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URBAN COMPANY LTD.

September 04, 2025

Urban Company

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	**Services**
Offer for sale (Shares)	138,640,776
Fresh Issue (Shares)	45,825,242
Net Offer to the Public	**184,466,018**
Issue Size (Rs. Cr.)	1807-1900
Price Band (Rs.)	98-103
Employee Discount	9
Offer Date	10-Sep-25
Close Date	12-Sep-25
Face Value	1
Lot Size	145

Issue Composition

	In shares
Total Issue for Sale	184,466,018
QIB	138,349,514
NIB	27,669,903
Retail	18,446,602

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	21.10%	20.43%
QIB	78.90%	76.36%
NIB	0.00%	1.93%
Retail	0.00%	1.28%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company Urban Co. IPO proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Expenditure for new technology development and cloud infrastructure
2. Expenditure for lease payments for the offices
3. Expenditure towards marketing activities
4. General corporate purposes

Book Running Lead Manager

- Kotak Mahindra Capital Company Limited
- Morgan Stanley India Company Private Limited
- Goldman Sachs (India) Securities Private Limited
- JM Financial Limited

Name of the registrar

- MUFG Intime India Private Limited

About the company

Founded in December 2014, Urban Company is a leading technology-driven, full-stack online marketplace for home and beauty services. As of June 30, 2025, it operates in 51 cities across India, the United Arab Emirates, and Singapore, in addition to its joint venture in Saudi Arabia. The platform allows consumers to easily book a wide range of services, including cleaning, plumbing, electrical work, beauty treatments, and appliance repair, all delivered by trained and background-verified professionals. Urban Company has also expanded its offerings with its own brand, Native, which includes products like water purifiers and smart door locks. To support its service providers, the company offers training, tools, financing, and insurance, which helps improve service quality and increases their earning potential. According to data from the nine months ending December 2024, Urban Company is a top player in the online home and beauty services market, measured by net transaction value. The Indian home services market, valued at $59.2 billion in 2024, is expected to grow to $97.4 billion by 2029, with online penetration still below 1%, signaling significant future growth. As of June 30, 2025, the company had an average of 54,347 monthly active service professionals and operated in over 12,000 service micro-markets. The company's revenue comes from three main sources: providing platform services to consumers, selling products to professionals for their work, and selling Native products directly to consumers.

Strength

Multi-category, hyperlocal, home services marketplace benefits from network effects: Urban Company's platform uses a hyperlocal model, which helps reduce travel time for service professionals and speeds up service for customers. The company divides each city into multiple micro-markets, typically with a 3–5 km radius, each served by its own fleet of professionals. The size of these markets is adjusted based on demand; for high-demand services, the micro-markets are smaller, while for low-frequency, high-value services, they are larger. This approach has created 45 unique service micro-market combinations for the handyman super category in Mumbai as of June 30, 2025. This strategy, combined with the company's network effects, aims to increase market penetration, improve professionals' time utilization, and ultimately lead to lower prices for consumers and higher earnings for professionals.

Established brand trusted by consumers: Urban Company's focus on trust, reliability, and quality has earned it a high average consumer rating of 4.79 out of 5.0 for the three months ending on June 30, 2025. The company's brand strength is also highlighted by a Redseer Report, which identifies Urban Company as the most searched online home services platform brand on Google Trends from January 2024 to March 2025. Since its inception, the platform has facilitated transactions for 1.459 crore unique consumers, with 46.67% of these new consumers onboarded between July 1, 2022, and June 30, 2025. This growth is attributed to the network effects of the marketplace, which enhance brand loyalty and encourage repeat business from both consumers and service professionals.

Consumer retention basis NTV for business (excluding Native products): Urban Company shows a strong trend of increasing consumer spending and engagement over time. Each fiscal cohort of new consumers consistently increases its total spending on the platform. For example, the 2018 cohort grew its Net Transaction Value (NTV) to 1.75 times its initial spending by fiscal year 2025. This shows that as consumers use the platform more, they tend to spend more. Additionally, retained Indian consumers are adopting more service categories over their lifetime, with the oldest cohort using over five super categories by their eighth year on the platform. This demonstrates a clear pattern of habit formation and expanding service usage, strengthening the company's value proposition.

