



Date: 13th November 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 and half year ended September 30, 2025, at the earnings conference call with investor(s)/analyst(s) held on November 10th, 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 02:57 p.m. (IST) on November 10th, 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
(formerly known as Indiqube Spaces Private Limited, Innovent Spaces Private Limited)

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“IndiQube Spaces Limited
2Q & 1HFY'26 Earnings Conference Call”
November 10, 2025



MANAGEMENT: **MR. RISHI DAS – CHAIRMAN, EXECUTIVE DIRECTOR, AND CHIEF EXECUTIVE OFFICER – INDIQUBE SPACES LIMITED**
MS. MEGHNA AGARWAL – CHIEF OPERATING OFFICER – INDIQUBE SPACES LIMITED
MR. PAWAN JAIN – CHIEF FINANCIAL OFFICER – INDIQUBE SPACES LIMITED
MR. VIKAS AGRAWAL – HEAD-INVESTOR RELATIONS – INDIQUBE SPACES LIMITED
MR. VAMSI CHATRATHI – AVP-MARKETING – INDIQUBE SPACES LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to IndiQube Spaces Limited 2Q and 1HFY2026 Earnings Conference Call hosted by Ambit Capital. 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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Karan Khanna from Ambit Capital. Thank you, and over to you, sir.

Karan Khanna: Thank you. Good afternoon, everyone. On behalf of Ambit Capital, I would like to welcome you all to the 2Q and 1HFY2026 earnings conference call for IndiQube Spaces Ltd. From the Company Management we have with us today; Mr. Rishi Das, Chairman, Executive Director and CEO, Ms. Meghna Agarwal, COO; Mr. Pawan Jain, CFO; Mr. Vikas Agrawal, Head-Investor Relations, 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 Q&A session. Thank you, and over to you, Rishi and Meghna.

Rishi Das: Thank you, Karan. Good afternoon, everyone, and thank you for joining IndiQube Spaces Limited. 2QFY2026 earnings call. On behalf of the entire management team, I extend a warm welcome to all our shareholders, analysts, and participants joining us today. We have uploaded our earnings presentation to the stock exchanges and our website, and I hope you have had the chance to review it.

This quarter marks another important milestone in IndiQube's journey. When we began, our vision was to decouple real estate from services and create a workspace and a service solution that enables ease of doing business, enhances employee experience, and delivers operational efficiency. Today, that same vision continues to guide us as we scale across India. The second quarter has laid a strong foundation for the rest of the year with strong financial performance and operational momentum.

Importantly, our cash flows from operations exceeded EBITDA, underscoring healthy profitability and operational efficiency. Cash flow from operations more than doubled to INR151 crores compared to INR64 crores in the same period last year. Value-added services, VAS, remain an integral part of our business model.

Their contribution increased from 11% to 13%, reflecting strong client adoption and higher engagement from both within and outside IndiQube buildings. We expect this momentum to continue as more enterprise clients integrate VAS into their overall workspace experience.

Sustainability continues to be the core pillar of our long-term strategy. Building on our existing 20-megawatt solar farm in Yadgir, Karnataka, which has the potential to be scaled up to 70 megawatts, along with 22 rooftop solar installations across our centers, we are now expanding our solar energy capabilities to capture new adjacencies and reinforce our ESG credentials. This

initiative not only strengthens our commitment to green energy but also creates new business opportunities within the renewable ecosystem.

Starting with our IGAAP equivalent numbers, revenue stood at INR354 crores for Q2 FY 2026, representing a 38% year-on-year growth. EBITDA is at INR75 crores, which is up 74% year-on-year. PAT margins improved to 8%, a considerable increase from 3% in the same period last year.

Out of the total 9.14 million square feet of area under management across 125 centers and 16 cities, 5.8 million square feet is rent-yielding area, and this provides a headroom of about 3.34 million square feet, roughly 75,000 additional seats, and these are expected to be operational anywhere between 18 months and 24 months.

Our strong financial performance, together with our Crisil A+ / Stable rating recently affirmed, underscores the resilience of our business model, our disciplined growth approach, and our long-term enterprise partnerships.

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

Meghna Agarwal:

Yes. Thank you, Rishi, and thank you, Karan. I would like to begin by emphasizing that tech continues to remain at the core of our client experience. This quarter, we have introduced two major tech innovations. One is the AI routing for transport management. Our automatic routing AI agent generates the most time and cost-efficient transport routes for employees, ensuring maximum ROI and smooth daily operation.

And the second one is the cafeteria crowd meter module. This tool leverages geospatial data and real-time order inflows to map the crowd density and thus helps the employees to plan their meal times, thereby reducing the queue congestion, enhancing their productivity, and satisfaction.

In the coming quarters, we also plan to roll out our space management module, which gives flexibility to clients to configure their workspace and enhance their space utilization. While Rishi has walked you through our financial performance, let me touch upon the operational highlights for the quarter.

This quarter, we have achieved significant milestones. We have signed a 1.4 lakh square feet workspace lease in Bangalore with the world's largest asset manager. We also secured a 68,000 square feet design and build project in Hyderabad for one of India's largest automakers.

