IPO Note

Indiqube Spaces Limited

Recommendation: **AVOID**

Company Background –
Indiqube Spaces Limited is a managed workplace solutions company offering comprehensive, sustainable, and technology-driven workplace solutions.

Objects of the Issue –

Particulars	Amt. in Crores
Capital expenditure towards establishment of new centres.	462.65
Repayment of certain borrowings availed by the company.	93.04
General corporate purposes.	-

Promoters Name –
Varun Sharda, and Indra Sharda.

Promoter Share Holding Pattern	
Pre Issue	Post Issue
70.86%	60.60%

Rationale for recommendation – Indiqube Spaces Limited was incorporated in 1999 with its registered office in Bangalore. The industry that it operates in is such where making losses is very common due to high depreciation expenses. Through the EBITDA and CFO, we can see that the company's earnings have increased every year. However, for a company incorporated in 1999 and a rich 26 year history, its financials are not up to the standard. Its RoCE was negative in FY 23 and 24 and the company's operating margins suggest unsustainability. Moreover, there are various outstanding litigations against the company, promoters, KMPs, and directors. Geographic concentration and the decline in occupancy rate in FY 24 also raises concerns. Due to all of these reasons, investors are suggest to **AVOID** this IPO for now.

IPO Details

Opening Date	Jul 23, 2025
Closing Date	Jul 25, 2025
Allotment Date	Jul 28, 2025
Listing Date	Jul 30, 2025
Stock Exchange	BSE, NSE
Lot Size	63 Shares
Issue Price Per Share	₹225 to ₹237 per share
Issue Size	700.00 Cr.
Fresh Issue	650.00 Cr.
Offer for Sale	50.00 Cr.
Application Amt	₹ 14,931 (63 shares)

KPIs **(In Crores)**

KPI's	FY 23	FY 24	FY 25
Revenue	579.74	830.57	1,059.29
EBITDA	236.68	226.33	616.54
Net Profit	-198.11	-341.51	-139.62
RoCE	-2.42%	-5.45%	3.34%
ROE	64.30%	-261.43%	4487.95%
P/E	-15.51	-9.08	-30.98

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	-7.65	-6.72
BVPS	-0.24	-0.15
P/E	-30.98	-35.29
P/BV	-991.76	-1,599.85
Mkt Cap (In Cr)	4,327.12	4,977.12

Lead Managers –
ICICI Securities Limited
JM Financial Limited

Registrar –
MUFG Intime India Private Limited

Business Overview -

Indiqube Spaces Limited was incorporated in 1999 with its registered office in Bangalore. It is a workspace solutions company whose solutions range from providing large corporate offices to small branch offices and transforming workspace experience of employees by combining interiors, amenities, and other value-added-services. The solutions are complemented with backward and forward integration services. Backward integration services include asset renovation, upgradation, customization, etc. Forward integration services enables the company to provide solutions to B2B, B2C, and third-party clients.

The company has a portfolio of 115 centers (total of 8.4 million square feet) across 15 cities of which 105 are operational. The company has added 41 properties across 5 new cities during the previous 3 FYs. There are 65 centers in Bangalore. The company partners with landlords to not only lease new properties, but also transform non-institutional and aging Grade B properties into high-quality, green and modern workspaces. Its main priority is to acquire full buildings in high-demand micro-markets with robust infrastructure connectivity, low vacancy rates, and strong talent catchments.

The occupancy rate in steady state centers is 86.5%. At the core of the company's offerings is 'IndiQube Grow' which provides solutions for plug and play workplaces incorporating interiors, technology, and facility management. There are 4 other verticals for specialised client requirements which are given below:

1. IndiQube Bespoke offers customizable design and builds solutions from concept to completion.
2. IndiQube One offers comprehensive B2B and B2C solutions like facility management, asset maintenance, transportation services, etc.
3. MiQube platform that integrates technology solutions and interconnected smart devices.
4. IndiQube Cornerstone that renovates aging properties.

