

## Company Overview

Incorporated in December 2014, Urban Company is a leading technology-driven, full-stack online marketplace offering home and beauty services. The company has presence in 51 cities across India, the United Arab Emirates and Singapore, excluding cities served by the company's Kingdom of Saudi Arabia joint venture, as of June 30, 2025. The platform enables consumers to book services such as cleaning, plumbing, electrical work, appliance repair, beauty treatments, and massage therapy, delivered by trained, background-verified professionals. Recently, the company introduced Insta-Help, an on-demand home-help assistance service, and expanded into home solutions under its Native brand, offering water purifiers and electronic door locks. The company ensures quality service delivery through standardized processes, professional training, the use of technology, and financial and branding support to service partners. When aggregated across the platform, the company operates in over 12,000 service micro-markets as of June 30, 2025, with an average of 54,347 monthly active service professionals. On average, the professionals on its platform earn 30–40% more than their offline peers, enhancing retention and service quality. The company's business model is both asset-light and scalable, primarily driven by its platform commission, supplemental subscription plans for consumers, sales of products to service professionals for use during service delivery, and sales of its own branded products (water purifiers and electronic locks under "Native"). The company's full-stack approach, spanning training, operations, partnership management, and technology deployment, ensures consistently high-quality service, which builds consumer trust. This is reflected in an average service rating of 4.79/5 and over 80% repeat customer retention. Urban Company's continued investments in tech, geographic and product expansion, and professional empowerment have helped turn India's home services market from unorganized and unreliable into a modern, trusted industry.

## Objects of the issue

The company proposes to utilise the net proceeds from the issue towards the following objects:

- ⇒ Expenditure for new technology development and cloud infrastructure;
- ⇒ Expenditure for lease payments for the offices;
- ⇒ Expenditure towards marketing activities;
- ⇒ General corporate purposes.

## Investment Rationale

### The multi-category, hyperlocal, home services marketplace benefits from network effects

The company operates on a hyperlocal model designed to optimize efficiency and enhance consumer satisfaction by minimizing travel distances for service professionals and ensuring faster service fulfilment. Each city is divided into micro-markets, typically 3-5 km in radius, tailored by service category and demand density. High-frequency categories operate in smaller micro-markets, while low-frequency, high-value services such as painting span larger areas. For example, as of June 30, 2025, in Mumbai alone, the handyman super category (plumbing, electrical, carpentry) operates across 45 unique micro-markets. At scale, the platform covers more than 12,000 service micro-markets nationwide. This micro-market penetration drives network effects, with early focus on quality ensuring customer satisfaction, word-of-mouth growth, and rising consumer lifetime value. As adoption deepens, micro-markets shrink further to 1-3 km radii, improving service professionals' productivity and enabling competitive pricing alongside higher earnings. According to the Redseer Report, service professionals on the platform earned 30–40% more than peers in FY25, with 83% of new professionals acquired organically via referrals, underscoring its strong value proposition. The model supports sustained category expansion, enhanced order frequency, and technological investment, strengthening both sides of the marketplace. This scalable, self-reinforcing ecosystem positions the company for long-term profitable growth.

### Robust technology platform powering service fulfilment, consumer growth and service professional empowerment

The company leverages a unified technology stack across categories and geographies, enabling rapid scaling of hyperlocal services with consistent quality control. Its platform integrates data, machine learning (ML), and artificial intelligence (AI) into all aspects of operations, driving efficiencies across consumer, professional, and fulfilment journeys. At the service micro-market level, proprietary

## Issue Details

Offer Period	10 <sup>th</sup> Sep 2025 - 12 <sup>th</sup> Sep 2025
Price Band	Rs. 98 to Rs. 103
Bid Lot	145
Listing	BSE & NSE
Issue Size (no. of shares in mn)	184.5
Issue Size (Rs. in bn)	19.0
Face Value (Rs.)	1

## Issue Structure

QIB	75%
NIB	15%
Retail	10%

BRLM	Kotak Mahindra Capital Company Ltd., Morgan Stanley India Company Pvt. Ltd., Goldman Sachs (India) Securities Pvt. Ltd., JM Financial Ltd.
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Registrar	MUFG Intime India Pvt. Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoters and promoter group	21.1	20.4
Public	78.9	79.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

(Assuming issue subscribed at higher band)

