Wework India Mgmnt.

Operator: Good day and welcome to WeWork India Management Limited's Q1 FY27 earnings conference call. The presentation in this call is a concise version of the presentation uploaded on the company's website and shared with the stock exchanges. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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. Participants connected on webcast may click on the "Ask a Question" tab to join the question queue after the management's opening remarks. Please note that this conference is being recorded. I now hand the conference over to Mr. Karan Virwani, MD and CEO. Thank you and over to you, sir.

Management: Thank you, Michelle. Good morning and thank you for joining us for our first quarter FY27 results. Before we get into the numbers, one frame of how to read this quarter: Look at us on a year-over-year basis, not sequentially, for two reasons. We are in a growth cycle, and in a growth cycle, fixed costs arrive before revenue does. When we sign new centers, rent and operating expenses start immediately; the desks fill up over the quarters that follow. So any quarter where we are expanding hard will look softer sequentially, even as the business underneath it gets stronger. This is not a warning sign; it is the model working as it is designed.

Second, Q4 of FY26 carried a one-time customization revenue that is not a recurring feature of this business. Stack Q1 FY27 against the quarter sequentially and you are not comparing it like-for-like. Year-on-year is a fair test. It measures us against ourselves at the same point in last year's cycle. Before this year's capex and without last year's one-off, every metric is compounding.

Let us zoom out for a second because this is a good market to be compounding in. India's flex space keeps taking share from traditional leasing. Quarter after quarter, it is no longer an experiment for occupiers. It is core to how enterprises plan real estate. WeWork India sits at the forefront of that shift. We are the largest branded flex network in the country, concentrated in markets where the enterprise and GCC demand is growing the fastest. Everything I am about to walk you through is what leading that market looks like. And with that, let us get into the operational performance.

We closed the quarter at 79 centers across eight cities, with 9.1 million square feet operational, and about 133,600 desks. This reflects 11 more centers and nearly 20,000 more desks than a year ago. Growth was just over 18.5%, right in line with the pace of the flex category itself. We serve about 113,000 members today, up 26,000 over the year, reaching close to 30% growth. Members are growing faster than desks. We added roughly 7,000 more members than desks this year. That is why occupancy climbed to about 84.9%, even as we keep adding space—more than eight percentage points higher than a year ago. Mature centers are running at 87.5% and NPS remains strong at plus 78.

The base is sticky. 52% of desk sales in the network come from existing members, with the renewal rate up to 84% this quarter. That engine is behind this year's expansion.

Revenue for the quarter was 698 crores, up 28.5% year-on-year. EBITDA was 138 crores at a 19.8% margin, which is up 69% from last year. PAT was about 53.2 crores, compared to 8.4 crores last year, reflecting roughly a 6.5x jump and a 608 bps margin expansion.

One number needs context before the CFO walks you through the details. Q4 FY26 included a one-time customization revenue I mentioned a moment ago. It will not repeat this quarter, which is the second reason year-on-year, rather than sequentially, is the right lens today.

On capital, ROCE was up to 28.6% this quarter, more than three times where we stood a year ago. Free cash from operations grew 176% and net debt is down close to 90%, even as we nearly doubled our capex. Free Cash Flow to the Firm (FCFF) came in negative 46.1 crores simply because H1 is a growth-intensive half of the year. 188 crores of that capex landed in this quarter alone. Growth costs come first and then returns follow.

This is a closer look at the market that we operate in. Q2 calendar year 2026 leasing hit 24.6 million square feet. This was a record quarter capping a record first half of 45.5 million square feet. Flex led that market for the third straight quarter, up 89% to 11.4 million square feet in the first half. The share of all office leasing has more than doubled in five quarters to 27%. Roughly 55% of India's occupiers already use flex, and we are on track for about two-thirds by 2027.

Domestic companies now account for 46% of leasing and more than half of that goes to flex operators. Premiumization is riding alongside it. 76% of the quarter's completions were in green-certified buildings and 70% of leasing went into buildings that are under 10 years old. These are exactly the class of assets that we operate in.

