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Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Fort, Mumbai – 400 001

Symbol: WEWORK

Scrip Code: 544570

Dear Sir/ Madam,

Subject: Transcript of Q3 FY26 Earnings Conference Call

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we are enclosing the Transcript of the Q3 FY26 Earnings Conference Call held on January 28, 2026.

The said Transcript is also being hosted on the Company's website at <https://wework.co.in/investors-relations/shareholders-information/#analysts>.

You are requested to kindly take the same on record.

Yours faithfully,

For WeWork India Management Limited

Udayan Shukla

Company Secretary & Compliance Officer
Membership No.: F11744

Encl.: As above



“WeWork India Management Limited
Q3 FY26 Earnings Conference Call”

January 28, 2026



KINSITE



MANAGEMENT: **MR. KARAN VIRWANI – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – WEWORK INDIA
MANAGEMENT LIMITED**
**MR. CLIFFORD LOBO – CHIEF FINANCIAL OFFICER –
WEWORK INDIA MANAGEMENT LIMITED**
**MR. VINAYAK PARAMESWARAN – CHIEF INVESTMENT
OFFICER – WEWORK INDIA MANAGEMENT LIMITED**

MODERATOR: **MR. MURTUZA ARSIWALLA – KOTAK INSTITUTIONAL
EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to WeWork India Management Limited Q3 FY26 Earnings Conference Call hosted by Kotak Securities. 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. Murtuza Arsiwalla. Thank you and over to you, Mr. Arsiwalla.

Murtuza Arsiwalla: Thank you, Renju. On behalf of Kotak Institutional Equities, I welcome you on the Earnings Call of WeWork India Management Limited. From representing the management, we have Mr. Karan Virwani, Managing Director and CEO, Mr. Clifford Lobo, CFO and Mr. Vinayak Parameswaran., Chief Investment Officer. Without wasting more time, I'll hand over the call to the management for their opening remarks. Over to you, Karan.

Karan Virwani: Thank you, Murtuza. Good morning, everyone and thank you for joining us. While Q2 marked our public listing, Q3 clearly demonstrates the continuous operational excellence, deepened adoption, and the product suite and the way we're monetizing it across WeWork India. We no longer are just growing, we're doubling down on the strength of our community, growth levels, with clear focus on sustainable profitability.

And Q4 is a strong reflection on this focus within the organization. WeWork India today serves over 100,000 members across 73 centers in eight cities, underscoring our position as core workplace infrastructure for enterprises, GCCs and fast-growing Indian corporates, as well as global startups. For the last 12 months, we've added 20,000 desks, a 20% year-over-year increase in capacity.

More importantly though, occupied desks grew nearly 30% year-over-year, while portfolio occupancy reached close to about 84%, the highest we've seen. This demand translated into a record revenue of INR640 crores for Q3 FY26, which is up nearly 10% quarter-on-quarter and 27% year-over-year. What structurally differentiates WeWork India is our ability to serve the entire workspace lifecycle on a single platform.

We support startups, MSMEs that are seeking flexibility, enterprises requiring speed and optionality and GCCs that need custom single-tenant enterprise-grade solutions. Managed office exemplifies this advantage. In just two years, we have scaled our Managed Office business to 26,000 desks across 1.7 million square foot, now contributing 21% of total revenue, with an annualized run rate exceeding nearly INR530 crores and growing at a rate of 63% CAGR over the last two years.

Crucially, Managed Offices are executed only against committed demand, ensuring immediate utilization and disciplined capital deployment. You should refer to our shareholder letter to

understand more about the unit economics and the potential of both the spec business as well as the Managed Office return profiles. Operationally, we're the strongest that we've ever been.

Our sales velocity hit a record high, with desk sales surging 41% year-over-year to nearly 38,000 desks in the first nine months of the year, mature centers operating close to about 87% occupancy, while growth centers ramped rapidly to about 66%, well ahead of its historical stabilization curves.

The operating strength translated into an EBITDA pre-ESOP of close to about INR141 crores and post-ESOP of close to about INR135 crores, up 14% quarter-on-quarter and nearly 48% year-over-year. The margins expanded to about 21% and I strongly believe that EBITDA is one of the key metrics that reflects our financial performance and represents undiluted profitability.

PAT surged to about INR52 crores in this quarter, which was up 32% quarter-on-quarter and nearly 512% year-over-year, highlighting strong conversion of the operating gains into actual net profitability. We delivered the highest ever ROCE of close to about 33%, outperforming listed companies in the comparable industry and according to us, any other real estate adjacent type of platform that measures a similar metric.

Our future capacity and pipeline is also highly visible and disciplined, with a current total capacity of about 8.2 million square foot and approximately 123,000 seats. Nearly 40% of the incremental growth is already locked in through signed leases and LOIs.

This takes our total planned capacity up to about 11.4 million square foot and roughly about 171,000 seats over time, with a phased ramp-up to 8.7 million square foot by March of this financial year and about 10.3 million square foot by March of the following financial year, which is March 27, and there is still some additional supply which we have under discussion for the next financial year of FY27. Importantly, a large part of this pipeline is demand-backed, particularly from enterprises and managed office commitments, which is ensuring strong utilization and returns even in the coming financial year.

Beyond March 27, we continue to engage selectively on FY27 and FY28 opportunities, keeping this measured expansion capital-efficient and returns accretive.

With that, I'm going to hand it over to Clifford, who will walk you through all of our financial performance in greater detail.

Clifford Lobo:

Thank you, Karan and good morning, everyone. Let me take you through the key financial performance highlights of our Quarter 3 FY26. As stated in the last call, we continue to evaluate our performance on an IGAAP equivalent basis, which is really a true reflection of our operational performance when translated into financials.

Also emphasizing again, we believe that EBITDA is the North Star metric for evaluating financial performance as it reflects true profitability. We reported quarterly revenues of INR640.3 crores in Quarter 3 FY26, up 9.6% quarter-on-quarter and a 27% year-on-year, driven by higher capacity, improving utilization and sustained price resilience. Growth was driven across all three revenue streams of our business.