We now serve 800-plus clients, comprising a balanced mix of 40% GCCs and 60% of Indian enterprises. Our focus on large, long-stay enterprise clients remains strong. Clients occupying over 300 seats now account for 65% of our total occupancy.

Our monthly churn remains at just 0.01%, one of the lowest in the industry, reflecting a high client stickiness and repeat business. Occupancy level continues to remain robust. It stands at about 87%, up from 81% in the previous quarter.

At a corporate level, our portfolio occupancy typically remains in the range of 80% to 85%, while our steady-state centers, which are operational over 12 months, maintain an occupancy of about 85% to 90%.

And at this, we remain deeply confident about the road ahead, supported by strong client demand, a resilient business model, and an unwavering focus on profitability, sustainability, and innovation.

With that, we look forward to addressing your questions during the question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Adhidev from ICICI Securities. Please go ahead.

Adhidev: Good afternoon, everyone. Thank you for the opportunity. So my first question is just to understand the Hyderabad design-build we have signed up for. Can you explain how different it is from the conventional managed office contracts that we have been doing? That is the first question.

Meghna Agarwal: Okay. So -- I mean, Adhidev, so, okay, let me answer the first question. So the difference is -- so here we have three models in our business. We have one is the grow model, which is like a plug-and-play where the clients come to our buildings, and then take the entire services.

But then we also have a model called bespoke, in which we do the design and build, in which the landlord deal is done by the client. But after that, anything to do with the design and the management, managing the entire facilities is done by IndiQube.

So this design and build project comes under the bespoke model. And so the landlord deal was done by them. But the client really liked our platform and the way we have designed and managed the entire enterprise. So they signed up with us in the bespoke model.

Adhidev: Okay. So, just to understand, would the margins differ in this sort of approach, or would it be similar to the existing offerings that we have, that was more of where we are coming from?

Meghna Agarwal: No. So we have very healthy margins, which are actually in line with EBITDA margins. So there's no, no -- reducing of the margins here. It's absolutely healthy out here, also in this model.

Adhidev: Okay. Okay, fine. Yes. The second question is just to help understand the pipeline of properties in terms of sourcing from landlords that you have over the next two months. And where do we think our AUM will be here, maybe 12 to 18 months from now, depending on how much visibility you have on your pipeline or space?

Meghna Agarwal: So we have written as in the presentation, which is also mentioned, Adhidev, that our total signed portfolio currently stands at about 9.14 million square feet, which is approximately about 2 lakh seats, 2 lakh 3,000 seats, out of which 5.8 million square feet is only the rent-yielding area, which is about 1 lakh 28,000 seats. All right. So that itself gives us a headroom of about 3.34 million square feet.

So, in simpler terms, if I have to put it, my 9.14 million square feet will be converted into a rent-paying area in about the next 18 to 24 months. And this would translate almost like a what, like what, a figure of about 22%. So, so this is the kind of already we have a sign up, which is in the kitty and in the pocket right now.

Rishi Das: Okay. And yes, to add to that, as you see, we have added close to 1.3 million square feet if you look at year on year. So we see that addition will continue on top of this 9.14 million, about 1.3 to 1.5 million per square foot additional AUM, and this addition will continue to happen here.

Adhidev: Okay. Sure. So I think that was more my question. And just any, just as a bookkeeping question, by March '26, where do you think the operational area we will be exiting at by March '26 this year, compared to the 5.7 we are at currently?

Meghna Agarwal: Yes. So, my rent-paying area, I can give it to you, it will be around about 7.6 million, 7.67 million square feet. That would be my rent-paying area by March '26.

Adhidev: Okay. So that is quite a ramp-up we are expecting. Yes. That's it from my side. I'll come back in the future. Thank you.

Moderator: Thank you. Anyone who wishes to ask a question may press star and one. Next question is from Shamit from Ambit Capital. Please go ahead.

Shamit: Yes. Hi Rishi and Meghna. Congrats on a good set of numbers. So, a couple of questions from my side. I wanted to know that you command around 20% market share in Bangalore and Chennai, while your presence is quite limited in other fast growing tier one cities like Mumbai and Pune. So, how are you looking at these markets, and do you have plans to scale up in these markets?

And secondly, in the first quarter, your portfolio level cash EBIT margins and occupancy was around 17% and 85%. In this quarter, you have ramped up the occupancy to around 87%, but the margins have slightly remained flat despite the higher occupancy levels. So what factors are likely to influence the margin performance going forward? And lastly, if you could give any sort of guidance in terms of revenue, seat additions, and cash EBIT margins for '26 and '27, that would be quite helpful.

Rishi Das: Yes. So thank you, Shamit. So let me answer the second part of your question first. So as you rightly highlighted, there is a slight EBITDA improvement in quarter one, and we are at about 21%. What happens in our business is EBITDA margin; the exact EBITDA margin is also a function of the properties that we have added during the quarter. Now, suppose a large property gets added; definitely, there will be a slight margin blip.

I think, but the better way to look would be if you were to compare our year on year EBITDA margin, like last year, this was about 17% to 18%. Now we are at 21%. So this three percentage point improvement that you are seeing has happened because one, the salaries as a percentage of the revenue have come down by about 1% odd.