Our footprint sits across the eight cities where India's business growth is concentrated. Bangalore remains our home and largest market with 30 centers and nearly 52,000 desks. Around it, new corridors are scaling fast. Hyderabad is up 68%, Chennai is up 66%, and Delhi more than tripled off a smaller base. Gurgaon is up 23%. We are consolidating in our home market and building where demand is moving the fastest.

We operate 9.1 million square feet today. Adding signed leases and LOIs of another 2.9 million, total contracted capacity is about 12 million square feet, or about 179,000 desks. That is a 32% capacity growth and nearly 44,000 desks that are already locked in. First half additions are on track for 22,000 desks in this heavy opening stretch of the cycle. By March 31, 2027, we expect to be operating about 10.3 million square feet and around 155,000 desks. Beyond that, FY28 and FY29 supply is already in negotiation.

Demand is showing up in sales. We sold about 12,700 desks this quarter, which is up 28% year-over-year. April was our single biggest sales month with about 7,500 desks. We did this without discounting as pricing multiples held steadily through the year. It is worth repeating that 52% of what we sold went to members that are already with us. That is not a one-quarter trend; that has been the base compounding.

Regarding who drives the revenue, 77% came from enterprise members and 65% from global companies, with North America riding the GCC wave at 46% of the revenue on its own. No single sector dominates. Technology leads at 28%, BFSI at 17%, and the rest is well spread. Our top 10 members are just 22% of revenue combined, so there is no concentration risk here. That is the demand side: a growing market, record sales, and an expanding base. Let me also give you the underlying contracted picture before I hand it over for the details.

The benchmark start is what is already contracted—locked-in future revenue that our members have already signed up for. This stands at about 3,063 crores, which is up 60% from 2,105 crores last year. Locked-in rent obligations only grew 30% in the same period. So, contracted revenue is growing twice as fast as contracted cost. For every rupee of new rent that we committed to this year, we added almost 4.7 rupees of contracted revenue. With that, let me hand it over to talk you through our occupancy metrics and the rest of the financials.

Management: Thank you, Karan. Good morning, everyone. Karan mentioned members grew faster than capacity. Here is the consistency behind that: capacity grew 17% year-over-year while members grew 30%. Member growth ran at 1.7 times the pace of capacity addition. Portfolio occupancy moved from 76.5% a year ago to 84.9% today. Look specifically at growth centers—those open less than 12 months. A year ago, that cohort sat at 45% occupancy. Today's growth centers are at 65%. There is a timing element to that, but it also shows new buildings filling up meaningfully faster than they used to, which matters given how much supply we are adding.

Total revenue, which is core workspace, value-added services (VAS), and digital combined, came to 698 crores for the quarter, up 28.5% year-on-year. Every segment grew year-on-year. Revenue from operations was 687 crores, up 28%. Core workspace grew 30% to 603 crores. Value-added services grew 10% and digital grew 27% to 26 crores. Digital is still under 4% of revenue, but those products monetize the same square foot more than once and run at close to an 80% EBITDA margin. This contributes materially more to the bottom line than the top line. This quarter's shareholder letter has a full spotlight on it; it is worth a read.

On a sequential basis, both core workspace and digital grew, with core up 3.4% and digital up 22%. This shows the underlying business compounding steadily every quarter.

Now for the one number that needs context. Our VAS line includes parking, facilities, customization, and licenses. Last quarter, we recorded about 47 crores of customization income. This quarter it is 9.5 crores. That is not a slowdown. On the ground, customization demand remains strong, but by its nature, this revenue is lumpy across quarters, tied to when specific fit-out projects close. Strip customization out and the rest of VAS grew about 20% quarter-on-quarter. This is exactly why Karan opened by framing today's numbers year-on-year. A quarter that includes a large one-off like last quarter's customization income will never compare cleanly to one that does not.

On profitability, center-level EBITDA was 186 crores, up 52% over the last year, at a 27.8% margin. This reflects nearly five percentage points of improvement. The cost side explains why. Rent per square foot was flat over the year. Opex per square foot only rose 5.6% while revenue grew 28%. That gap is our operating leverage. Portfolio break-even occupancy is just 56.6%, and even our newest growth centers are comfortably above that.

