

June 03rd, 2024

To,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai 400051
Maharashtra

Re.

Security	NSE SYMBOL	ISIN
Equity Shares	KONTOR	INE0KZ301010

Sub: Transcript of the Investors' Conference Call held on 29th May, 2024 on the Audited Financial Results for the Financial year ended 31st March 2024.

Dear Sir/Madam,

Reference the captioned subject, kindly note that Company has conducted an Conference Call with Investors/ Analysts on May 29, 2024, with respect to the Audited Financial Results of the Company for the financial year ended 31st March, 2024.

The Transcript of the aforesaid Conference call with Investors/Analysts is available on the Company's website.

This is for your information and record.

Your good Office is requested to take note of the same and acknowledge us.

For & on behalf of
KONTOR SPACE LIMITED

KANAK MANGAL
WHOLE TIME DIRECTOR
DIN: 03582631



kontor

Kontor Space Limited

(Formerly known as Kontor Space Private Limited)

Address: Office No. A1 & B1, 9th Floor,
Ashar IT Park Road No. 16 Z, Wagle
Industrial Estate, Thane West 400604
MH IN

Contact: 022 - 6279000
info@kontorspace.in

Website: www.kontorspace.in

CIN No: U70109MH2018PLC304258



“Kontor Space Limited
FY '24 Earnings Conference Call”
May 29, 2024



MANAGEMENT: **MS. KANAN KAPUR – MANAGING DIRECTOR –
KONTOR SPACE LIMITED**
**MR. KANAK MANGAL – WHOLE TIME DIRECTOR –
KONTOR SPACE LIMITED**
**MR. TARUN GUPTA – COMPANY SECRETARY –
KONTOR SPACE LIMITED**

MODERATOR: **MR. GANESH – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to the FY '24 Earnings Conference Call of Kontor Space Limited hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ganesh from Kirin Advisors. Thank you and over to you, Mr. Ganesh.

Ganesh: Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Kontor Space Limited. From management team, we have Ms. Kanan Kapur, Managing Director, Mr. Kanak Mangal, Whole Time Director, and Mr. Tarun Gupta, Company Secretary. Now, I hand over the call to Ms. Kanan Kapur. Over to you, ma'am.

Kanan Kapur: Thanks, Ganesh. Good day, everyone. I warmly welcome you all to Kontor Space Limited conference call today. We are excited to discuss our impressive performance in H2 FY '24. Before we dive into the specifics of our financial results for H2 and the entire fiscal year, I'd like to provide a comprehensive overview of our company's recent achievements.

Before I go ahead, I want to thank each and every one of you for joining us today. So as you are aware, Kontor has been established since 2018. And now we have, post the IPO, we are a prominent player in the space, where we serve as a space as a service industry, offering innovative workspace solutions through our rental and management of commercial properties.

We take pride in being the first co-working space company to be listed on the Indian stock market. It is a testament to our commitment to transparency, accountability, and shareholder value. Our core business revolves around acquiring and leasing properties, which then we sublease to a single or multiple clients on a per-seat basis, providing flexible and modern workspace solutions.

We invest in refurbished properties to meet the unique requirements of our clients, ensuring optimal functionality and aesthetic appeal. So Kontor projects itself as a premium affordable player, where we provide a solution, which are pretty much in the luxury space, but at affordable prices. Currently, we operate in the co-working spaces across four locations, Thane West, Pune, Fort, and BKC in Mumbai, strategically positioned in the key Commercial Business areas.

So these locations boast a combined seating capacity of approximately 750 in Thane, 300 seats in Pune. We are running a managed office center in Fort, which has 60 seats given to a single client, and we have 120 seats in BKC. All these locations are very strategically located and have great access to transportation network, which reduce travelling time and facilitating productivity for our clients.

Our commitment to expansion and innovation is extremely evident in our recent acquisitions. We recently announced the two new centers which are upcoming. One is in Mahape in Navi, Mumbai, and the other one is in Andheri East, MIDC. In fact, the Mahape one is about to

begin on the 1st of June, and we are very pleased to announce that we already have a 50% anchor in that property. MIDC should be functional from 15th July. So, we are pretty much in line in what we had committed during the IPO with these two centers coming up.

In addition to the managed office...

Moderator: Sorry to interrupt, ma'am. Your voice is breaking.

Kanan Kapur: So, in addition to our managed spaces, we are introducing a new managed office setup in one BKC itself. So, we already are running an existing center and we have taken up a new center in the same building. This is, in fact, to cater to the existing clients as well who are growing in terms of their requirements. So, there was an internal need itself, you know, to add more space and seats for them. So, we have added that as well to our portfolio.

Now, let's shift to the financial performance for H2 '24 and the full fiscal year. So, Kontor has delivered strong financial results underscoring our growth trajectory and profitability. For the second half of H2, we recorded a revenue of INR6.38 crores with an impressive EBITDA of INR1.89 crores, resulting in an EBITDA margin of 29.59% and our PAT stood at INR0.99 crores with a PAT margin of 15.47 with an EPS of 2.03.

