



INDIQUBE LTD.

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DETAILS

IPO Open/Close Dates	July 23, 2025 – July 25, 2025
Issue Size (₹ Cr)	₹700 Cr (₹650 Cr Fresh + ₹50 Cr OFS)
Price Band & Lot Size	₹225 – ₹237 per share (63 shares per lot)
GMP (Grey Market Premium)	₹12 – ₹23 (as of July 24, 2025)
Recommendation	Mixed – Apply with long-term view; sector has risks

Total Issue Size: ₹850 Cr (as per DRHP)

- Fresh Issue: ₹750 Cr
- Offer for Sale (OFS): ₹100 Cr (by promoters Rishi Das & Meghna Agarwal)

Promoter Dilution:

- ~11.8% of total issue size
- Promoter holding pre-issue: ~37.68%

Objects of the Issue:

- ₹462.6 Cr for **Capex** (new centre expansion)
- ₹100 Cr for **debt repayment**
- Remaining for **general corporate purposes**

Inorganic Expansion (M&A):

- **No allocation mentioned** in DRHP
- Focus entirely on **organic growth**

INDUSTRY OVERVIEW

INDUSTRY SIZE, GROWTH TRENDS, AND PROJECTIONS

- India's co-working space market was valued at around USD 760 million in 2023.
- Expected to reach ~USD 2.8 billion by 2030, growing at a CAGR of ~20%.
- Flexible office supply in top 6 metro cities projected to grow from 80 million sq. ft to 125 million sq. ft by March 2027

KEY GROWTH DRIVERS & HEADWINDS

Growth Drivers:

- Rise in startups, freelancers, and hybrid work models.
- Corporates shifting from traditional leases to flexible, managed spaces.
- Expansion of Global Capability Centres (GCCs), contributing to demand.
- Demand for tech-enabled, cost-efficient workspace solutions.

Headwinds:

- High operating and rental costs in premium locations.
- Intense competition from global and domestic players.
- Vulnerability to macroeconomic slowdowns and corporate budget cuts.

GOVERNMENT POLICIES/INCENTIVES

- 100% FDI allowed in the construction and real estate sector.
- Government schemes like Startup India have supported co-working demand.
- Infrastructure status granted to select commercial real estate projects helps ease financing.

COMPETITIVE LANDSCAPE & POSITIONING

- Major players: Awfis, WeWork, Incuspaze, IWG (Regus), 91Springboard.
- IndiQube differentiates by targeting both small teams and large enterprises.
- Focus on providing end-to-end managed office services.
- Positioned as a premium, asset-light co-working provider across multiple cities.

PEER COMPARISON TABLE (REVENUE, MARGINS, VALUATION MULTIPLES)

Company	Revenue (₹ Cr)	Net Profit / Margin	Business Model	Valuation / P/S Multiple
IndiQube	₹867.7Cr (FY24) ₹1,102.9Cr (FY25E)	Loss of ₹139.6 Cr Margin: -12.7%	Asset-light managed workspaces Mid-to-large enterprise focus	₹4,977Cr valuation ~4.5× FY25 sales
Awfis	₹257 Cr (FY22)	Narrow profit Positive EBITDA	Tech-enabled co-working Broad SME/client mix	IPO-ready; valuation not disclosed
Incuspaze	Estimated ₹850 Cr	Private; no data	Enterprise-focused managed offices	Private; valuation not available
IWG (Regus)	Not disclosed for India	Profitable globally	Traditional flex office giant Presence in >100 countries	Listed globally; India is 3rd largest market

FINANCIAL ANALYSIS

RELATED PARTY TRANSACTIONS (RPTS) TREND IN THE YEAR BEFORE IPO

There is a notable rise in related party transactions (RPTs) in FY24, the year immediately preceding the IPO. Total RPTs increased from ₹4,293.99 lakh in FY23 to ₹5,776.01 lakh in FY24, reflecting a 34.5% year-on-year jump. A significant portion of these transactions involved lease rentals and services availed from group entities and promoter-affiliated firms. While the company has provided disclosures for these transactions under the applicable accounting standards, the sharp rise just before listing raises concerns about the arm's length nature of these dealings and whether they were structured to influence financial metrics ahead of the IPO.