Sequentially, center-level EBITDA moved from 212 crores to 186 crores. The dip of 27 crores is entirely explained by the 37 crores of higher customization income recognized last quarter. The underlying business is more profitable, not less. Mature center EBITDA actually grew from 173 crores in Q4 FY26 to 181 crores in Q1 FY27.

At the company level, EBITDA was 138.3 crores, up 69%, with a margin at 19.8% against 15% a year ago. PAT was 53.2 crores against 8.4 crores, with the PAT margin moving from 1.5% to 7.6%. The sequential dip here is the same story. It is the flow-through of last quarter's large customization revenue and not a change in the trajectory of the business.

As we begin our capex cycle, including roughly 22,000 desks in H1 FY27, it is worth contrasting against the last expansion which started exactly a year ago. EBITDA grew from 81 crores to 138 crores and the margin improved from 15% to 20% year-on-year. Last year's cycle came with a margin dip of almost six percentage points. This time it is roughly half that. The portfolio is more resilient and the drag from heavy expansion is shrinking with each cycle. This kind of margin expansion and contraction is a natural part of any growth cycle, driven by occupancy ramp-up and one-time income like customization that comes with capacity expansion. This is precisely why we are asking you to read this quarter and every growth cycle quarter on a year-on-year basis.

Capital returns tell the same story. ROCE was 28.6% this quarter against 9.1% a year ago. We have tripled our return on capital in a year where we have also expanded the capital base. Which brings us to cash and the balance sheet. Free cash from operations was 141.9 crores, up 176%. We invested 188 crores of capex this quarter, nearly double last year. Even so, FCFF was negative 46 crores, essentially flat with a year ago. We doubled our investment in growth and our own operations absorbed all of it. Net debt is 31.6 crores, down 89% from 297 crores a year ago, against 371 crores of cash on hand. Net debt to EBITDA is 0.06 times. The cost of borrowing is down from 10.4% to 8.5% and our rating moved from A- to A+ over the year. Handing it back to Karan.

Management: Thank you. Before we close, a few minutes on what defines our next chapter. Everything so far is a physical network. But our 113,000 members do not just need desks. When we asked them, the answer was consistent. They buy dozens of business services beyond the workspace, including transport, hiring, and insurance. All of this is scattered across vendors, negotiations, and invoices. They told us that they would rather do all of this through us, and that was a clear opportunity to get a larger share of what the members already spend with customers who already trust us.

So on July 15, we launched Member Services, a business services platform built exclusively for our members that lives inside the WeWork India app. Here is how it works: we created a marketplace of business service partners and negotiated enterprise-level pricing and standards with each one of them. Every member gets those terms, whether you are a Fortune 500 or a five-person startup. It works across every WeWork India location on a single platform. It is one place to discover services, engage partners, and manage billing with us running the workflow.

We are starting with what members ask for the most, which is Admin and IT, including employee transport, hardware rentals, and network services. We also offer HR services like hiring, staffing, insurance, and wellbeing. We have a dedicated set of services for GCCs as well, which includes setup, legal, accounting, talent, finance, and marketing. Legal, marketing, and sustainability will follow in the coming phases. This is what we mean when we say work is evolving from standalone workspaces into integrated ecosystems. We spent years building the physical network and the technology layer on top of it; Member Services is that layer taking shape.

Let me leave you with the year-on-year picture because it says everything about where the business is headed. Revenue is up 28%, EBITDA is up 69%, profit is up six times, and return on capital has tripled. Net debt is down 90% and we had our biggest sales month ever. We have more than half of it coming from members growing with us and the deepest committed supply pipeline in our history. FY27 is a year of growth and the case for it has never been clearer. Thank you for the confidence you continue to place in us. With that, I am happy to take your questions.

Operator: Thank you very much, sir. We will now begin with the question and answer session. Participants connected on the audio call may press star and 1 on their touch-tone phones. Participants connected on the webcast may click on the "Ask a Question" tab available on your screens to join the question queue. Ladies and gentlemen, we will wait for a moment while the question queue is assembled.