Core operations or workspace as a service generated INR532.3 crores of revenue, which grew by 7.3% quarter-on-quarter and a 24.1% year-on-year. Our digital products, including WeWork All Access, virtual office, on-demand and workspace, contributed INR19.8 crores of revenue, while remaining the same as last quarter, it grew 23% year-on-year.

Value-added services contributed to INR85.9 crores of revenue, growing 38.3% quarter-on-quarter and a 69.4% year-on-year. While all our vast contributing revenue lines grew, this hyper-growth was driven by realized customization revenue from large deals in the current quarter.

Profitability continued to scale meaningfully. Post-ESOP EBITDA for Quarter 3 FY26 stood at INR134.6 crores with a margin of 21%, up 13.7% quarter-on-quarter and about 47.6% year-on-year. This reflects continuing operating leverage, translating into margin expansion of 70 bps quarter-on-quarter and 293 bps year-on-year. Bottom line performance strengthened sharply with profit after tax of INR52 crores, a margin of 8% in Quarter 3 FY26, up 32.3% quarter-on-quarter and a staggering 511.8% year-on-year, highlighting the increasing conversion of operating gains into net profitability.

Our PAT margins expanded by 140 bps quarter-on-quarter and 643 bps year-on-year. At this scale, financially we continue to retain leadership position across benchmarked peers. Our cost discipline continues to drive margin expansion. Rent per RSF increased just 3.6% year-on-year, while operating costs per RSF improved by 6.4% year-on-year.

Center-level EBITDA margins improved to 28.7%, up 140 bps quarter-on-quarter and 170 bps year-on-year. Corporate overheads remained stable at around 8% of revenue. We continue to focus on cost discipline across our direct and indirect expenses.

Free cash flow from operations increased to INR203.8 crores in Quarter 3 FY26, up 113.7% quarter-on-quarter from INR95.4 crores in Quarter 2 FY26 and 119.3% year-on-year from INR93 crores in Quarter 3 FY25. This scale of recurring free cash flow comfortably funds speculative growth through internal accruals. We will evaluate raising cost-efficient debt for large managed office transactions in the future.

Our capex outflow for the quarter stood at INR141.1 crores. Capex spent per desk for the quarter is 1.5 lakh, slightly higher than the last quarter's 1.3 lakh per desk. This increase is primarily driven by the fact that of the 7.1k desks opened in the last quarter, 80% were managed offices where capex is driven by client's requirements.

Return on capital employed continues to scale meaningfully, increasing to 32.6% in Quarter 3 FY26, up 1,049 basis points quarter-on-quarter and 1,531 basis points year-on-year. We evaluate ROCE using a transparent economically grounded framework consistent with mature operator-led brand businesses designed to measure returns on the actual capital deployed. On this basis, our ROCE are structurally superior, not only within the Indian flex workspace market, but also relative to other real estate-linked branded operator players such as hospitals and hotels.

As of Q3 FY26, our net debt stands at INR110.4 crores, compared to INR310.5 crores in the previous quarter. We also received a full settlement of the ICD of INR153 crores from the promoter group in the current quarter. Our average cost of borrowing has declined by 560 bps

over the past year, from a 15.5% to a 9.9%, primarily due to renegotiations with our lenders and retirement of high-cost debt.

We have also secured a three-notch upgrade in our credit rating from a BBB to an A over the last 12 months. We remain laser-focused on profitable, self-funded growth and delivering sustained value creation for our shareholders. Thank you, we now open the floor for questions.

Moderator: The first question comes from the line of Adhidev Chattopadhyay with ICICI Securities.

Adhidev Chattopadhyay: Yes, good morning, everyone. Firstly, congratulations to the team for a great performance. I have got three questions. Should I ask them all together or would you prefer it one by one?

Karan Virwani: We can do it one by one, but maybe two questions.

Adhidev Chattopadhyay: Yes. So, firstly, broadly on the expansion plan now that we have outlined in terms of seat signing. So, this March 26, 8.7 million square feet and whatever for 27. So, is this seat addition likely to be a little back-ended towards the second half of the year, next year or it will be spread evenly through the year in terms of the seat addition because we are currently, I think we are at 8.2, 8.3 and you said we will get to 8.7 this year and over 10 next year. So, just – if you could just help us understand that part?

Karan Virwani: Yes. So, actually, a lot of it is going to be more front-ended towards Q1 and Q2 with some of the sign capacity that we have already being in design and some starting fit out in this quarter. So, we are looking at a pretty decent expansion within the Q1 and Q2 of next financial year and then some evening or towards the end of the year as well.

And like we mentioned, we are still in discussion on certain deals for next financial year that have not yet been finalized and the potential of some new managed office deals that we are in the process of RFPs, etcetera, that might convert also.

Adhidev Chattopadhyay: Okay. Sure. Sure. And just as a follow-up to that, our managed offices share is now 20% plus on the revenue front. So, whatever with the pipeline visibility we have now the next couple of years, where do you see the overall managed office share getting to the next couple of years for us?

Karan Virwani: So, if you look at even next year's expansion, right, it's roughly two-thirds, one-third in terms of WeWork spaces still contributing two-thirds of the expansion and managed office being about one-third of next year's expansion. So, roughly 20,000 seats to, you know, 10,000 seats for managed office. And we sort of envisage that expansion to continue. We, you know, like we said that for a managed office business, it is a highly risk-averse type of growth that we strategize. So, we only grow that business based on deals that we have won and we're not taking any speculative space to grow that business. And so, it will really depend on how many RFPs, how many deals we win and sort of like look at that expansion.

Today, it seems like we are definitely on the top one to two contenders on most of the tier one deals in the market. And in the last year, I would say that we've won more than we've ever won in the past, which shows that we are now a true player even in the managed office segment itself.

And that's how we will sort of look at it. So, I think it will incrementally move up as a percentage of revenue closer to 30% in the next 24 months. But as we continue to grow the WeWork business, you know, that scale is also increasing.