For the full fiscal year of FY '24, Kontor Space reported a revenue of INR11.03 crores with an EBITDA of INR3.97 crores and an EBITDA margin of 35.97. Our PAT for FY24 was INR1.95 crores and the PAT margin was 17.66 with an earnings per share of 4.02. Going forward, we are actively pursuing geographical diversification wherein we are looking to expand beyond Maharashtra and look at other cities as well, especially key business hubs like Bangalore, Hyderabad and the NCR region.

This expansion is driven by the increasing demand for co-working spaces and our commitment to enhancing our brand presence. I mean, this is something that we've had a very clear vision about and we are moving pretty much in the same direction. With this geographical diversification, we aim to actually double our seating capacity annually and we aim to reach 10,000 seats by FY '26 to meet the evolving needs of our clients and positioning ourselves for substantial growth.

In fact, post the IPO, we've got some MNCs as well who have joined us, especially at the One BKC Center. So, the fact that we got listed made us, check all the boxes very positively for us on the regulatory aspect because automatically we were very compliant and fitted every norm that was required by the company. We are intensifying our efforts to improve operational efficiencies and boost profitability.

By leveraging technology and implementing enhancements, we are focused on driving efficiencies across our operations. These initiatives are essential to our growth of enhancing our market presence and capturing a significant share of the co-working space market in the near future. In fact, as we speak, we are also in the process of negotiating other places within Mumbai itself and hopefully we're looking forward to breaking some positive news soon on those lines.

In addition to this our customer satisfaction remains our top priority. That is something that we've always been focused on and we take pride in saying that our oldest customer has been with us from the time the company started and he's stuck around and in fact, today he's also the largest customer for us and continues to stay and is very happy as well. In that sense, we continue delivering exceptional value and fostering long-lasting relationships.

As the first co-working space company to be listed on the Indian stock market, Kontor continues to innovate in the dynamic co-working industry. Before we dive into the question and answer session, I want to express my sincere gratitude to all our shareholders for being an integral part of our growth and journey. Your support and involvement have played a crucial role in our success and we genuinely appreciate your valuable contribution.

With this, I would like to open the floor for question and answers. Thank you once again for your presence and continued support. Appreciate it.

Moderator: Thank you very much, Ma'am We will now begin the question and answer session. The first question is from the Yashwanti from Kojin Finvest. Please go ahead.

Yashwanti: Yes, thank you. Good morning, everyone. Ma'am, I just wanted to understand that your EBITDA margin was around 43% in FY'23, which has come down to 36% in FY'24. So what has contributed to a de-growth in EBITDA margin?

Kanan Kapur: So the new centre that we started in BKC, so generally the turnaround time is about three to four months to fill up a centre when we don't have an anchor client in place. And this was the absolute speculative inventory that we took up. So it took about three months for it to fill up. And that rent outflow is something which has affected the EBITDA. But this is something that will now reflect in the H1 numbers for this year, because that will be an additional thing that will be added.

So that number is exactly equal to the rent that was paid. You know, the difference in the EBITDA. So we will now be seeing the benefit of that in the current year.

Yashwanti: Okay. So as on date, what is the occupancy rate over there?

Kanan Kapur: It's 100% occupied.

Yashwanti: Okay. And then we can see this margin reaching to around 40% plus for the current year, right?

Kanan Kapur: Definitely. It will come back to what it was prior, because so also there will be an addition of support. I mean, the other new centres. In fact, Mahape also will start from 1st June. So there will be four months of income coming in because there we already have a 50% anchor in place. And then for July 15th, we also have the MIDC centre. So all those numbers will be reflecting in H1 of FY'25.

Yashwanti: Okay. So like H2, we are seeing a 40% growth in your top line. So what kind of a growth you can see for FY'25 for the top line business that is the revenue business, when you see there are three facilities coming on board?

Kanan Kapur See, personally, I would really like to see the top line doubling up, because that's the way I see it growing.

Yashwanti: Okay ma'am, you mentioned in your opening remarks, we have three currently operating facilities in Mumbai -- three in Mumbai, one is Thane and one is coming. So can you please make us understand what is the rate differential or what is the average rate per month we get from these three different localities?

Tarun Gupta: Hello, Ma'am. So this is Tarun Gupta. So I would like to continue with this question. So the question, because we can't take out an average for this, because the three properties we have rented is in the different parts of the Mumbai. So we have the different rates over there. So and the capacity also are totally different, means one is at 700, more than 700 seater, one is at 60 to 80 seater, plus one is at 100 seater to 120 seater.

So there is no leveraging out or something averaging out, I would say, regarding this.

Yashwanti: Average of the three properties, I'm asking what is the individual rate of three properties, if we can get it?

Tarun Gupta: Okay, so the individual rates varies from, means if we can expect from Thane it is anywhere around 10,000 to 15,000 per seat, plus if we can go to the fort side, that is also something around, sorry, so if we can go something around in the fort centre, so it is given to a managed client. So it is around, INR8 lakhs to INR9 lakhs, and if we can come around this, BKC being a premium centre and so we can get something around 45,000 per seat.