Then we have commissioned the solar power plant that we talked about, 20 20-megawatt rooftop plant. So we have a substantial saving on the power bills, which has given us about one percentage point. And another percentage point has come in broadly because the way our rentals, the per-seat revenue increases from our clients, and our rental inflation with our landlord, there is almost a one percentage point delta over there.

So that broadly basically talks about the margin expansion. I will say that our margin will be pretty much rain-bound in the 20% to 21%. It will hover around that number. I don't see that increasing very, very substantially, nor going down. There will be some fluctuation depending upon, as I said, whether larger properties get added or deals suddenly start giving revenue during that quarter.

Now, answering the first part of your question, you are right in highlighting that Bangalore is a large part. Just one minute. I will share the data with you. Yes. So basically, if you look at what people talk about, Bangalore continues to be the largest commercial real estate market, consistently absorbing 20% to 25% of the country's total office demand.

In fact, according to multiple reports, if you see Bangalore absorbing more commercial real estate than Shanghai or even New York, it is positioned as among the largest office markets globally. So, it's like saying that we are the largest in the largest market globally.

Also, if you look at more than 50% of India's total office absorption is happening in South India. And this is led by Bangalore, Chennai, and Hyderabad. And these southern markets also record the lowest vacancy levels, typically in single digits, owing to deep talent pools, strong infrastructure, lower cost of living, and higher overall quality of life.

So we follow these parameters while expanding. Since 90% of the properties are taken proactively, while South India remains our core growth engine, we are steadily expanding across other key metros as well. So, if you look at our footprint in Mumbai, it has grown from 85,000 square feet to 140,000 square feet.

We continue to expand Gurgaon, Calcutta, and other northern cities. We have added three cities in the last year, Indore being the latest addition. We are seeing at least three to four more city additions happening in H2.

So overall, there is an effort to be Pan-India. We are following the strategy of following the talent. So wherever our customers are expecting us to go or wherever talent is going, we are going into those locations. And yes, so that's how we see our Pan India footprint expansion.

Shamit:

Understood. And in terms of occupancy, is this current number of 87% sustainable going forward?

Rishi Das:

So, occupancy, we see that if you look at, there are two occupancy datasets that we maintain. One is at the overall occupancy level. So that has a range between 80% and 85%. And then there's a steady state center occupancy which hovers between 85% and 90%. So this 87% that you are seeing over the next two to three quarters, we see that this will be 85 plus or minus maybe a couple of percentage points.

Now, it depends upon, again, as I will go back to the point that if a very large supply addition happens, you might see a 1%, 1.5% basically occupancy. But we are committed to maintaining occupancy in the mid-80s. And that's where we see that we are comfortably placed.

Shamit: Understood. Thank you. And my last question regarding your guidance in terms of revenue and fee additions, what would that be for '26 and '27?

Meghna Agarwal: So, as Shamit mentioned earlier, we already signed 9.14. And this would become operational only in the next two years. And this would translate to almost like the top line growth to about 30% in the -- for the next two years. And this has already been an area that is signed. And it's in the different stages of construction or the phases where we are going to take it. So then the paying area is going to increase gradually in the next two years.

Shamit: Thanks.

Moderator: Thank you very much. Next question is from Girish Choudhary from Avendus Spark. Please go ahead.

Girish Choudhary: Yes. Hi. Thanks for the opportunity. Firstly, on the capex, how should we see the capex going ahead for the rest of the year, and also next fiscal year? Just as a follow-up, I see you've already spent close to INR180 crores in the first half. Right. And if I see your seat count has increased by 15,500 or so. So if I do a simple math that translates to a INR2,500 per square feet of capex. So, I mean, what's the change there? Because generally you write for INR1,500 per square feet, right? A seat.

Meghna Agarwal: Yes. Thank you, Girish. So, the capex, as you rightly said, it is about INR179 crores. And the difference between your net seat additions and the capex you're seeing depends on the timing and the nature of the investment made. So, for example, operating cash flow, your INR179 crores capex also includes advances for the future signed projects. It includes settlement of the prior period pending invoices, investments in interior sit out, which is executed under the financial leasing, like the 60,000 square feet, which you're talking about.

You will not see the area additions and the capital expenditure towards the solar installations, either. Also, there could be a certain location where my fit-out work must have commenced, but during the rent-free period. So, if you see all because of all these differences, you would see a natural mismatch of the given period. You would see that net area additions will not reflect the capex because of all those reasons that I'm talking about.

Girish Choudhary: Okay. So, in that case, for the remainder of, let's say, six months, can we see a lower capex, so that the timing mismatch again aligns back?

Meghna Agarwal: Yes. So, you will definitely see the gap reducing for sure, but some kind of a misalignment would always be there. As I said, because there would be a future project which you would have signed, which you would have released advances. There would be certain other, you know, other capex which probably for the prior or the past. So, all those mismatches a little bit would definitely be there, but the gap would surely keep reducing over the period of quarters.

Girish Choudhary: Okay. So, what's your budget for the year fiscal 2026 and fiscal 2027 capex?

Meghna Agarwal: Capex, look, so in fact, if you ask us, like our capex is like about 15, 17 per square feet, right? So, in terms of area addition, that would be there. But my cash outflow, or whatever the capex, probably you would see would be different. That's what we're talking about.

Girish Choudhary: Yes. Yes.