**Research Team** - 022-61596138

# Urban Company Ltd.

ML models balance demand and supply in real time by factoring in location, time, availability, and skill requirements, while also forecasting demand and optimizing professional utilization. This dynamic allocation enhances productivity, reduces travel time, and ensures timely delivery. On the consumer side, the Urban Company app offers a personalized interface with data-driven recommendations, convenient booking options, bundled memberships, and GenAI-powered assistants for real-time query resolution. For service professionals, the dedicated app facilitates onboarding, scheduling, training, payments, product procurement, and access to financial services, supplemented by the UC Cult community platform for peer engagement. GenAI voicebots further streamline professional lifecycle management through reminders, training, and onboarding assistance. To ensure service quality and customer satisfaction, in-app workflows, image and barcode scans, and vision-based ML models enforce proof-of-work and SOP compliance. These deep technology integrations create a competitive moat, strengthening scalability, service reliability, and user stickiness, thereby positioning the company as a tech-first leader in India's hyperlocal services market.

## Valuation

India's hyperlocal home services industry, valued at approximately USD 60 billion in FY25, is expected to expand to USD 100 billion by FY30. This growth is driven by rapid urbanization, rising disposable incomes, and increasing consumer preference for standardized, on-demand services across categories such as beauty, cleaning, and handyman solutions. Despite its size, the sector remains highly fragmented, with majority of providers operating in an unorganized, offline manner. Urban Company is well-positioned as the only scaled, full-stack, technology-enabled platform bridging this gap through standardized service delivery, rigorous professional training, technology integration, and quality assurance to ensure a consistent consumer experience. This customer satisfaction is reflected in a service rating of 4.79/5 and over 80% repeat customer retention. The platform also empowers its service professionals by enabling earnings that are 30–40% higher than those of their peers outside the network, further strengthening its service quality and reliability. Moving ahead, the company plans to expand its reach by increasing penetration in key Indian cities, growing internationally in high-income markets such as the UAE and KSA, launching new service and product categories under its "Native" brand, and driving efficiency through AI-enabled tools for demand-supply matching, diagnostics, and service quality monitoring. Financially, the company has grown its topline at a CAGR of 34%, with revenues rising from Rs. 6,366 million in FY23 to Rs. 11,445 million in FY25, and registering revenue of Rs. 3,673 million in Q1FY26 (31% YoY growth). The company recently transitioned towards profitability, supported by operational leverage and scale economics, from a loss before tax of Rs. 3,124 million in FY23 to PBT of Rs. 286 million in FY25. **Given the company's leadership position, strong business model, improving financials, and long growth runway, the IPO offers attractive medium to long-term potential. We, therefore, assign the issue a "SUBSCRIBE" recommendation.**

## Key Risks

- ⇒ The company faces intense competition from traditional offline players, and the low penetration of online services across the markets it serves may lead to reduced demand for its platform or a decline in the number of service professionals signing up. This could negatively impact the company's revenues and increase its costs.
- ⇒ The company faces the risk that consumers and service professionals will bypass its platform to avoid fees. This could occur when professionals, after building a reputation, transact independently, potentially undermining revenues, weakening platform reliability, and adversely impacting its business, financial condition, and results of operations.
- ⇒ The company's growth is highly dependent on attracting and retaining service professionals, and any attrition driven by seasonal fluctuations, visa policy risks in overseas markets, aggregator dependence, or dissatisfaction over earnings and policies could reduce platform appeal, harm consumer satisfaction, and adversely impact business performance and financial results.

# Urban Company Ltd.

## Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1FY26
<b>Revenue</b>				
Revenue from Operations	6,366	8,280	11,445	3,673
<b>Total Revenue</b>	<b>6,366</b>	<b>8,280</b>	<b>11,445</b>	<b>3,673</b>
<b>Expenses</b>				
Purchases of stock-in-trade	999	1,428	2,254	793
Changes in inventories of stock-in-trade	79	-135	-128	-108
Inventory loss on account of fire	-	-	-	90
Employee Benefits Expenses	3,771	3,448	3,501	992
Other expenses	5,160	5,006	6,133	1,952
<b>Total Operating Expenses</b>	<b>10,008</b>	<b>9,747</b>	<b>11,760</b>	<b>3,721</b>
<b>EBITDA</b>	<b>-3,642</b>	<b>-1,467</b>	<b>-315</b>	<b>-48</b>
Depreciation & amortization	307	368	370	95
<b>EBIT</b>	<b>-3,949</b>	<b>-1,835</b>	<b>-685</b>	<b>-143</b>
Finance costs	72	92	105	27
Other Income	896	1,000	1,162	312
Share of net loss of JV accounted for using the equity method	0	0	-86	-86
<b>PBT</b>	<b>-3,124</b>	<b>-927</b>	<b>286</b>	<b>56</b>
Total Tax	0	0	-2,112	-13
<b>PAT</b>	<b>-3,125</b>	<b>-928</b>	<b>2,398</b>	<b>69</b>
<b>Diluted EPS</b>	<b>-2.3</b>	<b>-0.7</b>	<b>1.7</b>	<b>0.1</b>