DEBTORS' TURNOVER RATIO TREND ANALYSIS

The debtors' turnover ratio has remained **largely stable** over the last three years:

- FY22: 2.62
- FY23: 2.67
- FY24: 2.65

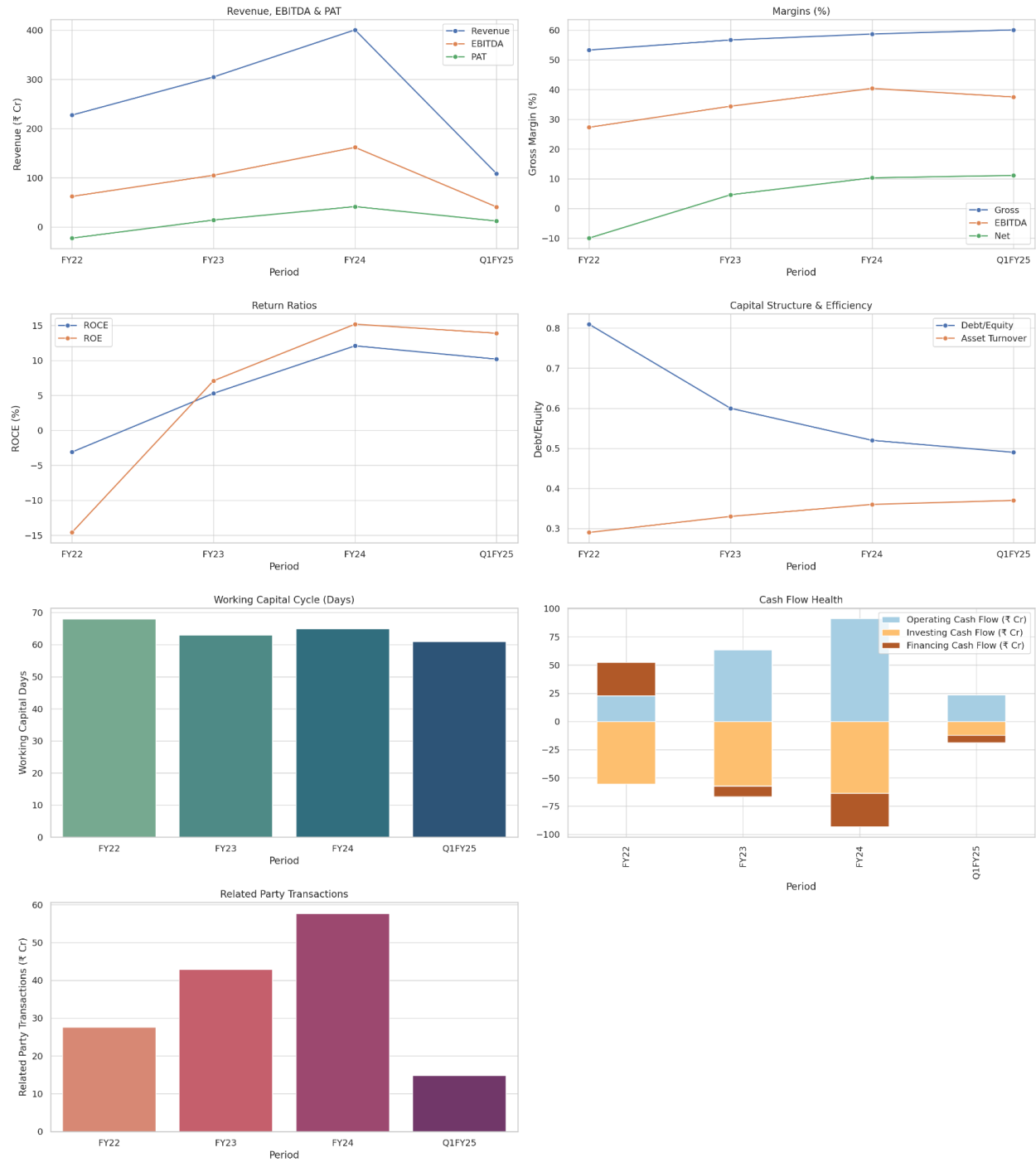
This stability indicates that there has been **no abnormal or artificial improvement** in receivables collection during the pre-IPO period. The consistency suggests that the company has not engaged in aggressive revenue recognition or collection practices to inflate operating efficiency metrics.

PROFITABILITY TREND AND REASONING FOR INCREASE IN YEAR BEFORE IPO

Indique Spaces Limited reported a sharp increase in profit after tax (PAT) from ₹1,408.75 lakh in FY23 to ₹4,139.82 lakh in FY24, marking a 193.8% increase year-on-year. The company attributes this surge to operational efficiencies, improved occupancy across managed assets, and tighter control over administrative costs. EBITDA margins also improved from 34.42% in FY23 to 40.43% in FY24.