Adhidev Chattopadhyay: Sure. Sure. And just a final question, and it's mainly for Clifford, I guess. You've done around INR340 crores of capex, I think in the nine months. So, any full year number for '26 you'd like to share and any broad guidance for FY27 for the capex considering our expansion plans?

Clifford Lobo: Yes. So, typically, we'd see about between INR300 crores to INR400 crores of capex on the speculative business, which is the WeWork branded business. Now, the managed office business is layer on top. So, you know, that completely depends on what kind of clientele, what kind of custom requirements they need in terms of capex. So, we'd have to speculate on that. But INR300 crores to INR400 crores on the speculative side is, I think, a fair estimate.

Adhidev Chattopadhyay: Okay. So, INR450 crores to INR500 crores run rate overall for this year, next year is on an average. Is that a fair sort of...?

Karan Virwani: That's roughly where we're ending up. If you see even just last quarter's, spend of close to about INR140 crores on capex was higher than our usual run rate purely because of these two large deals that we did, which the clients are looking to spend a lot more than our typical spend on WeWork spaces. So, if our average capex is roughly about, you know, INR3,300, INR3,500 on carpet, some of these customers are asking us to spend closer to about INR8,000 a square foot. So, it's a significant increase. And that also means higher revenue, higher return on those deals as well.

Moderator: Next question comes from the line of Archit Kalra, an Individual Investor.

Archit Kalra: Firstly, I'd like to congratulate on a great set of numbers. So, my first question is, what are the drivers of the increase in ROCE by 10% on a Q-o-Q basis? So, why is there a surplus due to working capital in this quarter?

Clifford Lobo: So, I think the ROCE increase is largely, we've seen the quarter-on-quarter movement since Q1. So, operating leverage really kicking in, which is driving ROCE. In terms of surplus, SR that's contributing to cash is basically these large managed office deals that we've signed up recently. And we see uptick on the service return from these deals.

Archit Kalra: Okay. So, the OCF to EBITDA is 1.5 times of EBITDA, right? So, is it sustainable on a Q-o-Q basis? Do we expect this to go down later on?

Clifford Lobo: I think where we're at, is at a good place. I wouldn't want to give you any guidance on going forward, but I think this is sustainable, given the fact that there's still operating leverage in the business. So, yes, I think...

Karan Virwani: Yes, I think it's just important to understand what this comprises of, right? So, it's really EBITDA that we're generating, which is pure cash. Over and above that, we collect some security deposits from our customers. So, that might vary depending on the size of the deal, how many desks we sold in that quarter, the value of those transactions, etcetera. So, there might be some variability

within that. And then there's some, working capital kind of changes that also benefit us in the quarter that might move it up.

So, I think at the very least, you want to take base case of whatever the EBITDA is plus some percentage on top of that, which typically ends up being anywhere between INR20 crores and INR40 crores of security deposits that we tend to get within that quarter. And then any upside on top of that could move this number up. And that's really true cash that the business is getting and cash that we're able to deploy into capex or whatever we need.

Archit Kalra: Okay. Lastly, despite a 4% increase in occupancy levels, your EBITDA margins increased only 75% on a Q-o-Q basis. So, is there a pricing pressure which is driving the margins down? Or is it due to the managed office deals which are being done at a lower rate? Can we expect the margins to go up in the future?

Karan Virwani: Yes. So, actually, there were a few one-timers in the cost line item, which is why this impact is there. There's some IPO expenses that we're still getting built in within this quarter. There were some corporate spends that we did or some costs sitting in this for a design-build project that we did, which was outside of our business-as-usual type of business. So, that direct cost is currently sitting within the corporate GNA bucket. If you negate for that, you would have seen a higher expansion in the margin. And since these are one-timers, we sort of view that in the next quarter will even or in some way.

Archit Kalra: Okay. So, what is the margin for VAS? Can you just tell that?

Karan Virwani: We don't bifurcate the VAS margin because it's extremely hard to do. Some costs continue to sit in our assets, which are already being accounted for. And there are multiple line items within the VAS revenue that we're able to generate also. So, we don't bifurcate on it. I mean, yes, it would be hard for me to give you an exact...

Archit Kalra: I was asking about the fit-out-as-a-service. There is a cost in your PL, right? So, what is the margin expected in that segment?

Karan Virwani: So, on the design-build project, which we've just done very few, we've not officially launched a brand or launched it as a proper business yet. But the margins are roughly about 10% to 15% if I account for cost of goods sold of the actual capex spent from the customer also.

Archit Kalra: And do you expect this revenue stream to increase in the future?

Karan Virwani: We do. And we'll be formally probably announcing something in the coming quarter. But as of right now, we've been experimenting and just doing one or two projects, which we actually did for our own internal companies to start building the capability. And once we're ready to launch and potentially next year, we'll start looking at it becoming another revenue stream for the company.

Moderator: Next question comes from the line of Nehal Jain, an Individual Investor.