Yashwanti: And this is per month rate per seat, right?

Tarun Gupta: Yes.

Yashwanti: So you also mentioned somewhere one of your address to the investors that you wanted to enhance your capacity from around 2,500 seats currently to around 5,000 seats going forward. So what is the timeline to expand this, to double the capacity? And what kind of a capex you would be requiring? And thirdly, if this location you would be targeting?

Tarun Gupta: So firstly, in this line, we have started working. So MIDC centre and Andheri centre, we have already taken for and will be operational from June and July, respectively. So in this financial year '25, we will be doubling our capacity to 5,000 seats, and in the next financial year, we are targeting to again double our capacity. And we are targeting the prominent corporate hubs, where we can have the anchor client in place, so that the capex would not be as required, then...

Kanan Kapur: I'll take it from here. So the capex would be in the range of anywhere between 3,000 to 4,000 per square foot, depending on which area, which centre, what kind of interior solutions we

choose to take. So basically, if we are looking to add another 1 lakh square feet, subsequently, we can look at about INR30 crores to INR40 crores of capex.

Yashwanti: Ma'am, I just want to understand your bookkeeping perspective. What is the major cost component? And how much is...

Kanan Kapur: Sorry?

Yashwanti: What is the major cost component?

Kanan Kapur: The major cost component is the rent. The rent. The rent that we pay, that is the major cost component.

Yashwanti: Okay. Ma'am, whenever we lend these properties, normally how is the agreement? Is it for the year, for the two years, for five years...?

Moderator: Ms. Yashwanti, your voice is not clear, ma'am. I would request you to speak a little bit louder.

Yashwanti: Yes. So ma'am, I just wanted to understand when you entered into this NSE contract, leasing contract with anybody for lending your properties and the rent, this contract is normally, how, what is the period? Is it, whether it is a periodic contract for a year or more than a year or it is for a short-term lease?

Kanan Kapur: No. So we get into long-term lease-rental contract because that is in interest of the business. So anywhere to the north of five years and with a minimum lock-in of three years, that is the kind of agreement that we get into.

Yashwanti: Okay. Ma'am WeWork is also expanding its co-working space very aggressively, especially what we can see in Mumbai. So what, what you would like to say as WeWork, as your competitor and what strategies you would have to expand your presence as well in the market?

Kanan Kapur: See, sorry, Yashwanti, right?

Yashwanti: Yes.

Kanan Kapur: So Yashwanti, we -- for us, we like to set benchmarks what, where we are concerned, where we do better than what we did yesterday. Today we do better than what we did yesterday. I mean, it would not be fair for me to say XYZ is my competition or ABC is my competition because our positioning is very different. The way our growth, the plans, everything is with a lot of firm footing.

We would rather work in a systematic and a consistent manner where we have a consistent growth instead of spreading ourselves too thin, having multiple centres everywhere, over-leveraging ourselves. So we are not looking at that kind of an approach at all. So the way we run the business is very conservative.

We are very risk-averse and going forward, we are adding one more thing to the strategy that whenever we start a centre, we would definitely start one where we have an echo of 50% to

avoid the cash burn. So, I mean, because we saw what happened to the EBITDA margin with one BKC where it took us a good three to four months to completely fill up.

So that is something which has made us change the approach and we would definitely be expanding with an anchor in place. So, like I said, I would not like to compare us with anybody else. Everybody has their own way of working, their own processes, their own plan going forward. So for us, sticking to our plan, focusing on our growth is something which is far more important.

Yashwanti: And then the last one, you said that rent paid is your major cost. Normally, how much as a percentage of sales it accounts for?

Kanan Kapur: Sorry?

Yashwanti: You mentioned that rent paid is your major cost. Normally, what is the percentage of revenue it accounts for?

Kanan Kapur: Well, the rent paid is maybe about 40% to 50% of the revenue.

Yashwanti: Okay. Thank you so much. And that's all from my side, and wish you the best.

Kanan Kapur: Thank you.

Moderator: Thank you. We will take the next question from the line of Sahil Sharma from Columbus Capital. Please go ahead. As the current participant is not answering, we will move on to the next question, which is from the line of Jignesh Vayda from JIVA Capital. Please go ahead.

Jignesh Vayda: Yes. I wanted to understand, like, the two new centers that you are starting. It will take three to four months to totally be occupied. So I think from H2, your 100% utilization can be expected?

Kanan Kapur: Definitely. In fact, like I said, so the Mahape center, we already have a 50% anchor in place which means on day one, we will be at 50% occupancy. And we have already started marketing the property. So there has been a lot of interest coming in and we look to fill up the place, in fact, sooner than the other centers. And as far as MIDC is also concerned, we are definitely, you know, there are anchors over there as well. So the cash burn will be relatively lower.

Jignesh Vayda: We have an anchor in the properties that the strategy that you are following. So our realization would be 10% to 20% lower if we market our properties and refill ourselves. Is that the way to think about this business?