As of March 31, 2025, the company has 769 clients of which 59.56% were acquired directly. 43.56% are global clients and 56.44% are Indian enterprises. Some of the clients include Myntra, upGrad, Zerodha, redBus, Juspay, NoBroker, etc. Majority of the clients are from IT sector: 53.20%, 50.43%, and 51.24% in FY 23, 24, and 25.

Particulars	FY 23	FY 24	FY 25
Rentable Area (A)	4.25	5.33	6.26
Occupied Area (B)	3.56	4.28	5.33
Area Under Letter of Intent (C)	0.32	0.2	0.35
Committed Area (D = B + C)	3.87	4.48	5.68
Committed Occupancy (D/A)	91.06%	84.05%	90.73%
Actual Occupancy (B/A)	83.76%	80.30%	85.14%

Business Strategies -

1. Expand AUM by following a twofold strategy. Extending footprint by adding more cities and deepening presence in existing cities by acquiring additional properties. This will increase the length and breadth of product offerings.
2. Enhance average revenue per square feet by focusing on services provided by the company.
3. Become a preferred workspace outsourcing solutions partner for enterprises by meeting needs of enterprises from establishing large corporate hubs, supporting branch offices, renovating existing facilities, to offering value-added-services in pre-built spaces.
4. Scale IndiQube Bespoke and by deepening the scope of offerings through tech-forward solutions, maintaining cost efficiency, and scalability.
5. 52% of office stock across Tier-1 cities is more than 10 years old so there is large potential for asset upgradation. Moreover, the company is in the process of constructing a solar farm with 20 megawatt capacity in Karnataka. The company aims to partner with more landlords by offering 'Sustainability as a Service' model.
6. Leverage technology to expand client base primarily through MiQube that helps streamline administrative tasks and offers direct employee management and experience enhancement features.

Risk Factors -

-The company has incurred losses in all preceding financial years.
-The company has substantial capital expenditure and working capital requirements due to the nature of business.
-The company is involved in 1 criminal litigation and 6 tax litigations aggregating to 4.1 Lakhs. There are 3 criminal litigation and 4 tax litigations aggregating to 50.2 Lakhs against the directors. There are 2 criminal litigation and 1 regulatory proceedings aggregating to 25.7 Lakhs against the KMPs. There are 2 criminal litigation and 4 tax litigations aggregating to 50.2 Lakhs against the promoters.
-In FY 23, 24, and 25, 93.18%, 91.82% and 88.84% of revenue from operations were derived from centers in Bangalore, Pune, and Chennai collectively.
-There has been a decline in occupancy rate from 83.76% in FY 23 to 80.30% in FY 24.

Key Management

-The management consists of **Rishi Das (Chairman, Executive Director, CEO), Maghna Agarwal (COO, Executive Director)**, **Anshuman Das (Non-Executive Director)**, and **Sandeep Singhal (Non-Executive Nominee Director).**
-**Avalur Gopalaratnam Muralikrishnan**, **Rahul Matthan**, **Naveen Tewari**, and **Sachi Krishana** are **independent directors**.
-**Pawan J Jain** is the **CFO**, **Mukesh Khanna** is the **CS & CO**, and **Deepak Dadhich** is the **CBO** of the company.

The management team is satisfactory as they are experienced and have relevant educational qualifications.

Industry Overview –

-Overview of Office Space Market
India's organized commercial office stock stood at approximately 883 million sq ft as of March 31, 2025, spread across nine Tier I cities: Bengaluru (26 percent), Mumbai (17 percent), Hyderabad (16 percent), Gurgaon (11 percent), Chennai (10 percent), Pune (10 percent), Noida (5 percent), Kolkata (3 percent) and Delhi (2 percent). Since the early 2000s, office stock has expanded more than twentyfold from roughly 44 million sq ft pre-CY2003 to 883 million sq ft in Q1 CY2025, with a jump from 341 million sq ft in CY2011 to 591 million sq ft in CY2018 at a CAGR of 8.2 percent. Annual supply additions averaged 45–50 million sq ft between CY2019 and CY2024, and average annual new supply of 63–68 million sq ft is forecast for CY2025–CY2027. After gross absorption dipped to 44.8 million sq ft in CY2021 due to the pandemic, the market rebounded to 62.0 million sq ft in CY2022 and 68.0 million sq ft in CY2023, a 9.7 percent year-on-year rise. In Q1 CY2025, gross absorption reached 17.4 million sq ft against 10.2 million sq ft of new supply, and Q4 CY2024 alone saw leasing of 78.9 million sq ft.