Meghna Agarwal: So, Yes. So, I think this time is about INR179 crores, something equal. We are expecting in the next H2 also.

Girish Choudhary: Okay.

Meghna Agarwal: Similar range, yes.

Girish Choudhary: So, around INR350 crores, INR360 crores for the year.

Meghna Agarwal: Something, Yes. Some kind of, yes, we can say that, something in a similar range.

Girish Choudhary: Okay. And the following year, next year, because like you said, you have already signed up close to nine points or in the process of signing up 9.14 of AUM, right? So, you'll be spending on that also next year.

Meghna Agarwal: So, it will not be like completely next year. This would become a rent-paying area in 18 to 24 months. So, they would be gradual. I would just spend on the capex. Yes. And I mean, whatever we've done with the budgeting, I think it should remain in a similar range, even for the next year, and also, whatever we have in FY 2026.

Girish Choudhary: Okay. Got it. Yes. Secondly, on the VAS, the Value Added Service, which like we have seen an increase from 11% to 13%. So, just wanted to understand in terms of what the runway is here. One is if you look at the penetration within the current portfolio, how are you seeing trends in terms of people or tenants using these services? And where can this 13% go in the next one to two or three years?

Meghna Agarwal: So, if you see, as you rightly put it, Value Added Services contribute about 13% of the total revenue, which is up from 11%. And as Rishi mentioned, VAS remains an integral part of our business model. And there would be a steady increase. And this reflects the client adoption engagement.

Looking ahead, our focus is on definitely broadening both our B2B and B2C service spectrum. This includes areas such as your Facilities, F&Bs, IT, Mobility, Concierge, Solar, and Other, you know, other enhancing services, which we'll be getting into it.

These value added, we see that contribution increasing from 13% to at least 15% in the next financial year. So, that is what we are planning for and budgeted for.

Girish Choudhary: Got it. Got it. Yes. Yes. Thank you and all the very best.

- Meghna Agarwal:** Yes. Thank you.
- Moderator:** Thank you. Next question is from Aayush Saboo from Choice Institutional Equities. Please go ahead.
- Aayush Saboo:** Yes. Hi. Congratulations on a good set of numbers. Can you just elaborate a little bit more on the hub-and-spoke model regarding how we are operating in that? Just throw more light on that.
- Rishi Das:** Yes. So, yes, thank you, Saboo. So, our strategy, as I mentioned, has been follow the talent. So, if you look at, say, locations like Koramangala or any CBD location like MG Road or Guindy in Chennai, most of these places, there is a dearth of larger buildings. So, our philosophy is to take up smaller buildings and also have a larger campus.
- Then the larger campus actually acts like a hub, and then you have a lot of spokes. So, it allows us to have many more amenities in the hub campus. Plus, what also happens is that, think about Koramangala, we have clients that are typically very young startups.
- Now, they may not be able to afford a very high-quality or a very swanky center. So, in our spoke locations, we are able to accommodate such clients. But if you have a GCC kind of client looking at a very premium space, then our hub centers are able to provide such spaces.
- And that is the strategy that we are seeing in micro-markets that are mature and dense micro-markets, which has worked well. Similarly, on Outer Ring Road here, I talked about Guindy or even Pune in the Yerwada location or Baner location, where we see that we are slowly but surely narrowing down on creating more hub and spoke models over there.
- Aayush Saboo:** Okay. Sir, what is the ratio that you see going forward? Like, how much should be under the larger format hub and how much should be in spoke models within the next couple of years?
- Rishi Das:** Yes. So, today if you look at it, I will say about 50% of our properties are more than 100,000 square feet, like out of 125 operational centers. And about a similar number are less than 100,000 square feet.
- Now, if I have to further narrow down, about one-third of our centers are more than 200,000 square feet. So, that is a broad mix to give you an idea. I see that, definitely, the average size of the center, if I were to look at it, over the last 2-3 years has been expanding.
- Like if our average was about 40,000, 50,000 square feet 3 years back, now today that average is about 70,000 square feet or 75,000 square feet. So, clearly, the trend is towards larger centers. But at the same time, to maintain our presence and depth in the markets and be able to offer different price points, we also see that spokes will continue to be an integral part of our strategy.
- Aayush Saboo:** Okay, okay. Thank you very much.
- Rishi Das:** Thank you.
- Moderator:** Thank you very much. Next question is from Sumit Kumar from JM Financial Institution. Please go ahead.

Sumit Kumar:

Hi, good afternoon, and congratulations on a good set of numbers. My first question is on revenue growth versus area growth. The area occupied grew by 24% and the revenue grew by about 38%. So what explains that difference? Is it the per-seat pricing that has gone up, or is there a change in sort of a revenue mix or product mix?

Rishi Das:

Yes, so two or three things have basically factored in. One is the escalations that we have. That's the easiest one because we have an annual escalation in our client contracts, whereas most of our landlords are on a three-year escalation, more like 14%, 15% every 36 months, whereas client escalations are annually between 5% to 6%. So that is one factor.

Second factor has been the value-added services. If you see, which doesn't get reflected necessarily in the area from 11% it has become 13%. So that is another factor. Then, if you look at a lot of renovated buildings that we have built up. Now, in our renovated buildings, our margins are better.