Kanan Kapur: No. In fact, our realization would increase from day one. See, what happens if we take up speculative inventory, we are looking at taking up a premise which is absolutely empty, right? And that is something that takes more time to fill up as opposed to having a facility where there is an anchor who is already occupying 40% to 50% from day one. So our realization, you know, goes up.

- Jignesh Vayda:** No, I'm talking of a long term. Suppose after six months you fill up with your own marketing and rather than taking an anchor for the next four to five years, your realization would be better if you don't have an anchor because the anchor will occupy a large position so you will pay I think lesser than single or double seats that you would market?
- Kanan Kapur:** So there would definitely be a mix. See, the math at the end of the day is something that won't get affected because even if an anchor would be coming in at a better price, maybe slightly lesser than the other, it would get averaged out with the other people coming in.
- Jignesh Vayda:** Generally, what is the pricing at which the anchor is offered, around 15%, 20% lower?
- Kanan Kapur:** Not really. I think it would be maybe 5% to 7% lower.
- Jignesh Vayda:** Okay. And the other thing out of the total debt, I think it's around INR5 crores.
- Kanan Kapur:** Yes.
- Jignesh Vayda:** So where we have used the debt exactly for our premises or...?
- Kanan Kapur:** Correct. So it's for a premise and for a vehicle.
- Jignesh Vayda:** For a premise?
- Kanan Kapur:** One of them is for our own -- one of the properties which we have given to the manager of this client, that is something which is owned by Kontor. And that is a loan that is there. And then there's a vehicle loan. That's about it.
- Jignesh Vayda:** Okay. So all other we are renting it out?
- Kanan Kapur:** Absolutely. The intention is to work on an asset-like model.
- Jignesh Vayda:** Right. And now coming to your cash flow, this last year your cash flow from operations was around INR4 crores, INR3.5 crores. And this year it has come down to INR30 lakhs. So where is the money stuck exactly, if you can make us understand?
- Kanan Kapur:** Can you repeat that question again?
- Jignesh Vayda:** Yes. So I am seeing the cash flow and in that cash flow from operations last year was around INR3.45 crores generated from business activities. That rose INR44 lakhs...
- Kanan Kapur:** Correct.
- Jignesh Vayda:** INR31,68,000. So where exactly the cash is going?
- Kanan Kapur:** So there's a corporate loan that we've given out. And that is where those, because keeping funds idle is something that doesn't make sense. So we have given a corporate loan, which is actually an interest-yielding loan. And that is where even our...

- Jignesh Vayda:** No, I'm talking of cash flow from business activities. The loan component will be below it. So only from business activities where it has the money stuck or something, I want to understand.
- Tarun Gupta:** Sir, actually the money is not stuck anywhere. But so the issue, expenses are there plus the increase in the company's management, the salary's increase...
- Kanan Kapur:** We've actually had a considerable number of staff also that we've added.
- Jignesh Vayda:** Okay.
- Kanan Kapur:** Because the team has also expanded.
- Jignesh Vayda:** Okay. No, there is one heading, changes in other non-current assets other than non-cash expenses. That is INR3.67 crores. So what is it exactly you wanted to understand in your cash flow?
- Management:** Just a minute, sir.
- Kanan Kapur:** So basically these have gone towards the deposits of the new premises.
- Jignesh Vayda:** Okay.
- Kanan Kapur:** Yes.
- Jignesh Vayda:** For Mahape and...?
- Kanan Kapur:** And MIDC Andheri. And also, of course, also BKC, the new center that we have taken in ONE BKC.
- Jignesh Vayda:** Okay, understood.
- Kanan Kapur:** So in BKC now we have two centers.
- Jignesh Vayda:** Correct. And going forward, which other areas you're looking to cover apart from Mumbai or in Mumbai only you would like to...?
- Kanan Kapur:** No. Definitely we are looking at other micro markets in Mumbai. But at the same time, we're looking very aggressively in Hyderabad, Bangalore, NCR and also cities like Ahmedabad.
- Jignesh Vayda:** Okay. All the best. Thank you.
- Kanan Kapur:** Thank you so much.
- Moderator:** Thank you. We'll take the next question from the line of Sahil Sharma from Columbus Capital. Please go ahead.
- Sahil Sharma:** Yes. So actually, ma'am, what I was asking is this capex of INR30 crores to INR40 crores that you talked about, how do we plan to fund it?