-Grade Classification
As of March 31, 2025, 85.1 percent of India's 883 million sq ft commercial office stock (approximately 751 million sq ft) was classified as Grade A and 14.9 percent (132 million sq ft) as Grade B. Grade A stock has grown at a CAGR of 14 percent, rising from 58 million sq ft in 2005 to 751 million sq ft in 2025, while Grade B grew at 6 percent CAGR from 44 million sq ft to 132 million sq ft over the same period. Redevelopment and refurbishment are increasingly common: as of Q1 CY2025, 52 percent of completed office stock across Tier I cities is over ten years old, and nearly 63 percent of new developments have footprints under 500,000 sq ft. These trends reflect a shift toward upgrading aging assets for modern occupier needs, including ESG compliance, smart amenities, improved air quality, and transit connectivity.

-Key Drivers
Key drivers underpinning office demand include India's large talent pool and cost advantage. In FY 2023, India produced 11.31 million graduates—with 0.89 million engineers and 2.32 million commerce graduates—and over 2.5 million STEM graduates, representing 28 percent of the global STEM workforce. India's digital talent pool is projected at 5.8 million professionals (38 percent of its technology workforce) by FY 2025. Competitive labor costs—where full-time IT application development and maintenance services are significantly cheaper than alternative locations—continue to attract offshore mandates. The evolution of Global Capability Centres (GCCs) has further driven growth: from 700 GCCs generating USD 11.5 billion with 400,000 talent in 2010, to over 1,700 GCCs with USD 64.6 billion and 1.9 million staff by FY 2024. Finally, domestic firms and the startup ecosystem are major levers. India's recognized startups grew by 13 percent from CY 2023 to CY 2024 to 1.57 million entities. Technology startups alone expanded fifteen-fold since 2010, reaching over 31,000 in 2023. Domestic companies accounted for 47 percent of office leasing in CY 2024.

Lead Manager

ICICI Securities Limited has handled 57 IPOs in preceding 3 years out of which 12 have opened at a discount.
JM Financial Limited has handled 48 IPOs in preceding 3 years out of which 13 have opened at a discount.

Peer Analysis

Particulars	Indiqube Spaces Limited			Awfis Space Solutions Limited*		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	-34.17%	-41.12%	-13.18%	-8.24%	-2.01%	5.28%
EBITDA Margin	40.83%	27.25%	58.20%	31.12%	31.02%	37.38%
RoCE	-2.21%	-4.89%	2.98%	4.01%	8.01%	11.51%
ROE	64.30%	-261.43%	4487.95%	-27.53%	-6.99%	14.78%
EPS (INR)	-15.28	-26.09	-7.65	-15.47	-7.10	9.75
P/E	-15.51	-9.08	-30.98	-	-	66.19

*The company was listed during the beginning of FY 25. Therefore P/E is blank for preceding years.