- Nehal Jain:** Congratulations on a good set of numbers. I would like to know your views upon the deferred tax assets. I see there was a recognition of around INR285 crores as on March 25, 2025. But since we are, you know, posting a positive quarter of quarter two and quarter three, there was no corresponding DTA reversal being made. Can you highlight something?
- Clifford Lobo:** Yes, so that was a one-time actual recognition, which we've never done in the past. The stand we've taken internally is we'll evaluate deferred tax on an annual basis, because I think that's the most appropriate way to look at your tax profitability in future years.
- So we will look at it again in the end of next quarter and the fiscal year end and then make appropriate adjustments to the financials. But all of our, I mean, the way we look at operational metrics is all pre-tax. We don't want to get muddled with, you know, tax reversals and accruals.
- Moderator:** We have lost the line of the participant. We'll promote the next. That is on the line of Jiyansh, an Individual Investor. Mr. Jiyansh, please unmute yourself and go ahead with the question.
- Since there's no reply from the line of Mr. Jiyansh, we'll move to the next. The next question comes from the line of Amar Ahir with Raedan Capital.
- Amar Ahir:** So what I wanted to ask is what are the realizations like revenue per seat and the capex incurred per seat?
- Karan Virwani:** So on the capex incurred per seat, I think, you know, Cliff walked you through it. For this quarter, it's roughly about one and a half lakhs, slightly above our normal due to some of the larger enterprise deals that we've done in this quarter. In terms of realization per seat, we hold on, you know, on a unit basis if you look at, we're still at the 2.8 revenue to rent ratio, which means that we're generating roughly 2.8x on whatever rentals or whatever costs that we have in the business. I'm not sure that's what you're referring to in terms of realization or is that another metric that you're looking for?
- Amar Ahir:** Okay, like, but in number terms, like, what would the revenue per seat like per unit?
- Karan Virwani:** Yes, I think today on a total revenue, on a total ARPM per seat, we're looking at somewhere in the range of 22,000 if I layer on all of the revenue streams on it, which is roughly in line with what we've always been at and kind of holding strong in that realm.
- Amar Ahir:** Okay, got it. And can you tell me, help me with the breakeven levels? Like, suppose you're incurring capex per seat, and then what time would it take for the breakeven?
- Karan Virwani:** If you see a return on capex is roughly about 35%, right, 33%, 34% in this quarter. So capex breakeven is basically happening in a period of three years, you know, 36 months, that continues to be how we've been performing. In fact, it's got slightly better as you know, occupancies, etcetera have been going up. But that's something that we've been pretty disciplined on and actually, if you take out the managed office, you know, kind of capex additions that we did in the last quarter, you'll see that our capex per desk for WeWork spaces has come down slightly. And so the return profiles on some of those spaces continue to get better.

Amar Ahir: Okay, thank you. What I wanted to understand is like, suppose you're doing capex for a number of seats, at what occupancy levels does it come at breakeven?

Karan Virwani: Today, operational breakeven across the portfolio, including mature and the growth centers are roughly about 54.8%. And that's why we're breaking even.

Amar Ahir: Okay, sir. Thank you so much.

Karan Virwani: Thank you.

Moderator: Next question comes from the line of Yashas Gilganchi with BOB Capital Markets Limited.

Yashas Gilganchi: Thank you for taking my questions, team. With no material change in the office leasing environment and flex workspaces continuing to account for approximately 21% of total office leasing, please help me understand what drove the impressive improvement in occupancy over the quarter and how you expect occupancy to trend going forward? Also, what was the total leaseable area over Q3 '26?

Karan Virwani: Sure. So, I mean, just to maybe correct obviously, the macro environment has improved meaningfully even in just the last 12 months. If you look at any of the commercial leasing data, India has reached record highs when it comes to commercial leasing driven by a lot of sectors, GCC is obviously being one of it, but general business activity, business growth is happening. There's return to office from some of the large global tech businesses, which is driving a lot more demand for new, fresh space, as some of these workers were working from home during COVID. So, I think there are many things at play in different pockets of the country.

Flex continues to dominate and be top one or two total tenants or large tenants taking up space in the market and you will see that our occupancies clearly have moved up, our mature building occupancies are at 87%. But I see that trend happening at the entire sector, and not across just us as an operator, which is a great sign, which shows that the overall market adoption, etcetera, is growing.

Now, I'll just highlight our sales velocity itself. In the first nine months of this last financial year, we've done close to about 38,000 desks that we sold. That is a 41% increase in sales velocity year-over-year, which is all going into the centers that we brought on towards the end of the year and the beginning of this year. And then also new centers that we brought on in this financial year as well. So, we're clearly seeing the adoption shift happen. We're seeing a transition from conventional to flex. We're seeing new take up or new requirements, increasingly asking for flex as options.

And then we're also seeing the managed office RFPs or the managed office business RFPs in scale and size, and also type of companies increasing much beyond what we even could have imagined maybe two to three years back when we started this. Indications for next year also are quite strong. We've won a few large deals for the following years. And these are high spend, high value deals.

So, I think, overall, our thesis, the tailwinds, all of that is definitely playing out. And if you go through the shareholder letter that we have, there are a few case studies in there which show you how the value proposition of the platform of having both flex and managed office and the digital products business is able to cater to any type of workspace requirement and I think it's superior to any other commercial platform, definitely on the traditional side, but even within the flex operators that we've strategically built an advantage on.

And yes, I mean, I think what we were kind of telling the market before our IPO and everything that we were charting up is definitely playing out and we think it's going to continue for the next few quarters.

Yashas Gilganchi:

Okay, understood. I noticed that total leasable area added to your portfolio has been trending upwards. What has changed that is helping WeWork achieve this? And what are the challenges to adding even more, even larger amounts of leasable area into the portfolio?

Karan Virwani:

So we've consistently always said that we'd be looking at this sort of like 20,000 seat additions year-over-year. We've expanded that for the next year closer to about 30,000. And we're looking at, at least having pipeline for even FY '28 at a similar level. This is really being driven by the indication from the velocity itself that we're seeing in the business, right?

While the capacity addition comes in later, the velocity that we're seeing today on a month-on-month basis is giving us confidence to have higher expansion without compromising on margins, occupancy, or adding any risk to the business. So that's how really the plan is built out over the next two to three years.

WeWork desk additions continue to stay in that 15,000 to 20,000 desk additions year-over-year, speculatively. And then if we layer the managed office business, which has been historically about 10,000 desks -- 8,000 to 10,000 desks that we've been able to win and do within the year, that's how we're getting to this 30,000-odd kind of seat additions that we at least have visibility on in the next few years.

If you just translate sort of that 38,000 seats that we've sold just in the last nine months to square footage, it's roughly about 2.5 million square foot of leasing that we've done just in this year. And we operate a REIT as well, the Embassy REIT. The Embassy REIT did close to about 3 million or slightly over 3 million in the same period of time.