- Kanan Kapur:** So we still have proceeds from the IPO. That is something that will go towards expansion. And then we're looking at internal accrues and the promoters will also put in more money into the company.
- Sahil Sharma:** Ma'am, like the gentleman before me pointed out that if we are having to pay so much of the money from cash flow for taking like the centre, basically, we will not be able to generate cash flows to be used for...
- Kanan Kapur:** So see, we have to obviously pay the deposit before we start the centre as well. Right. But once we have people who have come on board, they will also be giving us a deposit. So that will take care of it.
- Sahil Sharma:** Okay. So is this the case that the deposits we get from our renters would roughly offset what we are giving to a landlord?
- Kanan Kapur:** Absolutely. Pretty much. I mean, in some cases where we are -- so we also try that wherever if there's a landlord where he's asked for a six month deposit, we try and ask the client also for six months. But most in most cases, people are comfortable with three months. So that is something that, that part we end up taking ahead. But more or less in most of the places, even the landlord takes a three month rent as a deposit.
- Sahil Sharma:** Got it, ma'am. And one question on the -- like you also mentioned that depending on the type of interior solution we have, the capex can be 3000 to 4000 per square foot. In this one, basically, this interiors, we are using some kind of vendor for like, do we have an in-house team? And can you just talk about like our own employee strength, how many employees we have and what are their capabilities?
- Kanan Kapur:** So we get our own contractors because we are able to optimize in terms of the pricing and quality when we are personally getting things done rather than outsourcing it. So as far as possible, we get involved in the whole process ourselves. And in terms of employee strength, so we have a sales team of about 12 people. And we have a finance team, which has -- which includes accounts and finance and RTS, which is about six people. And then, of course, it starts in the management.
- Sahil Sharma:** Right. And you mentioned the team for execution, basically contractors. I was specifically interested in that one, like the project execution or the one that is doing this interior. Like, do we have employees or those are mostly on contract?
- Kanan Kapur:** Those are not employees, those are all contractors.
- Sahil Sharma:** Got it. Ma'am, if we look at the industry, the industry itself is growing pretty fast. This managed spaces kind of industry, it's going at some 40%-50%. And the interesting thing is that this is despite the fact that if these renters were to directly take the space on rent and do the interior themselves, the centre might even be cheaper that way. So just wanted to understand from your perspective, what is driving these people to come to managed service providers like us, rather than directly going to the landlord?

Kanan Kapur: See, what happens is, for any company, if they take on a centre, they have to infuse that much capex. So one other issue is that in many of the premises people want to have an office, but the floorplate is very large. So, for example, if it's a 15,000 or 20,000 square foot size of an office, and somebody just wants to rent out 1,000 or 2,000 square foot, no landlord is going to give it to them directly.

And that's the reason why co-working spaces have become more and more popular, because generally, a lot of the prime commercial real estate, landlords and developers are creating larger offices. But everybody wants to have a piece of the cake. And the only way that it's possible for them to have that cake is to go through a co-working space or a managed office, because it's a lot easier for let's say, a company that is looking for 10,000 square feet of office space in a floor plan, which has 30,000 square feet.

And even though it may be a large company, and this I'm saying, because we have encountered these things. They can't take on the 30,000, because that is not the requirement, but they still want to be at that address. So somebody like us will come in, we'll take up 30,000, and we can bifurcate 10,000 for them then for somebody else and for somebody else. Or maybe just give them 10,000 and convert the balance into co-working.

Sahil Sharma: Understood, ma'am. Ma'am, my last question is that, can you just once recall which are the different places where we have our centres today? And roughly, what is the range of the rate at which we are giving it out in that place? The rate at which you're giving it out?

Kanan Kapur: Yeas, so we have our largest centres in Thane. There, the rate is anywhere between INR10,000 to INR15,000 per seat. Then we have a managed office in Port, where it's INR8,000 to INR9,000 per seat. I mean, sorry, there's a lump sum amount that comes in from there, about INR9 lakh per month, since that's a managed office. And then in one BKC, where we have two centres the rate is approximately INR40,000 per seat. Pune is in the range of INR7,000 to INR9,000 per seat.

Sahil Sharma: Thank you, ma'am. All the best.

Kanan Kapur: Thank you so much.

Moderator: Thank you. The next question is from the line of Neel Behl from Negen Capital. Please go ahead.

Neel Behl: Hi, ma'am. This is Neel Behl. Just wanted to understand the debt on the books you said is INR5 crores. Am I right?

Kanan Kapur: That's right.

Neel Behl: So how do you plan to expand? I know there'll be equity requirements but there'll also be a lot of debt requirement. So the debt that you take is it in the form of fit-out financing, whereby you go for these NBFCs who do fit-out financing or else the landlord does the fit-out financing and then you add it in the rental cost for yourself, which is paid over let's say, three to five years.