While these improvements are supported by internal explanations, such a steep rise in profitability just before the IPO warrants careful analysis. Investors should assess whether these efficiencies are sustainable or influenced by one-time cost controls and revenue optimizations intended to enhance valuation.

SUMMARY OF LAST 3 YEARS (AND LATEST INTERIM PERIOD):
Key Financial Metrics of Indiqube Spaces Ltd (FY22-Q1FY25)



CASH FLOW HEALTH

Over the three years to FY24, Indiqube Spaces Limited has progressively strengthened its operating cash generation:

- **FY22:** Operating cash flow of ₹22.7 Cr against a net loss of ₹22.8 Cr, demonstrating an ability to convert working losses into positive cash.
- **FY23:** Operating cash flow rose to ₹63.4 Cr, even as the company swung to a PAT of +₹14.1 Cr, reflecting improved collections and cost efficiencies.
- **FY24:** Operating cash flow reached ₹91.3 Cr, outpacing a PAT of ₹41.4 Cr, indicating robust cash conversion of growing profitability.
- **Q1 FY25:** Even in the stub period, the company generated ₹23.5 Cr in operating cash, a healthy start to the year.

These operating inflows have consistently funded the company's capital investments, as shown by negative investing cash flows of -₹55.3 Cr (FY22), -₹57.1 Cr (FY23), and -₹63.5 Cr (FY24), primarily driven by expansion capex across new and existing centres. Financing cash flows have turned from positive in FY22 (+₹29.6 Cr, reflecting debt raise) to outflows in FY23 (-₹9.5 Cr) and FY24 (-₹29.8 Cr) as the company has begun deleveraging, paying down borrowings and meeting lease liabilities, with Q1 FY25 financing outflow of -₹6.7 Cr continuing that trend.

Overall, a combination of rising operating cash and disciplined capital spending has enabled the company to improve its net debt-to-equity ratio from 0.60× in FY23 to 0.52× in FY24 and further to 0.49× in Q1 FY25, underscoring a solid and sustainable cash flow profile.

AUDITORS' REMARKS

Walker Chandiok & Co LLP, the Statutory Auditors for Indiqube Spaces Limited, issued an unmodified ("clean") audit opinion on the Restated Financial Statements for Fiscals 2022, 2023, and 2024, as well as the interim period ending June 30, 2024. In their report dated December 24, 2024, they confirmed that the financial information has been prepared by Indian Accounting Standards ("Ind AS") and the requirements of the Companies Act, 2013, without qualifications, emphasis-of-matter paragraphs, or other explanatory notes impacting the audit conclusion. This clean opinion provides assurance on the fair presentation and reliability of the company's operating results, cash flows, and balance sheet metrics disclosed in the DRHP.

RISK FACTORS

BUSINESS RISKS

- **Customer & Location Concentration:** In FY22–Q1 FY25, over 91% of revenue consistently came from centres in Bengaluru, Pune, and Chennai (e.g., 91.82% in FY23 and 93.18% in FY24). Any adverse developments in these three cities, such as regulatory changes, local disruption, or oversupply, could disproportionately impact results.
- **Product & Service Execution:** IndiQube's value-added services (e.g., fit-out, facility management, F&B) require high-quality delivery. Failure to maintain standards may hamper client retention and profitability.
- **Growth Management:** Rapid expansion, from 54 centres in FY22 to 93 as of June 30, 2024, carries risks of overstretching operational capabilities and diluting service quality.

REGULATORY, LEGAL & TAX RISKS

- **Real Estate Compliance & Title:** IndiQube leases all its properties; defects in underlying title or lease terms can force shutdowns, relocations, or contract terminations.
- **Tax Benefit Conditions:** Special tax incentives depend on fulfillment of prescribed conditions under indirect tax laws. Non-compliance or changing interpretations could eliminate expected benefits.
- **Litigation & Guarantees:** Promoters' personal guarantees totalling ₹1,683.56 Mn (as of Sept 30, 2024) expose the Company's financing to revocation risk; adverse litigation could trigger liabilities or financing challenges.

COMPETITIVE & PRICING PRESSURES

- **Intense Rivalry:** Over 440 flexible-workspace operators in India, including well-funded peers like Smartworks and Awfis, create pricing pressures and higher client acquisition costs.
- **Demand Sensitivity:** Occupancy and client demand are tied to macroeconomic conditions; economic slowdowns may lead to higher vacancies or downward pressure on rentals.

