to answer all your questions in detail.
- Rishi Das:** Yes. Thank you so much. Thank you.
- Meghna Agarwal:** Thank you.
- Moderator:** Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.