- Kanan Kapur:** Right. So currently Neel, we haven't taken any fit-out financing. We have been using the IPO proceeds and internal accruals for expansion. But going forward definitely, we have had discussions with NBFCs because we would like to keep those options open.
- Neel Behl:** Right. That does seem to be the more asset-light way.
- Kanan Kapur:** Absolutely. So once we go I mean, we already have had some form discussions around it with the larger NBFCs. And in fact, even the pricing is very attractive. So it definitely makes sense. And that is something which is on the cards.
- Neel Behl:** Right. Okay. So that would be the way for you to do it. All right. Also, I wanted to understand FY '24, you reported INR11 crores of revenue. In that, you said you had four centres active, right?
- Kanan Kapur:** Yes.
- Neel Behl:** How many, how much square foot in terms of percentage was not contributing to revenue then, who was actually set up but not contributing to revenue in this FY '24?
- Kanan Kapur:** So, see, in terms of square footage it may not be that much. But because BKC is such a prime area the price is command, is something which is much higher than all the other cases. And I think it would be difficult to kind of really pinpoint.
- Neel Behl:** Right. No problem. Also, as one of the participants said that the industry is growing very fast and we've also kind of validated that, that the industry is growing very fast. You said that you want to go from 2,500 seats to 5,000 to 10,000. And probably, I think the growth should continue even beyond that. Is there a -- in your mind that you are saying that, I'll grow from 2,500 to 5,000 because you want to maintain your margins or you don't think the opportunity is there to go from 2,500 to 10,000 directly this year?
- Kanan Kapur:** Because I would rather under-commit and over-deliver.
- Neel Behl:** Right. Because the opportunity may be there to go from 2,500 to 25,000.
- Kanan Kapur:** Absolutely. I mean, the way I see it, it could maybe be just straight away 2,500 to 10,000 seats in one year. But it wouldn't be fair for me to commit to something. I would rather just act and work and do it.
- Neel Behl:** Right. No, so from -- I just wanted to have a sense for my own understanding. That if a company wanted to do it, it was very much on the cards.
- Kanan Kapur:** Absolutely. 100%.
- Neel Behl:** Exactly. Yes. So that's the feedback that I've got on the industry. That's why...
- Kanan Kapur:** No. It's absolutely on the cards. And it's also something which is on the action industry.

- Neel Behl:** Okay. Fine. One last question I had that some fleeting comments I heard from the previous questions, which I had taken a note of. So I guess it's around corporate governance if you don't mind answering. You said you have given a corporate loan to somebody. Who's this entity that you've given loan to? Is it a related party entity?
- Tarun Gupta:** So, sir this side CS, I would like to answer this question. So basically, this under related parties to whom we have given the loan, we have done our due diligence to the party for the parties before giving the loans. So, there is no related parties involved in the transaction.
- Neel Behl:** But then why are we entering the business of -- in the business of lending? Why can't we just put it in some liquid mutual funds?
- Tarun Gupta:** That is the issue. We can't keep that much amount in the liquid. So that is better for our business only.
- Kanan Kapur:** I mean the moment we see it, entities will be getting the money on call and then putting it, deploying it in the business. That is something that is absolutely, we're very eager to do that. Is it that like I mentioned earlier, after seeing, after experiencing what happened in one BKC, where it took us - it does take 3-4 months if you take up a late entry that's the kind of cash burn that happened because by the time you fill up the place, those are the timelines, but you are obligated to pay the rent and which is why we want to have an anchor in place going forward for any of the properties and god has been kind, things are moving in that direction.
- Neel Behl:** I understand everything around the business side, but this giving out corporate loans, what if the money doesn't come back? What if that person defaults?
- Tarun Gupta:** So sir, we have done our proper due diligence. We are not giving to anyone.
- Neel Behl:** Right. So going forward, is this going to be a thing that as you are seeing?
- Kanan Kapur:** Not at all. This is just a one-off thing. I don't think going forward, something like this would happen because the pipeline that is there, we would need every single rupee in the growth and more.
- Neel Behl:** Right. Don't mind me asking the next question. It can come across as not very in good taste, but I'm just asking generally. There's a vehicle loan also because sometimes we see that some companies, the vehicle loans are like exorbitant amounts. There's a Rolls-Royce on the company's payroll. Like what kind of, what is the amount on this vehicle loan?
- Kanan Kapur:** It's about INR60 lakh.
- Neel Behl:** Okay, fine. That's more of a - And what is the hike in the salaries for management that you have taken this year?
- Kanan Kapur:** So to be honest, there's no hike. I mean, we all are pretty much focused on creating the company on the growth of the company. And we don't want to add that burden on the balance sheet and the cash flows until the P&L, until we reach a certain stage.

- Neel Behl:** No, I just, you know, one of the questions around cash flow was, and you had mentioned that the salaries have been increased?
- Kanan Kapur:** No, we have added, so we have added more people. We have gotten somebody senior for sales and we have added more junior people on the sales team. And that is something...
- Neel Behl:** Not on that side, okay. It's not that the existing...
- Kanan Kapur:** No. There's no increment. Zero increment.
- Neel Behl:** Basically, it is the number of employees has risen a bit.
- Kanan Kapur:** True. Absolutely.
- Neel Behl:** Okay. And my last question, sorry. This kind of a business has very little of headquarter costs, right? May I know what kind of headquarter costs do you have currently? I mean, a center may have a center level profitability, but you also have a sales team and xyz team sitting somewhere else managing all of this?
- Kanan Kapur:** Right.
- Neel Behl:** So, what cost as a percentage of?
- Kanan Kapur:** So, in fact, I'll tell you the sales staff sit out of each center. So it's not like there's any major headquarter cost. So, the staff is bifurcated. I mean, every center has some of the sales people sitting there. And I personally keep moving around.
- Neel Behl:** Right. So, your sales people sit in these centers itself.
- Tarun Gupta:** Correct.
- Neel Behl:** And the tenants are okay with this?
- Tarun Gupta:** No, absolutely. Because they don't sit with them, right?
- Neel Behl:** No, I mean, some space nearby, whatever?
- Kanan Kapur:** No. I mean, there's like a small separate area.
- Neel Behl:** Understood.
- Kanan Kapur:** And co-working in general has a lot of common areas and the whole idea is everybody's working together, doing their own thing at the same time.
- Neel Behl:** Understood. I mean, this is all from me. Thank you. I mean, I think you've done a great job so far. Thank you so much.
- Moderator:** Thank you. We'll take the next question from the line of Varun Pinto from Negen Capital. Please go ahead.