So you'll see a platform that is obviously much newer and doing smaller volume of deals per deal is able to do just sort of like 70% to 80% of what a traditional REIT is able to do in terms of leasing, which are super high, high quantum, high value type of transactions. I think that gives you some indication of how fast the segment and us as an operator is growing.

Yashas Gilganchi:

Understood, understood. And lastly, I see that enterprise clients contributed approximately 74% of revenue over the quarter, but managed offices made up about 21% of overall portfolio revenue. Please help me understand who you categorize as an enterprise client and what is the usual leasing preference in terms of seats for these clients? And are there any non-enterprise clients who are likely to be managed offices?

- Karan Virwani:** Right. So, while managed office is 20% and those will always largely be the enterprise segment, we classify enterprises in pretty much like three categories; small, medium, and large. Small being anyone between about 300 odd desks in average, medium being anywhere over 500 and large enterprises being over 1,000 full-time employees that that organization might have, so not necessarily seats with us.
- And the reason that you see that 74% of our business is also enterprises, because enterprises end up taking space with us within WeWork spaces also, like we have multiple enterprises over the last eight years who have full floors, who have part wings, who have dedicated offices within our WeWork flex spaces. And then we also over the last two years have grown this managed office business, which is now 20% of the entire portfolio.
- Just notably in this last quarter, we've done a large deal for a large global e-commerce business, the largest e-commerce business in the world in Chennai. They've taken dedicated seats for a five-year term with us in a WeWork space, which we aren't classifying within this managed office type of demand.
- Yashas Gilganchi:** Understood. Thank you very much. Have a nice day.
- Karan Virwani:** Thank you.
- Moderator:** Next question comes from the line of Yashowardhan Agarwal with IIFL Capital Asset Management Limited.
- Yashowardhan Agarwal:** Yes. Hi, team. First of all, congratulations on a good set of numbers. A few questions from my side. So could you please share how much revenue from a top client and top spender is coming?
- Karan Virwani:** You mean revenue concentration or contribution?
- Yashowardhan Agarwal:** Yes, concentration. So how much revenue is coming from top client?
- Karan Virwani:** Roughly about 21% of our revenue comes from the top 10 customers. So it's highly diversified in terms of concentration. And we're not sort of like -- yes, we don't have any single tenant that's contributing a large part of the overall revenue, if that answers your question.
- Yashowardhan Agarwal:** It's on the client side. And what about the center, top center? What's the -- contributing how much to our revenue?
- Karan Virwani:** No, I mean, we're distributed across now 73 locations. Typically, each of average size. So I don't have that number handy, but this could change depending on occupancies, deals that we've done, new transactions that we bring in. So maybe I can send you that separately once we have that number.
- Yashowardhan Agarwal:** Sure, we'll connect on that later. My second question is on the retention rate. So how has been the retention rate overall for us till now? And how is it on the management -- on the managed contract side?

Karan Virwani:

So retentions have been in that 75%-80% range, which is typically where we are. Certain quarters or certain months, you might have a large enterprise churn or whatever it is. But I think the good part is across, if I look at last year to this year, the overall net additions have been actually significantly higher, which means we've been able to retain more customers while filling up more seats.

And today about 50% of our revenue still comes from our internal customers itself growing with us. So if you look at the velocity, you look at the total net adds in terms of members from the start of the year till today versus last year, you'll see there's a meaningful increase, which is reflected in that velocity and also the speed of the occupancy movement.

And the occupancy movement wouldn't have been able to move in this range if we had a higher churn than we usually do. So retentions are pretty good. And overall, NPS, which is the net promoter score, the experience score that we measure our customers also has hit record high of roughly about 73 points for this last quarter, which is just slightly above what we had in Q2 as well.

Yashowardhan Agarwal:

Got it. A few questions on the management contract side. So since you mentioned that in -- the seats are quite customizing that and the capex per seat is usually more than for the flex space. So what is the commitment term on the management office side? And is there a minimum seat commitment in that? And how is the capex recovery in these segments?

Karan Virwani:

So you'll see that our total commitment terms have significantly gone up on an overall basis, like I think roughly four months on aggregate just from last year, which is nearly a 30%-40% increase in commitment terms. Managed office commitment terms typically tend to be in the three- to five-year range, depending on the deal that we have.

And that is something that we hold strong on, because it's very important for us that we are recovering that committed capex within the term of these managed office deals and not extending that amortization period post any lock-in or term given by these large customers, which we are able to do on the WeWork side of the business.

This is something, by the way, if you look at our shareholder letter, you'll see a detailed description of it and how the depreciation is also treated across these two businesses purely because of that and what the EBIT margin differences are when that happens. But the managed office business is, I would say, are between three to five years in terms of total commitment that we are able to get.

Yashowardhan Agarwal:

And that capex gets recovered in the committed timeframe, right?

Karan Virwani:

That's right.

Yashowardhan Agarwal:

And what is the minimum seat requirement if anyone wants to opt for the managed office seat?

Karan Virwani:

We don't particularly have like a minimum requirement. We've even done 6,000 square foot of managed office in the past. But I think increasingly, what we're seeing is an average of roughly about 30,000 square foot are the type of deals that we get. Like, we've always said we want to

focus on the top tier of the demand, top tier of the type of customers that we go after, and also the value and the type of deals that we do.

So we do try to -- try to focus more of our efforts on winning large value deals. These typically end up being above 30,000 seats, closer to maybe, 80,000 to 100,000 in some cases.

Yashowardhan Agarwal: Got it. The next question is on the value-added services. If I look at the revenue that is growing at a strong rate, so how should we see this moving forward? And what are the levers for it?

Karan Virwani: That's right. I mean, like I mentioned, we have a bunch of services, within that we are working on trying to figure out a strategy even for next year on how we, are able to generate more from that. But typically, it's been in the range of whatever, like, 12% to 14% of our overall revenue. I think that's a safe assumption for you to make even on an ongoing steady state basis of at minimum where it will be and if we're able to find opportunities to increase that, we will.