Improved quality of service professionals through in-house training and access to tools and consumables: Urban Company invests significantly in its service professionals through in-house training and by providing access to high-quality tools and consumables. The company's training programs familiarize professionals with service standards, technology usage, and standard operating procedures. As of June 30, 2025, there were 339 permanent trainers and over 247 dedicated training classrooms. Additionally, Urban Company leverages its "Native" and other brands to sell products directly to professionals, ensuring quality and offering a "genuine product guarantee" for consumers. This support, combined with a steady stream of leads, has led to a significant increase in professional earnings. During Fiscal 2025, professionals kept an average of 72% of the amount paid by customers. Professionals who completed more than 30 orders per month earned a net average of Rs. 33,599 per month. The company's efforts to improve professional utilization and earnings have resulted in 83.55% of the Net Transaction Value (NTV) from its India operations coming from repeat service professionals in Fiscal 2025, up from 73.16% in Fiscal 2023.

Robust technology platform powering service fulfillment, consumer growth, and service professional empowerment: Urban Company is a technology-driven company that has embedded its technology into all aspects of its business operations. This allows the company to manage its service micro-markets and fulfill service requests by using technology to balance various factors such as consumer location, service professional availability, and specific skill sets. It uses machine learning models to forecast demand and optimize resource allocation. The company also enhances the consumer journey through a user-friendly application that offers personalized recommendations, membership programs, and instant support via GenAI-powered assistants. For service professionals, the company provides a dedicated app to manage their entire lifecycle, from onboarding and scheduling to payments and accessing a digital community called "UC Cult." Furthermore, Urban Company uses technology for on-job assistance and quality checks through in-app guidance, image and barcode scanning for proof-of-work, and vision-based machine learning models to verify identities and monitor adherence to standard operating procedures. This comprehensive use of data, AI, and ML enhances efficiency, improves service quality, and delivers a seamless experience for both consumers and professionals.

Innovation and product development capabilities: Urban Company has a history of developing innovative products to improve service quality and the professional experience. According to the Redseer Report, the company has been a pioneer in creating tools like the foam jet pump for AC servicing and "Co-Pilot" for appliance diagnosis. These innovations not only enhance the consumer experience but also reduce the effort and cost for service professionals. The company has also introduced its own line of products under the "Native" brand, including a water purifier launched in Fiscal 2023 that can last for two years without needing a service. In Fiscal 2024, the company launched electronic door locks under the same brand, which offer features like an in-built camera and remote unlocking via the Urban Company app. The "Co-Pilot" diagnostic tool provides standardized diagnoses for common appliance issues and generates a consumer-facing report, allowing for transparent and efficient repairs.

Scale and technological capabilities have helped us achieve profitability: Urban Company has demonstrated significant growth and improved profitability by successfully addressing key challenges for both consumers and service professionals. Since its inception until June 2025, the platform has facilitated over 9.745 crore service orders in India, providing a solid foundation for future growth. This growth has been accompanied by a consistent increase in both the number of annual transacting consumers and their spending. For instance, the number of annual transacting consumers in the India consumer services segment rose from 47.6 lakh in Fiscal 2023 to 67.8 lakh in the three months ending June 30, 2025. Similarly, the services spend per annual transacting consumer increased from Rs. 3,786 in Fiscal 2023 to Rs. 4,079 in Fiscal 2025. The company's focus on operational efficiency and cost control has led to an improvement in its profitability. This is highlighted by the adjusted EBITDA margin for its India consumer services, which turned positive, increasing from (9.72)% of Net Transaction Value (NTV) in Fiscal 2023 to 3.30% in Fiscal 2025.

Promoter led company with a professional management team and an experienced board: Urban Company is led by its three promoters and Executive Directors: Abhiraj Singh Bhal, Varun Khaitan, and Raghav Chandra, each with over a decade of experience in the home services and technology sectors. They are responsible for the company's daily operations. The management team also includes senior professionals with extensive industry and functional expertise, who are key to developing and executing the company's growth strategies. The board is further supported by experienced non-executive and independent directors, who bring valuable knowledge in business strategy, governance, and investment from both Indian and global markets.