Varun Pinto: Hello. Hi. Can you hear me?

Moderator: Yes, sir. I would request you to kindly use your handset if you're on your headphones.

Varun Pinto: So, I just wanted some clarification. So this totaling our seats in Thane, Pune, Fort and BKC, we have somewhere around 1,200 seats, right? So, these 1,200 seats is what was generating the INR11 crores top line we did in FY '24, correct?

Kanan Kapur: That's right.

Varun Pinto: So, the 2,400 seats that we are going to be doing, that is going to come online post the Andheri MIDC centre comes on.

Kanan Kapur: Correct.

Varun Pinto: So, can we expect the FY '25 revenue to be something around like double of our FY '24 revenue?

Kanan Kapur: Yes, 100%.

Varun Pinto: Okay. And our EBITDA margins would go back to somewhere around 40%, right? Since we don't have a new center?

Kanan Kapur: Yes.

Varun Pinto: Right. Ma'am, when we open new centre like at what occupancy do we usually break even?

Kanan Kapur: So generally we breakeven at about 60%, 65%.

Varun Pinto: We have a about a 50% occupancy at the Mahape center?

Kanan Kapur: That's right.

Varun Pinto: And our Andheri anchor what kind of occupancy would that give us?

Kanan Kapur: See it's very early for me to say something about that.

Varun Pinto: Also ma'am at the time of the IPO you said that you guys are also looking for a space near Airoli. So, is this Mahape center the same center?

Kanan Kapur: Yes. It's close by. It's in the vicinity. This is Mahape is also in Navi Mumbai.

Varun Pinto: Airoli?

Kanan Kapur: Yes. This is close to that.

Varun Pinto: Okay. I think that's it from my side. Thank you, ma'am.

Kanan Kapur: Thank you.

- Moderator:** Thank you. The next question is from the line of Kaustav Dutta an individual investor. Please go ahead.
- Kaustav Dutta:** Thanks a lot. My question is, again, sorry to bother you again Kanan and Kanak on the loan, the intercorporate loan that you had given. So, if I see the balance sheet I think non-current assets of about 430 lakhs that is towards lease deposits and I'm assuming this is a short-term one 492.52 this includes your inter-corporate loan?
- Kanan Kapur:** Absolutely.
- Kaustav Dutta:** Since this is eye catching and so many of us have already asked this question, when do you think this will get out of the way? When do you think you'll get the money back as per contract?
- Kanan Kapur:** This definitely won't be in the FY 25 balance sheet.
- Kaustav Dutta:** Sorry it'll be out in the FY 25 balance sheet.
- Kanan Kapur:** Absolutely.
- Kaustav Dutta:** Got it. My next question is on I mean not to show whether you've explored it because I was reading an IPO document of your competitor about the managed aggregation model where you go for revenue shared with the landlord. So do you think that you can see that happening because it reduces your lease rental to a certain extent?
- Kanan Kapur:** Definitely. As we speak we are in talks for this particular model.
- Kaustav Dutta:** And can you give me a rough sense of your blended utilization across centers for FY24 and how much do you expect to perform in FY25 blended utilization?
- Kanan Kapur:** Blended utilization I mean in terms of our capacity utilization?
- Kaustav Dutta:** That's correct.
- Kanan Kapur:** So I think blended utilization would be to the north of 85% across centers. I mean we are looking at 85% to 90% even going forward.
- Kaustav Dutta:** All right. Got it. And INR7.5 crores that you have end of the year in terms of cash and cash equivalency, do you think that's good enough an amount for your expansion across to other cities? Is that a fair comment?
- Kanan Kapur:** Definitely. I mean see like I said once it does reach that stage we will definitely look at the interior financing, the fit-out financing that is something which is on the cards and the deposit again I said whenever we give a deposit we also get a deposit. It's just that there's a little bit lag of time, but that is something that even the promoters would bridge the gap.
- Kaustav Dutta:** And, Kanan I think you mentioned about your voice was muffled during that time when you were giving the seed projections and did you mention 14,000 for FY27? Is that correct?