In order to ensure that the management will be able to address questions from all participants, kindly limit your questions to only two per participant. Should you have a follow-up question, please rejoin the queue. The first question is from Adidev Chattopadhyay from ICICI Securities. Please go ahead.

Adidev Chattopadhyay - ICICI Securities: Good morning everyone. Thanks for the opportunity. I have a couple of questions. First, on the 15,000 to 16,000 seats which we may open in the current quarter, will there again be some one-time customization revenue booked as we get into the second quarter? How should we look at the profitability of the new seats and how quickly they would ramp up to EBITDA break-even? Secondly, we had given a capex guidance of 500 to 600 crores for the year last quarter. Do we stick to that guidance or is there any revision to that number?

Management: Thank you. We have close to another 20,000 seats that are basically going to open between the last quarter and October. As we mentioned, almost 6,000 of those opening are managed office deals already, some of which opened in July. July essentially saw almost 6,000 desks open in the last 15 days. Margins are holding as expected and if you look at the growth center occupancy, they are already well above break-even. All the buildings and cohorts are delivering profitability to the business. We see that continuing to ramp up as the sales velocity remains good.

Regarding customization revenue, I will touch on that. We have always had customization revenue. Typically, we did between 30 and 50 crores. Last year, because we did extremely large managed office deals like JPMorgan, T-Mobile, and Amazon, there was a huge amount of customization requested, which led to one-time revenues hitting in Q3 and Q4. To avoid that lumpiness, we decided to change the treatment of customization this year. For customizations where members ask for changes in already built-out centers, we will continue recognizing those as one-time revenues. However, for large customizations specifically for one client in a managed office, we are going to start amortizing that over the complete term of the member's commitment.

This will smooth out the lumpiness we saw last year and provide a more recurring base of customization revenue. We expect the run rate to be between 10 to 15 crores per quarter for this coming year. Ideally, we will not have this issue popping up again; it was just a result of a very big growth year and large deals that took us by surprise. Regarding the capex cycle, we hold to the guidance of 500 to 600 crores. That is the visibility we have today. There might be some change if large managed offices come through and we have to deploy significant capex, but we will know that by the next quarter.

Adidev Chattopadhyay – ICICI Securities: That was very clear and concise. Thank you and all the best.

Operator: Thank you. The next question is from Abhinav Sinha from Jefferies. Please go ahead.

Abhinav Sinha – Jefferies: Hi. Karan, a couple of questions. Firstly, on customization revenues, what are the margins on this business?

Management: Typically, it is a full flow-through. The cost is similar to our other business segments, consisting just of the fit-out cost put through into the space. This revenue flows directly to the bottom line. There is no real P&L cost apart from regular corporate overheads, management fees, and variable costs. There are just no costs like rental that pertain to this revenue stream.

Abhinav Sinha – Jefferies: Secondly, last year we had much higher openings in the first quarter as a proportion of the year, and the margin dip was higher. Now it appears that in Q2 our openings should be higher than this quarter, perhaps close to 15,000 odd. Should we see a margin dip in Q2 on a year-on-year or quarter-on-quarter basis?

Management: We do not foresee the margin dipping. We actually see potentially the margin moving upwards because of the large managed offices that are a component of that expansion. Nearly 7,000 seats will be managed offices opening this quarter. Also, for the other centers ramping up, we have a good pipeline. To be honest, the delay was because these seats were meant to open in Q1, but moved by a week or two because of design changes requested by customers. We also intentionally moved one or two centers to July rather than June for a better opening. We feel we are in a good place. You will see the margin expanding through the year. The base is starting much higher than last year, and we have managed to hold the suppression much better this year to provide a smoother outlook.

Abhinav Sinha – Jefferies: Great. Thanks and all the best.

Operator: Thank you. The next question is from Siddhant Majithia from Tusk Investments. Please go ahead.

Siddhant Majithia – Tusk Investments: Hi Karan. Hi Cliff. Thanks for the presentation. Just a quick question: could you throw some color on the contract backlog? How do we read that? Is it committed rent over the next 27 months?