If our center-level EBITDA is about 32% in a new kind of building, in renovated buildings, this is about 40%. So that mix, we have been able to add some good renovated buildings. That is adding to it.

And then the design and build projects that we are doing, because, again, that area is not reflected in the addition over there. So a combination of these factors is what is basically leading to this divergence, a positive divergence here.

Sumit Kumar:

Sure. My second question will be on the Tier 2 expansion. You've added Indore and then Mohali, Kolkata. So the nature of the business remains the same. Is it a managed office, or is there an element of co-working there?

Rishi Das:

It pretty much remains the same, I will say. Of course, the size of buildings that we are picking up in these locations is not as big as what we are doing in the Tier 1s. But the mix of customers is very, very encouraging.

I will say, again, the GCCs are the bulk of the occupiers in a lot of Tier 2 cities. In fact, a good percentage of our growth in Tier 2 is actually being pushed on us by our existing clients, where they are expecting us to grow over there. And to give you another metric, if you see, 40% of the area that is occupied is by clients who have taken space in more than one center.

So, that is a very healthy trend. The customer came to us and said, Tier 1 city and liked us, and then they expanded into Tier 2. But if I have to talk about the more mature Tier 2 cities like Coimbatore, where we essentially started with one building of 70,000 to 75,000 square feet.

Now we have a property which is 150,000 square feet, and we have signed up another property of 100,000 square feet. So definitely, it is like firing bullets and wherever it hits the target, go with cannonballs. So clearly, there is a tendency to pick up larger buildings in those places as we understand the city better and as we have more confidence in that city.

Sumit Kumar:

So, just one last question from my side. The movement from active stock, which is about 7.6 million to 9.2 million, which is the area under management, you said it should take about two

years. So, I just wanted to understand, is that because there are some properties which are under construction, or otherwise, fitting it out and then leasing it out should not take two years? So, what is the sort of reason for that?

Rishi Das: So, you are spot on. A large part of these properties are like built-to-suit properties, where the lead time typically is 18 to 30 months over there. So, most of the properties that we are talking about in the 18 to 24-month horizon are all built-to-suit.

Sumit Kumar: Okay. Sir, just one bookkeeping question. The nature of the difference between EBITDA and cash EBIT has largely remained the same, or is there anything else that you would like to highlight?

Meghna Agarwal: No. So, the thing is, the difference between the EBITDA and the cash EBIT would be because of these pre-operating expenses, which we do. So, we do the rental capitalization, which is from 45 to 60 days. But in future years, you would see the gap reducing because we have kind of done the capping for 60 days. So, as the portfolio would increase, you would see the gap reducing. But the difference is because of the pre-operating expenses of these rental payments for the first two months.

Sumit Kumar: Okay. Sure. That is all from my side. Thank you and all the best.

Moderator: Thank you. Next question is from Jahnvi Shah from Share India. Please go ahead.

Jahnvi Shah: Hello. Hi. Congratulations on the good set of numbers. And the question that I had, I actually wanted you to share some light on the industry, per se. Like you have multiple seats that you are going to put out in the next two years. You have a pipeline for that. But do you see any slowdown in the demand perspective, or are we optimistic on the same? And which cities do we see more demand in?

Rishi Das: Yes. Thank you. So, if you look at -- just to give you some macro data, I mentioned that earlier that for the nine-month period ending September 2025, the gross absorption of real estate in India is about 60 million square feet. And within the last quarter, this number was 20 million square feet. So, this is a record all-time high absorption of real estate in India. And out of this, 21% of the office space absorption has been done by the flex operators.

So, flex has become a very, very substantial part. 40% of this space has been occupied by Global Capability Centers. So, there is quite an upbeat demand. Most of the Indian cities today are running at very low vacancy levels because supply addition has not been as steep as the demand.

So, that's the macro. And having said that, the GCCs are contributing a very large part. But if you look at the mid-cap IT companies and the non-IT Indian companies, like our old-school typical manufacturing or pharma, FMCG retail, they are also occupying a lot of space. Plus, the startups are occupying a lot of space.

So, today, the absorption is quite diverse from that perspective. So, we are not seeing any slowdown as such. Of course, there is a question of the big elephant in the room, which is the

rise of AI and all that. Will we see that some impact may happen because of that? But I must say that our industry, since the rise of AI, is actually coming in as a handy thing.

And I will explain why we are saying that, because it's a question that all of us have. If you look at when people come to us, why they approach a model like flex office spaces. See, for startups, it's primarily a cash flow and agility consideration. They are in a hyper-growth phase, and they prefer to deploy capital towards their core business rather than locking that into long-term VLSS.

But if you go on to the enterprises and GCC, their driver is different. They aspire for grade-A office spaces. They try to go to the larger tech parks. But as you know, most of the larger tech parks have larger floor plates. They are controlled by large leads. They prefer to give the entire floor. And they want to fix commitments. So this limits the flexibility in terms of size, cost, and customization.

So what our industry and IndiQube in particular bring is that this gap, basically, between what the larger operators are offering and enterprises and GCCs are looking for, we are able to provide a ready, managed, scalable solution that fits in.

And last but not least important is that our industry has been delivering a 20% to 25% cost saving compared to conventional office spaces. And this comes because of economies of scale, the wholesale-to-retail cost advantages, and shared services efficiency that we pass on to our clients.