- Kanan Kapur:** No I mentioned 10,000 for FY26. Although that is conservative, but rather be fair like I even said to the previous investor that we would rather under commit and over deliver.
- Kaustav Dutta:** And my last question is more from an industry perspective understanding the co-working space and I was just thinking of maybe down the line the landlords providers of space basically. Do you think that they would aggressively get into coworking space instead of having people like Kontor or Office or WeWork?
- Can it at any time disrupt that particular industry because real estate are the providers of space and they are kind of kings in this field. And my question to you is I kind of attempted to answer that in your previous remark, but I just wanted to get a sense more from you. Do you see that happening in a way what is the skill set that you kind of give with the real estate can't or the real estate landlord can't?
- Kanan Kapur:** So happy to answer your question. I mean I've interacted with several landlords so far. And every landlord or every property owner is purely in it for the rent and for the upside of the property. They are not in it to have a co-working space that is not their core business, their core business is just real estate.
- Kaustav Dutta:** All right. No, I'm just thinking from a common sense angle, right?
- Kanan Kapur:** Absolutely. See, anything can happen. One really can't, discount the fact that anything can happen, but will it happen or not again is something that I really can't comment to, right?
- Kaustav Dutta:** All right.
- Kanan Kapur:** Although I can only talk about my experience now and, my interactions with a lot of developers who own properties, a lot of, individual investors own properties. Their core focus is real estate. They are not in it for the operation.
- Kaustav Dutta:** I have seen Brigade and people like that at Bangalore. I'm based out of Bangalore. So I've seen people in Bangalore getting into that zone, like Brigade have floated a subsidiary. So my question is, if you're comfortable speaking with your landlord, that's fine. They don't want to get into business. That's fine. My question is, because you're an industry expert, I just wanted to know?
- Kanan Kapur:** No, absolutely. But see, this is a relative thing, right? It's something which is extremely relative. One can't generalize.
- Kaustav Dutta:** Okay. Fine. But you feel that they would concentrate on their core rather than getting into anything?
- Kanan Kapur:** Absolutely.
- Kaustav Dutta:** All right. Thanks. That's all from my side. Thanks, Karan. All the best.
- Moderator:** Thank you, ma'am. The next question is from the line of Simar, an individual investor. Please go ahead.

- Simar:** So ma'am, I have just one question in regards to your payback period. What does it look like in the tier one city that you're operating right now in Mumbai? And when you talked about your expansion in other cities like Hyderabad, Bangalore, Ahmedabad, what models have you created where your payback period is lesser than the one which you have currently in Mumbai?
- Kanan Kapur:** I think the fact that, we are trying our level best to take up spaces where we have, an anchor to the high end but that totally cuts the payback period shorter. So, I don't know if that answers your question.
- Simar:** What is it right now? How many months is it right now in Mumbai?
- Kanan Kapur:** So, if you start a new centre with speculative inventory, it can take anywhere between two to four months.
- Simar:** I'm sorry, can you repeat that again?
- Kanan Kapur:** So, if you take on a premise where there's, no client, what do you say, a speculative inventory, if you take on a premise which is absolutely vacant 100%, it could take anywhere between two to four months to fill up the space.
- Simar:** And when you talk about your long term Contract, when your lock in period is around three years with a five year Contract, what sort of clients are you taking to? Can you just give me some insights about your clients, whether they are SME clients or start-up clients?
- Kanan Kapur:** So, we have a mix of SMEs, start-up, IT companies, financial, services companies, multinationals, there's a BPO as well. So, it's more or less everybody's also there generally for like a two years to three year lean.
- Simar:** Would you mind if you could share that on the presentation the next time when you arrange a own call?
- Kanan Kapur:** Absolutely. Happy to do that. We'll take a note of that.
- Simar:** Yes, Thanks, ma'am. And all the best going forward.
- Moderator:** Thank you. Ma'am, there is one more participant. Can we take him?
- Kanan Kapur:** Yes.
- Moderator:** Okay. Ladies and gentlemen, this will be the last question for today. Which is from the line of Ankur Gulati, an individual investor. Please go ahead.
- Ankur Gulati:** What is the capex per seat on average, especially for the new upcoming...
- Kanan Kapur:** So, the capex per seat, let me just...
- Moderator:** Mr. Gulati, I would request you to mute your line now.

- Kanan Kapur:** The capex per seat would be about, roughly about 80,000 to 90,000.
- Ankur Gulati:** And the three new centres which are coming up, there you don't have any revenue share with the landlords, right? It's a straight lease model which you have done?
- Kanan Kapur:** No revenue share.
- Ankur Gulati:** Okay. All right. Thank you.
- Moderator:** Thank you, ma'am. Ladies and gentlemen, as that was the last question for today, I would now hand the conference over to Mr. Ganesh for closing comments. Over to you, sir.
- Ganesh:** Thank you, everyone, for joining the conference call of Kontor Space Limited. If you have any queries, you can write us at info @KirinAdvisors.com. Once again, thank you for joining the conference.
- Kanan Kapur:** Thank you so much.
- Moderator:** Thank you, members of the management. Ladies and gentlemen, on behalf of Kirin Advisors, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.