Management: Yes, the 3,063 crores is the current average commitment over the portfolio average, which is about 27 months. That is growing almost 60% year-over-year and almost 15% sequentially. That will consistently keep adding as the year goes on and as buildings ramp up and we do new sales. While rental, which is the committed cost we have, has only moved up about 200 crores in the same period.

Siddhant Majithia – Tusk Investments: Just a follow-up: if it is 3,000-plus over the next 27 months, that is about 400-odd crores a quarter, but current operating rent is about 600. Is the 200 non-contracted rent?

Management: To clarify, these are the remaining amounts of commitment we have, not exactly the 27 months. It is the amount of value remaining in the contracts. Each month, some contracts come closer to expiry while we are adding new contracts at an average of 27 months. This number will consistently keep compounding. It also does not account for renewals. We had an 84% renewal rate this quarter. You would assume an 84% renewal on that base, plus any additions from new sales. The leases or rental costs have already hit, so this gap should increase as commitments compound.

Siddhant Majithia – Tusk Investments: Got it. Super helpful. Thanks a lot.

Operator: Thank you. The next question is from Yashas Gildanchi from BOB Capital Markets Limited. Please go ahead.

Yashas Gildanchi – BOB Capital Markets Limited: Good morning. Thank you for taking my questions. How has the supply pipeline changed since last quarter? Can you shed light on what could be the approximate supply addition post FY27, perhaps through FY29?

Management: We made operational close to half a million square feet in the last quarter, which is roughly 7,000 seats. For FY27, we are largely locked up regarding what we open within this year. The 10.3 million figure will not move meaningfully. For next year, we have already identified our pipeline and are in the process of signing LOIs and leases. We will provide a more solid amount for FY28 next quarter, but you could consider it will be in a similar range to the growth from last year to this year. 10.5 million will likely move closer to 12 million square feet. Much of the AUM you see beyond March 31, 2027, are deals signed for FY28 and FY29. We see no issue on the supply side. We consciously choose not to sign up crazy amounts too far in advance because we want agility to either contract or expand capacity. Visibility for 12 to 24 months is a good place to be.

Yashas Gildanchi – BOB Capital Markets Limited: Understood. VAS revenues as a percentage of total revenues were lower largely because of lower customization revenues. Going forward, do we expect a change in the level of VAS revenues, or what is a good level to assume on a full-year basis?

Management: We have historically been at 13–15% for VAS revenues. We think that will hold consistently, with 11–12% on VAS plus about 3–4% on digital. We are hoping that with the launch of Member Services, there will be some addition to the bottom line over time. Digital is growing faster than core revenue, so that is another place where you will see higher contribution.

Yashas Gildanchi – BOB Capital Markets Limited: All right, that is clear. Thanks and have a nice day.

Operator: The next question is from Ali Asgar Shakir from Motilal Oswal Mutual Fund. Please go ahead.

Ali Asgar Shakir – Motilal Oswal Mutual Fund: Hi. I wanted to clarify your growth guidance. I think we had an indication we would grow close to 20% in EBITDA. I want to clarify because there is noise this quarter with one-time accounting changes for customization and significant seat additions impacting EBITDA. Will the trajectory of 20% growth continue for the full year if we declutter the noise? When these seat additions happen, what kind of impact do we expect on a quarterly basis?

Management: You want to look at growth on a year-on-year basis. Year-on-year, EBITDA growth has been almost 70%. We feel very confident that for the full year, we will meet the guidance of 20% plus EBITDA and revenue growth. Regarding the new additions, we do not see any major negative impact on the margin percentage. In fact, there will be an expansion in the margin from current levels. With all of the rollout happening by October, we have two quarters post-that to drive portfolio growth and occupancy. All of that will flow to the bottom line and balloon EBITDA in Q3 and Q4. We are starting with a much higher base, nearly 60 crores of growth on the EBITDA base itself from last year. This is a starting point. We started last year with a base of 82 and ended at 165 crores. Today we are starting with 138 and will end at a much higher level by Q4. There will be consistent growth quarter-over-quarter.

Ali Asgar Shakir – Motilal Oswal Mutual Fund: Just to clarify, do you think because you are adding 15,000 seats in Q2, that even if year-on-year is better, Q2 might not meaningfully improve quarter-on-quarter? Is the growth back-ended in Q3 and Q4?