And, like we mentioned in this quarter, sometimes we get this large, sort of like customization revenue. That's something that we've seen grow over the last year as we do more enterprise deals. And we're doing larger deals that, companies want us to spend slightly more than what our base spend would be in some cases, especially in WeWork branded spaces. And so we're able to see that revenue grow up over the last 12 months.

Yashowardhan Agarwal: Got it. This one clarification, if I heard it correct. You mentioned that we're looking forward to adding 30,000 seats in '27 and possibly in '28. Is that right?

Karan Virwani: That's the visibility that we have as of right now. And it's highly likely, there are some assets which are still under construction, etc. So there may be some movement in the, if you look at it in this point of time between FY and FY. But yes, that's roughly the plan that we have, at least for FY '27, we're pretty certain we'll be in that, 30,000 desk sort of range.

Yashowardhan Agarwal: Got it, and how should we look at the margins?

Karan Virwani: Margins, we've always delivered or we've been delivering this 20%-21% margin. We were able to do that this year, even with a heavy capex growth. We were able to do it last year also with a heavy capex growth. And we think that next year also will be in a very similar level. Margin and growth go hand-in-hand. If we ever pull back on, bringing on new centers, for whatever reason, you will see this expansion happening.

You see the mature building margins have grown to about 28% corporate overheads, even with the one time spend that we had in this last quarter on the IPO expenses, etc. are still at about 8%. So if that comes down as a percentage of revenue, which it should, and center level margins continue to see some improvement, there will be some margin expansion but again, depends on timing of leases that we bring on new assets, the ramp up of those, I would say 20%-21% is what we're looking at with the consistent capacity addition that we spoke about today.

Yashowardhan Agarwal: That helps me a lot. This last question on the rent escalation clause. So what is the clause for rent escalation with our suppliers and with the clients?

Karan Virwani: Yes, our leases are 10-year leases with 3, typically 3 to 4-year lock-ins. There's a rental escalation of roughly about 12%-15% every 3 years, which you're seeing even in the rental cost increase in this quarter was roughly about 3.6% year-over-year, approximately. So that's a contracted lease escalation that we have. Client contracted escalations are between 6%-7% and that's also the pricing CAGR that we've seen over the last few years, in terms of improvement in pricing of the business.

Yashowardhan Agarwal: 6% to 7% time only, right?

Karan Virwani: That's right.

Yashowardhan Agarwal: Yes. Thanks a lot and good luck.

Karan Virwani: Thank you.

Moderator: Next question comes on the line of Abhinav Sinha with Jefferies.

Abhinav Sinha: Hi, and congrats on the strong quarter. Got a couple of questions. So firstly, on the managed side, and I was going through the very helpful shareholder letter that you guys have printed. So you're talking about EBIT margins and low single digits. So I mean, why are you sort of like really pursuing this business then?

Karan Virwani: So I think, while obviously, in the initial term, there is the lower single digit margins. When a renewal in this business happens, that will clearly, flip those margins even, because we would have sort of appreciated or we would have got all of the capex recovered over there. We saw that with a contract that we've had, of Microsoft, which got renewed in this year for another 5 year term. So that is something that is definitely playing out.

The other thing is that, it's clearly bringing us some stability in contracted revenues in holding occupancies. And we've said that, like we always look at this business as a dual engine growth, right? The managed office business will bring us stability, longer term contracts, and high value revenues and the WeWork business brings us high growth, ability to expand the margins, improve pricing, sell VAS on top of the business and we're clearly seeing that companies want multiple formats of working. And the idea for WeWork India is to be a one-stop shop platform for all workspace requirements and with that, we have our digital products business that allows for super remote, super flexible type work.

WeWork business that gives you plug and play scalability and geographic flexibility, as well as contract flexibility and the managed office business that gives you highly bespoke spaces, highly customized and long term spaces and companies are flowing through different products, through different geographies with us and the idea would be to not need to look to any other operator for any type of requirement that you have and we would basically be able to suffice and give you whatever you need. Thank you for reading the shareholder letter, I would encourage a lot more people to do that. But there are a few case studies and that also that really outline, why both are important for us.

Abhinav Sinha: Okay. So hope is basically that monetization, at least in the later part of the cycle will go up and then these margins will look much better. Right? Broadly, I mean, that's what we're looking at?

Karan Virwani: Yes and also, I mean, at an EBITDA level and a cash generation level, they're extremely, it's an extremely strong business that allows us to generate a lot of free cash that we're able to use to growing the business. Because of these contracts, we're able to raise extremely cheap capex debt also.

And, so that is one. But also, I think you need to look at it from an acquisition and growth of account standpoint, right? By having these multiple products, and that I'm able to have go deeper into the requirements of a lot of companies, I'm able to keep make sure that these accounts stay with us and continue to grow with us. So it's also a factor of being able to really, capture and cater to this large enterprise demand that we have. And think of it as a larger net that we're able to have that, most other players in the market don't have both sides of this business.

Abhinav Sinha: Got it. And secondly, and we are seeing very strong office demand across Board, right? I mean, from Flex guide as well as in REITs, we can see that. Now, how difficult it is for you right now to procure quality new offices? Are the rents like really high? Is the spread still manageable or you think in say another 12-odd month, the situation will be very much in landlords favor and you will struggle?

Karan Virwani: It's been landlords favor today, I would say, especially in the grade A supply that we're looking at. But it's, we've been focused on this grade A type of expansion. You will see from the AUM that we have signed up already and visibility of we are comfortable at least for 24 month period in terms of, already agreed on deals and the right type of capacity that we would want to grow the business in in the next 24 months.

So from that standpoint, we don't see any major issue. I think it will actually work in our favor because if we're able to take more of the capacity, more of the supply that's there faster than a lot of the end users, we tend to be able to get the demand from the end users, because there are requirements outpacing the type of supply that you're seeing there, vacancy rates have come down. If I look at all of the REITs, occupancies are, above 90%-ish, pretty much across the Board.

