

Company Name: IndiQube Spaces Ltd.

Quarter under review: Q4-FY26

IndiQube Spaces Ltd. – Q4-FY26/FY26 Concall Highlights:

Indiqube Spaces Ltd (Consolidated)								
INR In Mn	Q4-FY26	Q4-FY25	Y-o-Y	Q3-FY26	Q-o-Q	FY26	FY25	Y-o-Y
Operational Income	4,014	2,969	35.2%	3,899	3.0%	14,508	10,593	37.0%
EBITDA	2,481	1,700	46.0%	2,373	4.6%	8,813	6,165	42.9%
EBITDA M (%)	61.79%	57.24%	455 bps	60.85%	94 bps	60.75%	58.20%	255 bps
PAT	-227	-313	-27.7%	-171	32.7%	-1,063	-1,396	-23.8%
PAT M (%)	-5.64%	-10.55%	491 bps	-4.38%	-126 bps	-7.33%	-13.18%	585 bps
Diluted EPS	-1.07	-1.72	37.8%	-0.81	32.1%	-5.28	-7.65	31.0%

* As per Ind AS

Operational Highlights:

- Our steady-state occupancy in mature centres improved from 87% to 88%, reflecting strong utilization and sustained demand for our workspaces.
- We have set a clear growth trajectory to add 1.5 to 2 million square feet of rent-paying area annually, which translates to roughly 33,000 to 44,000 seats.
- Our Value-Added Services (VAS) now contribute 15% to our total revenue, and we are targeting an increase to 17–18% in the coming year.
- We are seeing immediate results from our solar investments, which are already generating between INR 22 to INR 23 crores in annual operational savings.
- We plan to invest an additional INR 125 to INR 150 crores next year to add 30 to 35 megawatts of solar capacity as we move toward 100% green power.
- We have maintained a well-balanced risk profile by aligning both our tenant and landlord lock-ins at approximately 38 months.
- Our total Area Under Management (AUM) has reached 9.66 million square feet, giving us significant headroom to grow occupancy without immediate supply additions.
- We recorded over 1.4 million transactions on our MiQube technology platform, highlighting the increasing digital engagement of our client base.
- We are benefiting from a strong market tailwind as Global Capability Centers (GCCs) accounted for 44% of total office market absorption.
- We expanded our operational footprint this year by launching 15 new centers and adding 1.6 million square feet of rent-paying area.
- We have ensured future revenue visibility by building 5% to 6% rental inflation clauses into our long-term client contracts.
- Our average capital expenditure has moved to INR 1,650 per square foot as we focus on premiumization and high-quality institutional tech park supplies.

Key Questions & Answers discussed during the Concall:

- Why did occupancy decline this quarter despite limited area addition?** The reported 81% occupancy reflects end-of-period occupancy as of March, while average occupancy for FY26 remained around 84%, indicating only a marginal decline rather than a sharp drop. Quarterly movements are largely influenced by new center additions and ramp-up periods. Importantly, EBITDA margins expanded from 18% to 21%, reflecting continued operational strength and portfolio resilience.
- What is the outlook for solar investments and energy savings?** We expect solar-related benefits to become more visible in FY27, supported by accelerated depreciation benefits. We plan to add 30–35 MW of solar capacity across Karnataka, Maharashtra and Tamil Nadu to support new centers and power-intensive GCC customers, including micro data centers.
- What are the demand trends visible across office leasing and flex workspaces?** We continue to see healthy office demand, supported by strong absorption trends across major markets and increasing contribution from GCCs, which remain a key growth driver for premium office spaces. Demand continues to be particularly strong in metro markets such as Bengaluru, Hyderabad and Chennai, with enterprises increasingly preferring high-quality, managed workspaces and hub-and-spoke operating models. We are also seeing sustained momentum in campus hiring and enterprise expansion, indicating that demand for office space remains resilient.
- What drove higher VAS revenue and how is it expected to evolve?** Our VAS business continues to scale through offerings such as IT products, workplace design and ancillary services. VAS contribution has increased from 12% to 15% of revenue, and we expect this to improve further to around 17–18% over time, though one-time VAS revenues may remain volatile.
- Is tenant mix shifting away from IT/ITES and Indian enterprises?** We do not expect any material shift in tenant mix. IT/ITES is likely to remain a key contributor, while continued GCC expansion is gradually diversifying the portfolio with higher exposure to sectors such as manufacturing, logistics and healthcare.
- How do the economics compare between direct leasing and flex operators?** The economics are broadly comparable for institutional assets. However, flex operators can benefit from scale advantages and wholesale leasing economics, particularly in full-building leases and non-institutional assets, enabling better cost efficiencies and pricing flexibility.
- What is the outlook for revenue per occupied seat?** The average realization currently stands at ~INR 192 per occupied seat and is expected to improve gradually over time. Growth will be driven by contractual rental escalations, premiumization of workspace offerings and stronger pricing power in high-demand micro-markets. We believe realizations could increase by around 5–10% over the medium term.
- Can you provide greater quarterly visibility on area additions?** Broadly, rent-paying area additions are expected to remain in the range of ~1–1.5 lakh sq. ft. per month, while rent-yielding area (RYA) additions will track occupancy ramp-up and leasing progress. Area additions should be assessed on an annual basis rather than quarter-to-quarter, given the timing of center launches, leasing cycles and occupancy ramp-up periods.

- **How are Tier-2 cities performing?** We remain constructive on select Tier-2 markets such as Coimbatore, supported by distributed workforce models, talent availability and increasing GCC expansion. However, Tier-2 cities are a long-term opportunity and intends to remain selective in expansion, focusing only on markets with sustainable demand visibility and strong economic fundamentals.
- **Why has CAPEX per sq. ft. increased?** The CAPEX per sq. ft. increased from ~INR 1,550 to ~INR 1,650 due to modest inflation in material costs and a greater focus on premium interiors, fit-outs and workspace quality standards. Also, supply chain disruptions have remained limited, and the increase largely reflects higher-quality build-outs rather than any material structural cost escalation.
- **Why did FY26 CAPEX exceed earlier guidance?** Our FY26 CAPEX increased to ~INR 414 crores due to investments across interiors, design-build services, solar infrastructure and vendor payment cycles. Solar investments contributed meaningfully and are expected to generate annual savings of around INR 22–23 crores.
- **What is the FY27 outlook for area addition, growth and CAPEX?** We continue to target annual area additions of 1.5–2 million sq. ft., while maintaining 80–85% portfolio occupancy and 85–90% occupancy at mature centers. This should support revenue growth of around 25–30% with EBITDA margins in the 18–21% range. CAPEX will broadly remain aligned with expansion plans.

Key Participants:

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