Management: It will improve each quarter as the base goes up. Expect growth on the 138-crore base and expect the margin of 19-20% to hold as expansion happens. We already have decent visibility of the portfolio for the next two months. We have had large move-ins, such as a large deal for Cognizant in Chennai, and other deals that opened this month.

Ali Asgar Shakir – Motilal Oswal Mutual Fund: I am just unclear why there would not be an impact in Q2. If adding 600 seats in Q1 had an impact, why would adding 15,000 seats in Q2 not have a meaningful impact?

Management: A lot of the seat additions this quarter were WeWork-branded speculative additions. A larger portion of next quarter's additions are managed offices. There is already demand backed for these, so they will open at higher occupancies. Even for the other WeWork spaces, we have already pre-filled and sold some seats. We also have some operational rent-free periods which will help.

Ali Asgar Shakir – Motilal Oswal Mutual Fund: This is much clearer now. Thank you for the explanation.

Operator: Thank you. The next question is from Girish Chaudhary from Spark. Please go ahead.

Girish Chaudhary – Spark: Hi, thanks for the opportunity. We have seen a slight dip in mature center occupancy rates. If I look at the number of seats sold, it was 12,700, but the net addition is only 3,100, which implies around 9,000 exits. Could you help us understand the nature of the exits?

Management: First, look at the overall capacity. In March 2026, mature centers had about 110,000 seats. As of this quarter, they have about 118,000 seats. So almost 8,000 seats from last year's expansion have moved into the mature cohort. Within that, the member count grew by almost 5,000 desks. While there is a slight dip in mature occupancy, it is driven by the extra capacity entering that cohort. The EBITDA margin of the mature cohort is holding flat at about 28%, and the base of the EBITDA itself has increased. Regarding growth centers at 65%, many opened just last month. It is not a like-to-like comparison with last quarter.

Girish Chaudhary – Spark: Got it. Thanks.

Operator: The next question is from Saurabh Gilda from JM Financial. Please go ahead.

Saurabh Gilda – JM Financial: Thanks. On the growth centers part, in terms of capacity, the net decline is about 5,000 seats, but the decline in occupancy is from 73% to 65%. Is this drag led by new additions or something else?

Management: A bunch of that cohort moved to mature. About 8,000 seats shifted to the mature cohort while 7,000 new additions came in this quarter. So, 7,000 beds that opened in the last three months are in this growth cohort. These are fresh members and fresh ramp-ups.

Saurabh Gilda – JM Financial: On capacity addition: the addition year-on-year has been significant in NCR, Hyderabad, and Chennai. As you expand in these new markets, do you see any change in the margin profile?

Management: There are different margin profiles. In Delhi, we opened in Aero City, a premium micro-market, with desks priced between 25,000 and 35,000 rupees. In Hyderabad and Chennai, growth is coming from large managed offices. Margin profiles there are significantly higher, but pricing is almost half that of Delhi. The southern markets have stronger margins because the spread we make there is larger—between 2.8x to 3x plus—versus slightly lower spreads in expensive centers, though the quantum of EBITDA there is larger because of price. Overall, we are holding the revenue-to-rent ratio across markets at about 2.9x to 3x.

Saurabh Gilda – JM Financial: That is very clear. Thank you so much.

Operator: Thank you. The next question is from Sukman Arora from Waterfield Advisors. Please go ahead.

Sukman Arora – Waterfield Advisors: Hi. I am a little confused on customization revenue. Is revenue generated from designing space for the client, or is it part of the managed office offering?

Management: Historically, we would build WeWork space and customers would ask for changes like adding cabins or higher networking customization. We would charge them one-time to deliver that work. Last year, we started doing extremely large managed office deals where we built the space. As they moved through the design process, they asked for changes over and above what was priced in the contract. They paid us upfront for those spends, and we recognized that revenue upfront.

To avoid sequential issues, we decided to treat these as amortized over the contract term for large managed office deals effectively tied to one client. These assets belong to us, so we can amortize them. From a cash basis, our cash flow will increase in quarters where we get this upfront, but the revenue will be smoother. Over the next few years, this revenue stream will build as we do more managed office deals.