Now, with the emergence of AI-driven efficiencies and periodic workforce structuring, companies are becoming more cautious and seeking agility and flexibility in their real estate strategies. If you look at one of the recent CBRE reports, it very clearly says that for most of the large occupiers, the question is not flex versus traditional leasing. The question they are asking is what percentage of my space should be flexed.

So rather than reducing demand, if you ask me, the uncertainty is actually accelerating the adoption of flexible workspaces. And that's reflected in the increased share of the total commercial real estate absorption.

Jahnvi Shah:

Thank you so much. Sir, just one last question. It is again on an industry basis only. Since this entire flex market is doing really well, a lot of players have been listed. And I'm seeing the rise of more -- there are too many new entrants in the same industry right now because I think there is a very low entry barrier?

How -- and everyone is scaling up really fast. Everyone is adding up seats really fast. Everyone has almost 30,000 to 40,000 seats within the first year itself. So, I'm just thinking, how do we see ourselves competing against them because they are in a growth phase, and they are providing services at a very cheap cost. So, how are we placed against them?

Rishi Das:

So, I will go back to looking at the way the traditional commercial office spaces are. Today, you look at, for example, Bangalore, Mumbai, Pune, and NCR. You will see there are two or three developers who are absolutely dominant, right? And to be very honest with you -- so that is exactly how the managed office industry is evolving.

For example, we talked about Bangalore. Now, in Bangalore, we have more than 20% market share of the entire flex industry. So, what happens is that there are a lot of network effects coming in. For example, suppose I am a large occupier looking for office space, I would like to go with an operator who typically can continue to support my growth. I don't want one operator for one building, another operator for another building, or I don't want discontinuity.

So, larger operators, whosoever are there in any given city, that is a big moat in this business. So, in how many cities people are present and how dominant they are in a given city, I think, will be a very, very important metric that will build barriers.

Second thing is, if you see, GCCs are the biggest occupiers, and as Meghna mentioned, people who have taken more than 300 seats constitute 65%. So, this essentially is an enterprise business. Now, if you are a large enterprise, whenever you float an RFP, you typically like Big 5 to participate.

You don't open the RFP to 20 to 30 participants for any service or any product. And that is what this industry is gravitating towards. There will be four, five large -- in excess of 5 million square feet-- pan-India presence, offering the entire spectrum. And then you will have one-city players who might be very dominant in one city, kind of a thing. And then the whole complexity around the value-added services.

Again, now I will go back to my hotel example. If you look at today, anybody can open a hotel. But over a period of time, if there is a brand like a Taj, Oberoi, or Alila, you see the difference in the quality of service. So, surely in our industry, the quality of service, the SLAs, the dependability, all these are catching up. And that is the reason why I said that 40% of the space is occupied by clients who have taken multiple centers. So, there is a big, strong referenceability network effect coming in.

So, a combination of all of this is playing out. And while you may not see a lot of smaller players having existential crises, we definitely see that at least 50% or 60% of the market will gravitate towards the big four or five players. And all these factors that I talked about will play out. And they are already playing out in our case. I gave you a case in point, Bangalore, Chennai, or Coimbatore, kind of locations, where we have a large dominance.

Jahnvi Shah: Thank you, sir. Thank you.

Moderator: Thank you very much. Next question is from Mohit Agrawal from IIFL. Please go ahead.

Mohit Agrawal: Good afternoon, and congratulations on a good set of numbers. Most of my questions have been answered. Just a couple of them. First, for the first half, you've reported an operating cash flow of INR150 crores, and you have a capex of about INR180 crores. With you broadly guiding about 30% revenue growth, it's fair to say that FY'27 is a year when you turn free cash flow positive?

Meghna Agarwal: FY'27? Yes, I mean, it will be breakeven or slightly positive, Mohit, definitely in FY'27, that's what we are seeing.

Mohit Agrawal: Okay. So, thanks. So broadly, let's assume the capex would be in the INR350 crores range for, let's say, '27 also. And then obviously, the operating cash flows will improve, right? Is that the right way to look at it?

Meghna Agarwal: Yes, absolutely. That is exactly the right way to look at it.

Mohit Agrawal: Okay. My second question is just trying to think about what could be the biggest probable challenges that you would face. And one of them would be sourcing the supply. When we track other REIT companies and commercial real estate companies, we see that the rental escalations in certain cities like Hyderabad and Bangalore have been more than 5% and 7%.

So how -- if you could kind of take us through what has been the challenges if you're facing, if any? And do you think that could be a big differentiator of -- now you have already 9.2 million square feet. But are the rental escalations too high to pass on to your tenants? Or has that not been a challenge? If you could kind of take us through some of the challenges on the supply sourcing side, that would be nice.

Rishi Das: Thank you. So as you rightly highlighted that from a short to medium run, we are sorted because of the 9.14 million supply that we have. Now, what we are currently focused on is looking at FY'28 and beyond, kind of supplies. And there, we are looking at a combination of predominantly two kinds of supply.