Source: RHP, BP Equities Research

## Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1FY26
Cash Flow from operating activities	-2,378	-856	546	219
Cash flow from investing activities	2,988	954	-1,995	-293
Cash flow from financing activities	-253	-299	1,639	-82
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>357</b>	<b>-201</b>	<b>190</b>	<b>-156</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>265</b>	<b>622</b>	<b>421</b>	<b>611</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>622</b>	<b>422</b>	<b>611</b>	<b>455</b>

Source: RHP, BP Equities Research

# Urban Company Ltd.

## Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1FY26
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	203	174	150	161
Right-of-use assets	998	992	1,119	1,098
Intangible assets	5	2	1	1
Financial assets				
i) Investments	500	1,936	1,671	1,690
ii) Other financial assets	98	74	89	147
Other non-current assets	66	102	149	213
Deferred tax assets (net)	-	-	2,117	2,119
<b>Total Non Current assets (A)</b>	<b>1,870</b>	<b>3,280</b>	<b>5,296</b>	<b>5,428</b>
<b>Current assets</b>				
Inventories	152	289	415	445
Financial assets				
i) Investments	9,592	5,686	9,240	9,902
ii) Trade receivables	107	201	266	197
iii) Cash and cash equivalents	622	422	611	455
iv) Bank balances other than (iii) above	2,613	4,790	5,296	4,933
v) Others financial assets	1,222	1,552	647	805
Other current assets	135	166	235	400
<b>Total Current Assets (B)</b>	<b>14,443</b>	<b>13,106</b>	<b>16,710</b>	<b>17,136</b>
<b>TOTAL ASSETS (A+B)</b>	<b>16,312</b>	<b>16,386</b>	<b>22,006</b>	<b>22,564</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	0	0	490	490
Other equity	13,394	12,926	17,468	17,807
<b>TOTAL - EQUITY (C)</b>	<b>13,395</b>	<b>12,926</b>	<b>17,958</b>	<b>18,297</b>
<b>Liabilities</b>				
Financial liabilities				
i) Lease liabilities	839	863	995	976
Provisions	111	157	219	188
<b>Total Non-Current Liabilities (D)</b>	<b>951</b>	<b>1,019</b>	<b>1,214</b>	<b>1,164</b>
<b>Current liabilities</b>				
Financial liabilities				
i) Lease liabilities	178	179	204	216
ii) Trade payables	909	927	1,105	1,346
iii) Other financial liabilities	466	852	983	1,068
Contract liabilities	226	234	171	141
Provisions	45	62	139	162
Other current liabilities	143	188	232	170
Current tax liabilities	0	-	-	-
<b>Total Current Liabilities (E)</b>	<b>1,967</b>	<b>2,441</b>	<b>2,834</b>	<b>3,103</b>
<b>Total Equity and Liabilities (C+D+E)</b>	<b>16,312</b>	<b>16,386</b>	<b>22,006</b>	<b>22,564</b>

Source: RHP, BP Equities Research

## Disclaimer Appendix

**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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**Corporate Office:**

4th floor,  
Rustom Bldg,  
29, Veer Nariman Road, Fort,  
Mumbai-400001  
Phone- +91 22 6159 6138  
Fax-+91 22 6159 6160  
Website- [www.bpwealth.com](http://www.bpwealth.com)

**Registered Office:**

24/26, 1st Floor, Cama Building,  
Dalal street, Fort,  
Mumbai-400001  
  
BP Wealth Management Pvt. Ltd.  
CIN No: U67190MH2005PTC154591  
  
BP Equities Pvt. Ltd.  
CIN No: U67120MH1997PTC107392