SBI Securities
Investment aur Trust, Dono

Retail Research	IPO Note
Sector: New Age Business	Price Band (Rs): 98 – 103
4th September 2025	Recommendation: SUBSCRIBE for Long Term

Urban Company Ltd.

Company Overview:

Urban Company Ltd (UCL) is a technology driven, full-stack online services marketplace for quality driven solutions and services in 51 cities across India, United Arab Emirates (UAE) and Singapore. The market of Saudi Arabia is served through a JV. The company's platform enables customers to easily order services like cleaning, pest control, electrician, plumbing, carpentry, appliance servicing and repair, on demand home-help assistance, painting, skincare, hair grooming, massage therapy, etc which are delivered by trained and independent service professionals. The company operates through its three business verticals a) India consumer services; b) Native; and c) International business and primarily earns revenue through a) platform services provided to customers; b) sale of products to service professionals for use; and c) sale of Native products (water purifiers and electronic door locks) to customers.

Key Highlights:

1. **Hyperlocal services marketplace benefiting from network effect:** UCL operates its platform at a hyperlocal level to minimize travel distance and ensure faster fulfillment by service professionals. It divides each city into multiple micro-market (typical radius of 3-5 km) with the size varying by density of customer demand and service category. As the penetration in the micro market increases, the company expands the assortment of service offerings, strengthening its value proposition.

2. **Established brand presence:** The company's platform 'Urban Company' was India's highest searched online home services full-stack platform based on Google trends between Jan'24 to Mar'25. Further, UCL's platform facilitated transactions for 146 lakh unique customers across all geographies since inception. Its marketplace benefits from network effect which drives and reinforces brand affinity and repeat behavior among customers and service professionals. In FY25, UCL derived 82.0% of its Net Transaction Value (NTV) from retained consumers.

3. **Robust technological backing:** The company has embedded technology in all important areas of business and aims to apply its learning from new service categories and geographies across business operations to create a unified technology stack for business operations. The company has also embedded machine learning (ML) and artificial intelligence (AI) into its operations to improve service quality and to deliver a seamless experience on the platform.

4. **History of innovation and product development:** UCL has a track record of being at the forefront of launching innovative products which are focused on standardizing and improving service quality. It has expanded into home solutions by selling water purifiers (FY23) and electronic door locks (FY24) under the brand 'Native'. The company has launched 'InstaHelp", a new service category in Jan'25 and has also expanded its offerings under home services to include small home painting projects and wall panel services for home décor.

Valuation: UCL provides a range of household services, catering to requirements of urban consumers. It has a large addressable market currently being catered to by the unorganized industry. Net Transaction Value (NTV)/ Revenue for the company has grown at a CAGR of 25.5%/34.1% over FY23-25. Profitability is on an improving trend and is expected to breakeven at the EBITDA level in FY26E. At the upper band of the issue price, UCL is valued at 12.9x P/S on post issue capital. We recommend subscribing to the issue with a long-term investment horizon.

Issue Details	
Date of Opening	10th September 2025
Date of Closing	12th September 2025
Price Band (Rs)	98 – 103
Issue Size (Rs cr)	1,900
Fresh Issue (Rs cr)	472
Offer for sale (Rs cr)	1,428
Issue Size (No. of shares)	19,38,77,551 – 18,44,66,019
Face Value (Rs)	1.0
Post Issue Market Cap (Rs cr)	14,095 – 14,790
BRLMs	Kotak Mahindra Capital Company Ltd, Morgan Stanley India Company Pvt Ltd, Goldman Sachs (India) Pvt Ltd, JM Financial Ltd
Registrar	MUFG Intime India Pvt Ltd
Bid Lot	145 shares and in multiples thereof
QIB shares	75%
Retail shares	10%
NIB shares	15%

Objects of the Issue	Estimated utilization from net proceeds (Rs cr)
Expenditure for new technology development and cloud infrastructure	190.0
Expenditure for lease payments towards offices	75.0
Expenditure towards marketing activities	90.0
General Corporate Purposes	117.0
Total	**472.0**

Shareholding Pattern		
Pre-Issue	**No. of Shares**	**%**
Promoter & Promoter Group	29,33,62,500	21.1
Public & Others	1,09,66,90,950	78.9
Total	**1,39,00,53,450**	**100.0**

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	29,33,62,500	20.4
Public & Others	1,14,25,16,193	79.6
Total	**1,43,58,78,693**	**100.0**

Selling Shareholders	Amount (Rs cr)
Accel India IV (Mauritius) Ltd	390
Elevation Capital V Ltd	346
Internet Fund V Pte. Ltd	303
VYC11 Ltd	216
Bessemer India Capital Holdings II Ltd	173
Total	**1,428**