Sukman Arora – Waterfield Advisors: Managed office is basically built-to-suit office space. What stops REITs from doing this? Can there be potential competition from REITs?

Management: Customers opt for an operator because they want a partner for their entire growth, across multiple locations. Landlords often do not want to manage the facility management (FM) part of these customer requirements. We specialize in that. Also, REITs require longer commitments, typically nine years. We offer more flexibility because if a customer moves out, we can re-lease the space or convert it into a WeWork. We are the layer on top of the asset class, providing the customer experience.

Sukman Arora – Waterfield Advisors: This is helpful. Thank you.

Operator: The next question is from Murli Krishnan from Sundaram Mutual Fund. Please go ahead.

Murli Krishnan – Sundaram Mutual Fund: Could you explain the flow of brokerage outflows and the accrual part?

Management: Brokerage is typically amortized over the commitment term of the deal. The cash flow is an immediate outflow because it is paid immediately, but the recognition of expense is over the term of the contract.

Murli Krishnan – Sundaram Mutual Fund: Understood. Thanks.

Operator: The next question is from Rishit Shah from Axis Capital. Please go ahead.

Rishit Shah – Axis Capital: How big can the Riverit and Member Services segments be one or two years down the line, and what are the margins?

Management: Riverit is at a nascent stage. We see some revenue coming through over the next three quarters. These are incremental to the bottom line because they have no rental cost, no asset need, and no capex requirements. Riverit is a 10-15% margin business which flows directly to PAT. For Member Services, we have two monetization levels: listing fees and a take rate between 6% and 16%. We have decided to make this a pure margin business. It will just add to the bottom line and margin expansion.

Rishit Shah – Axis Capital: Perfect. Thank you so much.

Operator: The next question is from Ankit Minocha from Adezy Ventures Family Office. Please go ahead.

Ankit Minocha – Adezy Ventures Family Office: Could you explain the reason for the promoter share pledge and are there any plans to reduce it in FY27?

Management: When we did the IPO last October, our plan was to raise roughly 4,000 crores. We reduced that to 3,000 crores due to pricing. A stub of debt remained, about 570 crores, which is pledged against the shares. Roughly 15% of our shares are pledged. As market cap has improved, we see that pledge releasing slightly. About 30 lakh shares should be released in the coming quarter. Our endeavor is to remove the pledge or pay off the debt within this financial year, either through asset sales in the parent business or by a block sale if pricing is appropriate.

Ankit Minocha – Adezy Ventures Family Office: Thanks. That is really clear.

Operator: The next question is from Hitendra Pradhan from Maximin Capital. Please go ahead.

Hitendra Pradhan – Maximin Capital: What are the cost outlays when a client renews a managed office transaction, in terms of refurbishment?

Management: If a client leaves a managed office, typically there is no cost outlay. We have back-to-back commitments with landlords and recover capex within the term. If a customer leaves, we re-lease it. With Microsoft, our first managed office, we saw a 5+5 renewal happen already. We continue to operate that space and make the margin. For branded WeWork spaces, we do regular refurbishments at years 6 or 7, putting about 5-10% of initial capex back in. Managed office refurbishments are usually driven by the next customer's specific design needs, which presents another opportunity for customization revenue.

Hitendra Pradhan – Maximin Capital: Understood. Thank you.

Operator: Ladies and gentlemen, we will take that as the last question for today. I will now hand the conference back to Mr. Karan Virwani for closing comments.

Management: I want to thank you all for joining. The business has extremely strong momentum. We are leading the flex industry, which is now the showstopper in commercial real estate. The underlying business is growing on a year-over-year basis, and we have control on costs. We feel confident about FY27 being another strong year. Sequential noise will play itself out over the next few quarters. Year-over-year growth will continue to compound. We have meaningfully improved the picture of the stock and want to continue that momentum. Thank you all for trusting us.

Operator: Thank you, members of the management. On behalf of WeWork India Management Limited, that concludes this conference. We thank you for joining us and you may disconnect your lines now. Thank you. Goodbye.