And like we spoke about during, our roadshows during the IPO as well, our relationships with the top 20 developers are extremely strong today. We're talking portfolio level, capacity additions with them. We don't talk singular assets, singular flows. We're talking multiple assets, geographies and that allows us to be able to, lock in sort of the supply a lot quicker. And we've already done that now for the next 24 months. So we're in a pretty comfortable place, when it comes to the expansion.

Abhinav Sinha: Right. And lastly, you can just help me with the, let's say, the next 2, 3 quarters. I think we're going to see a lot of aggressive space expansion. So the margins should be in the current 21% plus minus sort of bracket, or you think they could be a little lower and then go up again in the second half of next year?

Karan Virwani:

Yes, I mean, it will dip and then go back up like, you saw this year as well. Like we mentioned, there's some front loading of capex coming in Q1, Q2. So you would, sort of envisage a similar ramp like you would have seen kind of this year. And that's typically how our business, will always be leases or the costs, the fixed costs come in ahead of the revenue and then the revenue ramps up and then it starts flowing through EBITDA and cash finally as occupancies go up.

So yes, I mean, think of the average margin for the year to be very much the same, but there will be dips and expansions in the margin as the year goes by.

Abhinav Sinha:

Great. Thank you and all the best.

Karan Virwani:

Thank you.

Moderator:

Next question comes on the line of Vikrant Kashyap, Asian Markets Securities.

Vikrant Kashyap:

Hi, good morning and congrats on a very strong set of numbers. I have seen your center level margin has been expanding over a couple of quarters. Could you please highlight what are the levers for them? Is it the supply led margin expansion or is it driven by favorable demand scenario? So what will be your steady state center level margins going ahead?

Karan Virwani:

It's just ramp up of centers like I was just talking about in the previous question. The rents and the assets come ahead of the revenue rate. So all the fixed costs will have some impact on the overall center level margin and overall company level EBITDA.

And as those fill up, you will see the operating leverage kick in occupancies across the breakeven thresholds of roughly about 55%. In the last quarter, you would have seen our growth centers were just about 55%. This quarter at about 66% and also the mature buildings were at roughly about 82% I think last quarter. They grew to about 87% this quarter.

So all of that incremental revenue just flows down to margin and then down to profitability and cash flow. So that's clearly the major component. And then, like we said, the VAS revenue growing on top of that, digital products contributing on top of that, all of that adds to the center level margin. And it's finally an occupancy driven business. If we take these occupancies up to 90%, you will see center level margins upwards of 30%, 35% also hitting.

Vikrant Kashyap:

Okay. And on the occupancy side, since you just mentioned that REITs have built a large portfolio despite they have been hitting an occupancy of more than 90%. So in our scenario, since we are heading to the highest occupancy in the industry, do we see also meeting the occupancy level of REITs? And is it likely because of your managed offices or your workplaces are also getting higher occupancy? How things are improving for you?

Karan Virwani:

REITs don't grow like REITs are not adding capacity at all on a year-over-year basis. They have existing portfolios where they sign 10 year leases, so they don't need to manage or really fill up that much space, nor are they adding capacity that suppresses occupancy within one quarter and then have to ramp it up again. So they have their traditional assets and very asset heavy business. We have an asset light growth model. We're able to add a lot more capacity quarter-on-quarter,

year-over-year. And by growing at, I don't know, like at least three to four times that of a REIT from a capacity standpoint.

So if ever in the next, I don't know, decade, we decide that we want to stop adding capacity, we can easily get even to 100% rate of occupancy. We have certain centers that are already sitting at 100%, even higher than 100% if you layer on VAS and other revenue streams that we're generating from those centers.

So yes, I mean, is it possible? It's already happening in certain pockets, but just because we're adding capacity, we will always be, we'll be at some available capacity, which is something we want to keep, because that gives us growth and revenue as well.

Vikrant Kashyap:

Okay, last question on GCC. So the industry has seen a strong ramp up from GCC in the last two and a half years. And so how GCC clients are ramping up for you and how do you see the visibility going?

Karan Virwani:

Yes, so 40% of our revenue or 40% of our member mix comes from GCC's today. We have tried to adopt a few strategies, but overall, what we're seeing in the market is there's been a clear increase in the volumes and the number of companies now coming into India and, you know, setting up their own capability centers. We see that there is a big chunk of mid-tier businesses and nano GCC's that start with very small headcount, 50, 25, 200, those type of FTs when they enter India and for that, our model is, you know, highly beneficial. It allows them to enter without any upfront costs, without signing extremely long-term leases. They're able to grow quickly through our WeWork spaces and eventually take a managed office space. They want quality spaces and they want to be in locations that are grade A because that allows them to attract the best talent in the country and be around where the best talent actually stays.

The other thing that we've done in the last quarter, we strategically launched partnerships with about eight GCC as a service businesses where we signed MOUs, including one of our own internal companies called Embark that, you know, handholds GCCs to set up in India.

What we are planning to do and the way that we're looking to do it is we want to be just a real estate infrastructure partner for a lot of these companies. You know, the friction points of taking real estate, fitting it out, managing vendors, allowing companies to grow, having speed to market, being able to set up within four to six months in India.

They're not able to do on their own without someone who specializes in it. We are building and have built the specialization in this. We have the capacity in the right locations and the type of product that these GCC's want. So we're in a good place to cater to them. And it's something as a funnel we see that we are finding ways to open, over and above what brokers and IPCs are able to give us through some of these MOUs with these GCC as a service providers.

Vikrant Kashyap:

Okay, great. One data point, what percentage of your clients are multi-city, multi-central?

Karan Virwani:

I don't have the exact percentage number.

Vikrant Kashyap:

Any ballpark?