FINANCIAL SNAPSHOT

Key Performance Indicators: (in Crores)

Particulars	FY 23	FY 24	FY 25
P&L Statement			
Total Income	**601.28**	**867.66**	**1102.93**
Total Expenses	829.20	1252.47	1260.23
EBITDA	**236.68**	**226.33**	**616.54**
EBIT	**-61.47**	**-165.91**	**129.41**
PBT	**-227.93**	**-384.82**	**-157.30**
Tax Expenses	-29.82	-43.31	-17.68
Net Profit	**-197.90**	**-341.74**	**-141.05**
Balance Sheet			
Total Equity	**-308.10**	**130.63**	**-3.11**
Assets			
Non-Current Assets	2,859.33	3,500.66	4,475.04
Current Assets	109.99	167.25	210.08
Total Assets	**2,969.32**	**3,667.91**	**4,685.12**
Liabilities			
Non-Current Liabilities	2,849.36	2,916.06	3,880.61
Current Liabilities	2,849.36	2,916.06	3,880.61
Total Liabilities	**3,032.86**	**3,194.35**	**4,226.01**
Cash Flow Statement			
CFO	323.89	542.18	611.65
CFI	-173.68	-192.69	-258.96
CFF	-149.28	-364.78	-337.49

Key Ratios:

Particulars	FY 23	FY 24	FY 25
Per Share Data			
Diluted EPS	-15.28	-26.09	-7.65
BV per share	-1,680.31	712.45	-0.24
Operating Ratios			
EBITDA Margins	40.83%	27.25%	58.20%
PAT Margins	-34.17%	-41.12%	-13.18%
Debtor days	20.97	26.12	27.13
Creditor days	343.43	415.23	455.90
Return Ratios			
RoCE	-2.42%	-5.45%	3.34%
RoE*	-	-	-
Valuation Ratios (x)			
EV/EBITDA	1.29	1.30	0.54
Market Cap / Sales	0.075	0.052	2.91
P/E	-15.51	-9.08	-30.98
Price to Book Value	-0.14	0.33	-991.76
Solvency Ratios			
Debt / Equity	-2.02	1.26	-110.56
Current Ratio	0.26	0.27	0.26
Quick Ratio	0.26	0.27	0.26
Asset Turnover	0.20	0.23	0.23
Interest Coverage Ratio	-0.33	-0.65	0.39

*Due to negative equity and the company posting losses, calculation of RoE is irrelevant.

Financial Analysis

-Revenue from operations increased by 43.27% and 27.54% in FY 24 and 25 respectively. Total income increased by 44.30% and 27.12% during the same time period. The reason for increase in revenue is an increase in occupied area, area leased, and increase in value-added-services.
-Employee benefit expenses increased in FY 24 due to increase in number of employees from 498 to 612. The same increased in FY 25 due to an increase in overall salaries, wages, and staff welfare expenses.
-Depreciation increased due to increase depreciation of right-of-use assets.
-Finance cost has increased every year due to increase in interest expense on lease liabilities.
-Other expenses include loss on fair valuation, power and fuel, housekeeping expenses, security expenses, repair and maintenance of building, brokerage expense, etc.
-Depreciation, other expenses, and finance cost are the 3 major components of total expenses.

-The loss incurred by the company increased in FY 24 primarily due to increase in other expenses by 85.34% due to loss on fair valuation. This is a one-time expense. EBITDA margin also declined in FY 24 due to the same.
-Because of the high value of depreciation, the EBITDA is positive every year but EBIT is negative. Accounting for the high finance cost as well, PBT further decreases.
-The company displayed better financial performance in FY 25. This is because loss on fair valuation is a one time expense due to which EBITDA margin as well as profit of the company declined in FY 24. There were no such losses in FY 25 and other expenses dropped from 501.49cr to 314.97 cr.

Incurring losses is something that is very common within this industry. This is primarily due to high depreciation and high finance costs. If we look at EBITDA of the company, it dipped in FY 24 due to losses on fair valuation but also increased to 616.54 Crores. The company also has a positive cash flow from operations that is increasing year on year. Since depreciation is a non-cash expenditure, it can be concluded that the company is profitable and its earnings have been increasing every year. However, it was incorporated in 1999. For a mainboard company incorporated 26 years ago, its growth and financials are not up to the required standards.

For a company in office space industry, RoCE becomes an important ratio as it tells us what the return are on the long-term funds invested by the company. The company has had negative RoCE in FY 23 and 24. The company's operating margins have also been unstable.