Strategy

Grow the consumer base: Urban Company aims to increase its consumer base and expand into new markets by building on its strong foundation. The company has a significant footprint with 1.459 crore unique transacting consumers since its inception until June 2025. This growth is evident by the fact that 46.67% of these consumers were onboarded between July 2022 and June 2025. The company plans to deepen its penetration in existing markets by improving the consumer experience and introducing more service offerings. Despite a recent decline in the number of service micro-markets due to a shift towards hyperlocal, high-density hubs, Urban Company still operates in 10,578 micro-markets across India as of June 30, 2025. The company also sees a significant growth opportunity, with only a 7.8% household penetration in the top 200 cities in Fiscal 2025. Beyond India, Urban Company is focused on expanding its presence in international markets like the UAE, where it offers on-demand and subscription-based cleaning services. The company also identifies the KSA (Kingdom of Saudi Arabia) as a key market for future growth, with an expected compound annual growth rate (CAGR) of 10-11% between 2024 and 2029, according to the Redseer Report. The company's technology platform is designed to be scalable, enabling it to easily enter new cities and service categories.

Improving retention of existing consumer base and increasing consumer spend: The company will continue to invest in improving its consumer targeting mechanisms, optimizing our cross-selling engine, and personalizing the app's home screen. It will also introduce in-app features to promote new offerings and build more targeted incentive mechanisms to encourage consumers to try new categories. It also plans to expand its service assortment by breaking down large service categories into more specific ones. The company expects this disaggregation to improve affordability and encourage consumers to try its services. It will also continue to explore opportunities to acquire companies to expand our service offerings.

Launch new product and service offerings: Urban Company is expanding its business by introducing new services and products in underserved markets. In January 2025, it launched InstaHelp, an on-demand cleaning and housekeeping service, which targets the unorganized domestic help market. The company has also expanded its offerings to include small home painting projects and wall panel services, capitalizing on the growing home decor market. Furthermore, the company is piloting a subscription-based bathroom cleaning service to provide a more predictable and efficient option for consumers. In line with its strategy to offer innovative solutions, Urban Company has introduced water purifiers and electronic door locks under its 'Native' brand, with plans to establish a manufacturing or assembly facility for these products. The company aims to leverage its brand, technology, and operational expertise to lead these new service categories and expand its consumer reach.

Invest in the technology stack to improve consumer experience, enhance service professional efficiency and drive cost savings: Urban Company is focused on leveraging technology to enhance its platform and drive efficiency. The company plans to use AI to improve service professional efficiency, reduce operational costs, and enhance customer support. This includes using AI for advanced image recognition to verify proof of work and assisting professionals with workflow navigation. The company also intends to use AI to help with preliminary diagnoses for appliance repairs and to aid in consumer bookings. To support these technological advancements, Urban Company will hire new talent to streamline professional onboarding and enhance service quality monitoring. The company also plans to invest in expanding its cloud architecture to support its growth initiatives.

Quicker fulfillment of services: Urban Company is focused on enabling real-time availability for its service professionals by designing smaller micro-markets, which reduces travel time and allows for faster service fulfillment. The company also uses historical data to ensure the appropriate number of professionals is available to meet real-time demand. This strategy is driven by a post-COVID shift in consumer behavior, as highlighted by the Redseer Report, which shows a preference for faster service fulfillment across various platforms. By prioritizing quick fulfillment, Urban Company aims to increase consumer preference and adoption of its services.

Risk Factor

- If Urban Company fails to maintain a high level of customer satisfaction, its business and reputation could be significantly harmed.
- The company faces intense competition from traditional, offline service providers.
- Urban Company's platform could become less attractive if it's unable to attract and keep service professionals.
- If consumers and service professionals bypass the platform to connect directly, it could negatively impact the company's financial health and operations.
- The business could be adversely affected by unrest or union activities among the service professionals on its platform.

Peer Comparison

As per RHP, there are no listed companies in India or globally which operate in a similar business model as the company.

Valuation

We are considering the P/BV valuation method since FY2025 includes deferred tax adjustments that led to an abnormal jump in PAT, making it difficult to calculate a meaningful TTM PAT. on the upper end of the price band of Rs 103, book value of Rs.12.97 of P/Bvx 7.94x. Post issue, book value of Rs.15.84 of P/Bvx 6.50x.