- Karan Virwani:** I think maybe roughly 30% to 40%.
- Vikrant Kashyap:** Okay, great. Thank you and wish you all the best.
- Moderator:** Next question comes on the line of Shamit with Ambit Capital.
- Shamit:** Yes, hi. Thanks for the opportunity. So I wanted to understand more on the depreciation policy of yours. So let's assume you have one center, the whole building, you have taken it from lease for around 10 to 15 years on a straight lease, and you have two floors, particularly for a managed office, and one floor is for the common WeWork workspace format that you have. So how will you be spreading your depreciation costs in such a case?
- Clifford Lobo:** So as far as the speculative business is concerned, right, where we take on space, we depreciate the fit-outs across the lease. Our managed office typically have back-to-back leases, so we'd arrange for separate leases for managed office spaces, and those would be depreciated over the commitment term of the deal. And depreciation kicks in as soon as the buildings are open, and the entire fit-out is depreciated over the lease terms, whether it's the managed office lease term or the speculative lease of 5 plus -- 5 or 10 years.
- Karan Virwani:** If you actually just refer to the shareholder letter, which is available on the website, we've explained this in extreme detail and you can go through it. And if you have any other further questions, we can obviously answer that specifically. But yes, I think what Clifford described is how we've kept the discipline between the two businesses on depth.
- Shamit:** Okay, sure.
- Moderator:** Next question comes from the line of Siva with Ithought PMS.
- Siva:** Yes, so my question is regarding the GCCs that we are signing up. So these clients, have they used WeWork before in other regions outside India? And did that help them in choosing WeWork India? So I'm just trying to understand how much WeWork's brand value is contributing in client acquisition.
- Karan Virwani:** I think there are definitely cases where we do have customers that have used or at least experienced WeWork somewhere in other parts of the world. If not, as an entire company, the end user, decision maker obviously is aware of the product and has in some way, shape or form used the product. And to give you how many deals are exactly WeWork members and not, I don't have that off-handly, but yes, so that's definitely an example but there are definitely new companies that are clearly entering India that haven't taken any flexible spaces in any other part of the world. India is a new market for them. They're setting up offices in India. And this model makes more sense than taking a conventional lease. So there are definitely deals that we signed up that this is the first time that they're using a WeWork space also.
- Siva:** Right. Is there any ballpark percentage figure you could say with regards to a client who has used both WeWork Global and India?

- Karan Virwani:** Don't have a percentage, but if I have to look at maybe the top 10, 20 customers that we have, you know, roughly 30% to 50% have used or do use WeWork somewhere in the world, because most of these companies are really large global businesses. And we definitely have a global relationship with a lot of these companies.
- Siva:** Sure. Yes. Thank you for that. And one last question. How different is the revenue per seat for managed office and branded workspaces?
- Karan Virwani:** If you, again, it's, I wouldn't say it's materially different. But if you can just refer to the shareholder letter, we've given it in detail. In both cases, I think we try to stick to the 2.5x to 2.8x revenue to rent ratio. And so the pricing will also reflect that when we've done those deals.
- Siva:** Sure. Thank you for that.
- Moderator:** Next question comes on the line of Deepak Purswani with Svan Investments.
- Deepak Purswani:** Yes. Hi. Congratulations for a good set of numbers. So just wanted to check it out since our incremental contribution is coming from managed office in the new seats, if you can share your perspective, especially on the competitive landscape, given the way industry is evolving, like a lot of new players have also getting into it and large RFPs are coming in. Firstly, how is the competitive intensity and profitability?
- Secondly, like you also mentioned about the rent is also in favor of the landlord. How is the core revenues to rent ratio for this particular business? And thirdly, if this contribution keep on increases from the directional perspective from next two to three year perspective, how should we see the EBITDA margin?
- Karan Virwani:** Yes. So, clearly, we over the last eight years have built the brand, our brand to be, I would say the most trusted for global multinationals, large Indian corporates and the top tier of companies in the country today. It started off with Flex WeWork spaces in the last two years. We've clearly done large high value deals, including this last quarter for some of the largest companies in the world. So the expertise that we've built, the execution capability and the trust that exists in the market that we will be able to deliver high quality managed spaces or WeWork spaces, I think is established and pretty clear today and that is reflected in the size scale of the business and the velocity that we're winning in terms of deals and also some of the large RFPs that we've won in the last year and also in the coming year.
- While there is a long tail of operators, I think it's clear and it's becoming more and more clear as time goes by, and especially post the listing, that there's a separation between the top few and the large long tail that exists. This business is an extremely capital intensive business, It's a cash flow driven business. You need to deploy capex and know how to execute quickly and have a supply chain that is able to deliver better than anyone in the market and eventually that ends up being the experience that your customers get, which we believe we are doing better than anyone today in the market.
- And so for our customer standpoint, from the brokers and the end user standpoint, I don't think we get muddled too much with the long tail of smaller operators and other operators. And

especially in cases where experience for the employee is top priority and quality of space and product is top priority. We are the clear winner in more cases than less.

So I think that is giving us confidence in being able to grow this business and also know that we will win most deals, because of this expertise that we've built and the overall brand that we have in the country, which again is clearly reflected in the numbers and the type of deals that we're doing.

Now, as this obviously increases as a contribution of the business, you will see at an EBITDA level, the managed office businesses is equally strong as a WeWork spaces, in fact, because they're always at 100% occupancy, you will see EBITDA margins being at a center level, roughly 40% to 45%. At a corporate level, same 30% to 35%. And so at an EBITDA level, they will contribute meaningfully to the business as we continue to grow while bringing stability also to the business. So I would say that it will only help improve the margins of the business as we grow this business line.

Deepak Purswani:

Okay, thank you. Thanks a lot, sir.

Moderator:

Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question and answer session. I would now like to hand the conference over to the management for closing comments.

Karan Virwani:

I just would love to thank everyone for joining the call and being part of this earnings, and also this Q3 being such a strong quarter for us. As always, and like we've mentioned, our focus is on delivering the best quality workspace experience for all of our customers across segments.

We continue to focus on profitable growth, sustainable growth, and also figuring out how we always balance revenue growth, profitability, and our return profiles as disciplinary as possible. And we will continue to do that and create value for all shareholders involved. So thank you very much and look forward to catching up in the next quarter.

Moderator:

Thank you. On behalf of WeWork India Management Limited, that concludes this conference. Thank you for joining us.