CAPEX & EXECUTION RISKS

- **Expansion Capex:** Centre roll-outs demand significant fit-out capex (₹1,507 per sq ft as of June 30, 2024). Delays or cost overruns in sourcing materials or contractor defaults can postpone revenue generation and inflate costs.
- **Third-Party Dependencies:** Reliance on external vendors for construction, furniture, and IT infrastructure makes operations vulnerable to supply-chain disruptions, potentially leading to revenue losses and margin erosion.

PROMOTER & GOVERNANCE RISKS

- **Promoter Guarantees & Conflicts:** Guarantees by Rishi Das, Meghna Agarwal, and Anshuman Das underpin major borrowings; the withdrawal of these guarantees could force the Company into costlier financing.
- **Related Party Transactions:** RPTs spiked from 36.23% of revenues in FY23 to 6.76% in FY24 and 5.50% in Q1 FY25, necessitating vigilance over arm's-length compliance and potential conflicts of interest for promoters .

GMP ANALYSIS

Grey Market Premium (GMP) is the unofficial premium at which IPO shares trade in informal over-the-counter markets ahead of their formal listing. It gives an early read on investor appetite and expected listing gains.

LATEST GMP TRENDS (INDIQUBE IPO)

Below is a day-by-day snapshot of the grey market premium for IndiQube Spaces Ltd, based on data from leading unofficial trading trackers:

Date (2025)	GMP (₹ per share)	Implied Listing Gain (%)
July 20 (Pre-IPO)	31–32	~13%
July 23 (Day 1)	~40	~17%
July 24 (Day 2)	17–18	~7%

- **Pre-IPO sentiment (July 20):** GMP of ₹31–32 (~13%) indicated strong early interest ahead of the public offer.
- **Day 1 (July 23):** GMP spiked to ~₹40 (~17%), reflecting buoyant demand on the IPO's opening day.
- **Day 2 (July 24):** GMP corrected to ₹17–18 (~7%), as institutional and retail subscription data tempered initial exuberance.

INTERPRETATION & IMPLICATIONS

- The peak GMP of ~17% on Day 1 signals strong initial sentiment, but the downward trajectory to ~5% by Day 3 reflects significant price discovery through the official book-building process.
- At a GMP of ₹10–12, investors anticipate a listing gain of approximately 4–5% over the IPO's upper price band of ₹237.
- Sustained positive GMP, even after three days, underlines healthy demand, albeit at more conservative premiums aligned with broader market valuations.

LONG TERM OUTLOOK

SHORT-TERM & LONG-TERM OUTLOOK

- **Listing gains likely to be modest** (GMP ~₹15–20 → ~6–8% gain).
- Loss-making status may limit investor enthusiasm despite revenue growth.
- Sentiment-sensitive to subscription levels & broader market trends.

Long-Term Outlook:

- Strong industry tailwinds (flex space demand, GCCs, hybrid work).
- Needs consistent margin improvement & capital efficiency to deliver value.
- Execution risk is high in scaling without profitability.

KEY POSITIVES

- Rapidly growing top-line: ₹867 Cr in FY24 → ₹1,100+ Cr projected FY25.
- Presence in over 10 cities with 8M+ sq ft managed space.
- Diversified client base — startups to large corporates.
- Asset-light strategy enables scalable expansion.

KEY RED FLAGS

- **Consistent losses:** ₹139.6 Cr loss in FY25 (–12.7% margin).
- High capital intensity despite the “asset-light” model.
- Promoters are diluting stake through OFS.
- Sensitive to economic cycles and corporate cost cuts.
- Competition from global peers like WeWork, Regus, and domestic players.

TARGET LISTING GAIN (SPECULATIVE ESTIMATE):

- **₹15–20/share** expected GMP
- Implies ~6–8% listing gain (if sentiment holds)

LONG-TERM FAIR VALUE ESTIMATE:

- No broker consensus available yet.
- Rough valuation: if the company hits ₹1,500 Cr revenue in 2 years and turns profitable with 10% margin, fair market cap could range ₹5,500–₹6,000 Cr (modest upside from IPO valuation of ₹4,977 Cr).

Thank you for reading our detailed analysis on Indiqube Ltd. We hope you found valuable insights that help you understand the company's strategic, operational, and financial landscape. Stay connected with us for more such deep dives and market insights:

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