Considering the P/BV valuation, on the lower end of the price band of Rs.98, book value of Rs. 12.97 of P/Bvx 7.56x. Post issue, book value of Rs.15.84 of P/Bvx 6.19x.

Industry Outlook

The home services market in India is an evolving sector aimed at enhancing the convenience and quality of life for households. This market includes both traditional and modern service offerings, ranging from basic household chores to specialized professional services. The market has traditionally been dominated by unorganized local vendors and suffers from inconsistencies in availability, pricing, quality, and post-service support, leading to varying levels of customer satisfaction. This presents an opportunity for technology-driven platforms to standardize services, improve matching of demand and supply, and provide better earnings and benefits for service professionals by offering a more transparent and efficient alternative to traditional channels.

Outlook

Urban Company has a positive outlook, driven by its scalable business model and strategic focus on technology and diversification. The company's strong brand, extensive service network, and emphasis on professional training position it to capitalize on the rapidly growing home services market in India. While risks like competition and platform circumvention exist, the company's recent profitability and entry into new product categories like 'Native' demonstrate a clear path toward sustainable growth.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	10-September-25
BID/ISSUE CLOSES ON	12-September-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	15-September-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	16-September-25
Credit of Equity Shares to Demat Accounts of Allottees	16-September-25
Commencement of trading of the Equity Shares on the Stock Exchanges	17-September-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Jun-25 (3 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	367.27	1144.47	828.02
Total expenditure	372.06	1176.01	974.72
Operating Profit	**-4.79**	**-31.54**	**-146.70**
OPM%	-0.13	-0.28	-1.77
Other Income	31.22	116.21	99.97
Total Net Income	**26.43**	**84.67**	**-46.73**
Interest	9.50	10.48	9.20
PBDT	**16.92**	**74.20**	**-55.93**
Depreciation	2.68	37.00	36.80
PBT & Exceptional items - gain (net)	**14.24**	**37.20**	**-92.73**
Share of net loss of Joint Venture accounted for using the equity method	-8.60	-8.60	0.00
PBT & Share of net loss of Joint Venture accounted for using the equity method	**5.63**	**28.60**	**-92.73**
Tax	-1.30	-211.21	0.05
PAT	**6.94**	**239.81**	**-92.77**

Balance sheet is on next page

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Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-25	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Financial liabilities			
Property, Plant and Equipment	16.06	15.03	17.44
Right-of-use assets	109.83	111.86	99.19
Intangible assets	0.08	0.08	0.24
Financial Assets			
Investments	168.96	167.07	193.56
Other financial assets	14.70	8.95	7.43
Other non-current assets	21.29	14.90	10.15
Deferred tax assets (net)	211.86	211.74	0.00
Total non-current assets	**542.78**	**529.63**	**328.01**
Current asset			
Inventories	44.49	41.49	28.92
Financial Assets			
Investments	990.19	923.99	568.64
Trade receivables	19.70	26.60	20.06
Cash and cash equivalents	45.46	61.10	42.16
Bank balances other than above	493.27	529.59	479.01
Others financial assets	80.52	64.72	155.24
Other current assets	40.01	23.53	16.61
Total current assets	**1713.64**	**1671.01**	**1310.64**
Total Assets	**2256.42**	**2200.64**	**1638.65**
Non-current liabilities			
Financial Liabilities			
Lease liabilities	97.63	99.47	86.26
Provisions	18.80	21.95	15.68
Total Non- Current liabilities	**116.43**	**121.42**	**101.94**
Current liabilities			
Financial Liabilities			
Lease liabilities	21.63	20.44	17.86
Trades Payable - total outstanding dues of micro enterprises and small enterprises	20.79	14.97	14.03
Trades Payable - total outstanding dues of creditors other than micro enterprises and small enterprises	113.81	95.52	78.67
Other financial liabilities	106.75	98.32	85.20
Contract liabilities	14.14	17.07	23.38
Provisions	16.23	13.90	6.15
Other current liabilities	16.96	23.19	18.77
Total Current liabilities	**310.32**	**283.40**	**244.07**
Total	**426.75**	**404.82**	**346.01**
Net worth represented by:			
Equity Share Capital	48.98	48.98	0.02
Other equity	1780.70	1746.84	1292.62
Net Worth	**1829.68**	**1795.82**	**1292.64**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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