One is the build-to-suit, where we get into -- with landlords and most of them non-institutional kind of landlords at the baking stage at the land stage, conceive the projects, help them through the whole process, and get a good quality purpose-built building. And we have seen that if we get in early in the process, these buildings are 15% to 20% cheaper. So that will be the one big mainstay of our supply.

Second, we have -- we are looking at renovated buildings. Now, there we have a product called Cornerstone. Now, through Cornerstone, what we are doing is we are looking at acquiring a lot of older assets. It's like a lot of brownfield that you have seen in airports happening. So India has almost 0.5 billion square feet of real estate, which is more than 10 years old. And a very large percentage of that is non-institutional.

So we are going to see how we can offer asset management in those buildings and increase our footprint. And since we have already executed about 3 million square feet of renovated buildings, we are seeing a lot of first-mover advantage. So a lot of our supply in the CBD, SBD will come through that route.

And since these buildings are older buildings, they are coming at a fraction of the price of a new building coming up in that market. Like to give you an idea of Bangalore MG Road, if a new building today is getting signed up at INR300, these buildings are coming at INR130, INR140. So there is a huge delta even after doing renovation and all that, that we see a good head start.

And then, of course, we will pick up some supplies, which are more reactive, wherever a client says, okay, I want to get into this tech park and all that, we will go with the bag of money and pick up supplies over there. So it will be a combination of all three. And we always take a three

to five year view when it looks at supply because supply cannot be solved in the short run in a price -- cost-effective manner. So that is -- the combination of all this is what Mohit has been our strategy.

And in a high-performing market like Bangalore, imagine like which is the best performing market in the country, if we are today dominant, I think we have been dominant because of a mix of all that I just said.

Mohit Agrawal: That's great. So Rishi, just on your Bangalore example of INR300 rental getting at INR130, INR140, typically, what would be the per square feet capex that you will end up doing? And would you get -- when you renovate the building, would you get a 2x, 2.5x multiplier around the INR300 from the tenant?

Rishi Das: Yes. Yes. So, you are so right on that. Typically, the capex incurred on renovation is between INR500 and INR1,000 per square foot. And this is done in a contributory manner with the landlord and us. And once we do the renovation, we are seeing that our per-seat yield is improving by 20% to 30%. Improvement we are finding. And most of the payback in renovations is between 18 and 30 months. All our renovation paybacks have been of that magnitude. So, yes.

Mohit Agrawal: Great. Perfect. Thanks a lot and all the best.

Rishi Das: Thank you.

Moderator: Thank you. Next question is from Mittul Thakkar from Astha. Please go ahead. Mr. Thakkar, your line has been unmuted. Please go ahead with your question.

Mittul Thakkar: My question is covered by the previous participant. Thank you.

Moderator: Thank you. We will proceed to the next question from the line of Bipul Kumar from Narnolia Financial Services. Please go ahead. Yes.

Bipul Kumar: Hi. Good afternoon. So, am I audible?

Rishi Das: Yes.

Bipul Kumar: Yes. So, my first question is, what is the current consumption trend of managed office spaces in terms of square feet? And what are the growth drivers of it? Basically, what is the outlook?

Rishi Das: Yes. So, if you look at the 60 million square feet of absorption that has happened in India this year in the nine-month period, 20%-21% of that has happened by the flex industry. So, at a year level, if you take 80 million square feet, basically 16 to 20 million square feet of absorption is what the flex industry is doing.

And today we are almost at 100 million square feet, kind of a total stock of flex office space in the country, likely to go up to 140 million in the next two years, with an annual addition of about 20 million annually.

Bipul Kumar: And what are the growth drivers for it?

Rishi Das:

So, growth drivers are multiple. I will say, like some of that I talked about, like why people are coming to our industry. One big factor is that work is going where people are, rather than people going where work is. If you look at my generation, where work was, but today work is going where people are. That's where you see a rise in a lot of Tier 2 cities. That is one factor.

Second factor is the whole hotelization or amenization of work spaces. People want everything in the office. It's like today, when you buy the apartment, you don't buy the four walls. You pretty much buy the experience. So, people want a very similar kind of thing in office spaces. That is a big driver over there.

Then people want a lot of flexibility because, like, three years, five years down, how things will move. So, variabilization is clearly what companies are looking at. So, larger companies, if they have a 10 million portfolio, they want 2 million of their portfolio or 3 million of their portfolio to be in the flex model. That is driving the things.

So then, as I talked about, as the city centers are seeing the metro coming in, they are coming back to life. Most of the stock in city centers is in very old buildings. So, if one can come and renovate and offer a great experience, there is an opportunity over there. And the physical infrastructure, the digital infrastructure connectivity is so good in a lot of Tier 2 cities that a lot of jobs are going over there. So, the whole growth is getting democratized, and the average size of an office is reducing.

Like earlier, if you see companies will have a big one fat campus. Instead of having one big fat campus, they will say, Okay, I will have a hub and then I will have spokes, maybe in the same city or in other cities. So, the distributed office concept is coming in, and then the whole application of technology. So, all companies are basically the tailwinds that are helping the rise of the flex industry.

Bipul Kumar:

Okay, great. One more question regarding the self-sustainable growth. So, could you provide us with the self-sustainable growth rate for us?

Rishi Das:

So, as Meghana mentioned, if we were to look at whatever supply stock we have, all of that, I think we are quite hopeful that we should be able to sustain a 30% kind of a growth rate, 30%-35%, maybe plus or minus 2%-3% here and there. I think that kind of growth looks very doable to us over the next two financial years for sure. Okay.

Bipul Kumar:

And one more last question. What is our current capex per square feet? And how will it go ahead?

Rishi Das:

Our current capex is about INR1,517 - 1 - 7 per square feet at a portfolio level. And we see that there will be a 2%-3% or maybe 4% inflation year-on-year on these numbers.

Bipul Kumar:

Okay. Okay. Okay. Thank you. That's it from my side. Thank you.

Moderator:

Thank you. \

Rishi Das:

Thank you.

- Moderator:** Next question is from Raj from Fident. Please go ahead.
- Raj:** Yes, hi. My question was regarding the design and build segment. So, what kind of order book do we currently have in that segment? What is the -- if you could share some revenue targets that you are targeting for the next one or two years? And in terms of our clients, what percentage of our clients opt for design and build as well? So, that was my first question.
- Meghna Agarwal:** So, we have not divided in terms of numbers the design and build. So the way we put it is like in terms of the value-added services or in the financial leases. So, as we said, you know, the growth rate will be growing at close to about 30%. Now, this will be a combination of both leasing, bespoke model, grow model, design, and build.
- In the pipeline, I mean, we do have close to almost like about -- close to about, you know, in leasing like just next quarter -- next two quarters, at about 1.5 lakh to 2 lakh square feet of design and build in just like next two quarters. But as I said, it's the top-line growth we cater to, and this all comes as a part of the growth. We have not divided it into how many clients and all. Yes.
- Raj:** Okay. And any plans on doing the manufacturing of furniture as well? I think a couple of peers are also looking at that.
- Meghna Agarwal:** No, no. So, that is definitely not on the cards because for us, actually, you know, when it comes to furniture or any design specifically, if you see, the design has been evolving quite fast. I mean, what we were doing probably just six months back, we're not doing it anymore. And the innovation which is happening in the materials, you know, biophilia and so many things, you know, the manufacturing would be like sticking yourself, you know, become rigid.
- And rigidity is definitely what we kind of get away with. Our idea is to work with multiple OEMs, you know, multiple designers, and the manufacturers, and bring them on a platform. And, you know, so we kind of do something like a contract manufacturing, you know, bring on the platform, give our own designs, but not to manufacture ourselves.
- Raj:** Okay. Okay. Got it. Yes. And just one more question. So, before any, if you venture into any new area or any new geography, how do you decide on a particular target market? How do you decide whether this would be -- this specific area would be a good area for a new center? Whether it is based on a good availability of a great asset, or it is more about whether the clients are situated in this area? So how do you decide on a new area?
- Rishi Das:** So basically, it is more -- as I said, that we have a strategy of following the talent. So wherever we see a good concentration of talent, it's not a question of whether, it's just a question of when we are going to go there. And we may discuss different strategies to get into that market, but we pretty much have to get there. So I think talent is a key driver. Once we are clear on that, okay, there is a lot of, for example, if you look at a city like Bhubaneswar, we see that there is a big amount of diaspora, right? A lot of Odiya people, or you see people from the Northeast.
- There'll be a lot of people who will be working in different parts of the world, so wherever we see that the diaspora is there, people will have a susceptibility to go back to their native places. I think those are a clear short list.

Then what we look at is, okay, getting a good quality asset. Let me tell you why we are talking so much about Tier 2. The quality of supply in Tier 2 is just not there. So a lot of times we end up assigning built-to-suit or under-construction buildings, and all of that is where we have to work. So we look for the right supply in these locations. And then we try to see if there is an anchor support for us.

Basically, suppose one of our existing clients is keen to pick up some space, it gives us a lot of impetus in the beginning. So when it comes to Tier 2 locations, that's the strategy. But when we talk about Tier 1, definitely, if you look at Bangalore, it has almost 15 micro markets, and Bombay has about 10 micro markets.

So we continuously keep looking for the micro markets where we are not present and, at the right time, start in those micro markets. A lot of data in terms of competitive intensity, availability of office spaces, and our clients' willingness to go there. All this is basically a continuous process.

And for us, every property that we pick up is like an investment. It can give us pain or pleasure for the next 15 to 20 years. So we are very careful whenever it comes to picking up assets, and we do a fair amount of due diligence. A scorecard is there. There is a committee that looks into any new property that is getting added before those decisions are made.

Raj: Got it. Okay. Thank you so much.

Moderator: Thank you. As there are no further questions, I would like to hand over the conference to management for closing comments.

Rishi Das: Thank you so much for all the time, and the questions were really very deep and insightful. And our intent was to keep our brief short and give as many opportunities to ask the questions. And I'm sure the analysts and investors on the call, the shareholders are better informed about the company. And thank you so much, yes, for all your time.

Meghna Agarwal: Yes. Thank you.

Rishi Das: And thank you, Ambit. Thank you, Karan, for making this possible.

Meghna Agarwal: Thank you. Thank you for everything. Thank you.

Rishi Das: And thank you, Valorem team, for making this happen. Thank you.

Moderator: Thank you. On behalf of Ambit Capital, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.

Rishi Das: Thank you.