Source: RHP, SSL Research

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Revenue from operations	637	828	1,144	367
EBITDA	(364)	(147)	(32)	4
Adj. EBITDA^1	(297.7)	(119.0)	12.1	21.1
Adj. PAT	(312)	(93)	240	16
EBITDA Margin (%)	(57.2)	(17.7)	(2.8)	1.2
Adj. EBITDA Margin^1 (%)	(46.8)	(14.4)	(1.1)	(5.7)
Adj. PAT Margin (%)	(49.1)	(11.2)	20.9	4.4
RoE (%)	(23.3)	(7.2)	13.4	-
RoCE (%)	(22.8)	(6.5)	2.7	-
P/E (x) ^2	(45.8)	(154.3)	59.7	-

Source: RHP, SSL Research
^1 Adjusted EBITDA is defined as restated profit/ (loss) before tax less other income, plus finance costs, depreciation & amortisation expense, share based payment expense, inventory loss on account of fire, listing expenses and share of net loss of joint venture accounted for using equity method, and less payment of lease liabilities.
^2 Pre-issue based on upper price band

Risk Factors

- **Customer satisfaction risk:** The company is dependent on its ability to attract and retain customers through a) types of services available; b) fulfillment rate of orders; c) efficiency of assigning orders; d) quality of services provided by independent service professionals; e) pricing of services; f) quality of after sales services; g) user friendliness of platform, etc. Any failure to satisfy & retain current customers or onboard new customers may have an adverse effect on the company's performance.

- **Brand risk:** UCL is dependent on the strength and reputation of its brand 'Urban Company' and any impairment or damage to the brand may have an adverse effect on its performance.

- **Unregulated industry:** The home services industry in which the company operates is dominated by unorganized players (~90.5% as of FY25) and it has to compete with both traditional offline players and similar online service providers. Any inability to sustain or capture market share from competitors may have an adverse effect on its performance.

- **Supply of professionals:** The company is dependent on its ability to attract and retain independent service professionals on its platform. Any failure to maintain or increase the number of service professionals which could have an adverse effect on its performance.

Growth Strategy

- Grow consumer base in newer and existing markets.
- Improve customer retention and increase customer spending.
- Launch new products and service offerings.
- Invest in technology stack to improve customer experience.
- Enhance service professional efficiency and drive cost savings.

Revenue Split

Particulars	FY23		FY24		FY25		1QFY26	
	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue
India Consumer Services	570.0	89.5	709.5	85.7	881.4	77.0	271.8	74.0
*Services**	*435.6*	*76.4*	*562.8*	*79.3*	*694.8*	*78.8*	*222.4*	*81.8*
*Products**	*134.5*	*23.6*	*146.7*	*20.7*	*186.6*	*21.2*	*49.4*	*18.2*
Native	3.8	0.6	28.8	3.5	116.0	10.1	59.5	16.2
International Business	62.8	9.9	89.7	10.8	147.0	12.8	35.9	9.8
Total	**636.6**	**100.0**	**828.0**	**100.0**	**1,144.5**	**100.0**	**367.3**	**100.0**

Source: RHP, SSL Research
****Services & Product revenues are as a % of India Consumer Services.***
1. Services includes home care, beauty & wellness services etc.
2. Products includes tools & consumables sold to service professionals.

Net Transaction Value (NTV) & Contribution Margin (%)

Particulars	FY23	FY24	FY25	1QFY26
Net Transaction Value (Rs cr)				
India Consumer Services	1,805.2	2,215.6	2,667.2	816.6
International Business	268.3	310.5	448.2	134.9
Native	4.5	37.8	155.5	79.1
Total	**2,078.0**	**2,563.9**	**3,270.9**	**1,030.6**
Contribution Margin as a % of NTV				
India Consumer Services	17.7	19.6	20.2	20.3
International Business	8.4	14.5	19.0	17.5
Native	-	-	-	-
Total	**16.5**	**18.8**	**19.5**	**19.7**

Source: RHP, SSL Research

1. ***Net Transaction Value is the monetary value paid by customers for availing the company's products and services.***
2. ***Contribution Margin is the contribution profit as a % of Net Transaction Value.***

Annual Transacting Consumers (lakh)

Particulars	FY23	FY24	FY25	1QFY26
India Consumer Services	47.6	55.9	65.4	67.8
International Business	1.7	1.7	2.4	2.5
Total	**49.3**	**57.6**	**67.8**	**70.3**

Source: RHP, SSL Research
Annual transacting consumers represents the total number of unique consumers who have availed at least one service or more in the trailing 12-month period prior to the end of the reporting period.

Average Monthly Active Service Professionals

Particulars	FY23	FY24	FY25	1QFY26
India Consumer Services	41,177	44,464	45,619	51,875
International Business	1,346	1,548	2,215	2,472
Total	**42,523**	**46,012**	**47,834**	**54,347**

Source: RHP, SSL Research

Average monthly active service professionals represent the service professionals who have delivered at least one service during a given month.

Adj. EBITDA & Adj. EBITDA Margin

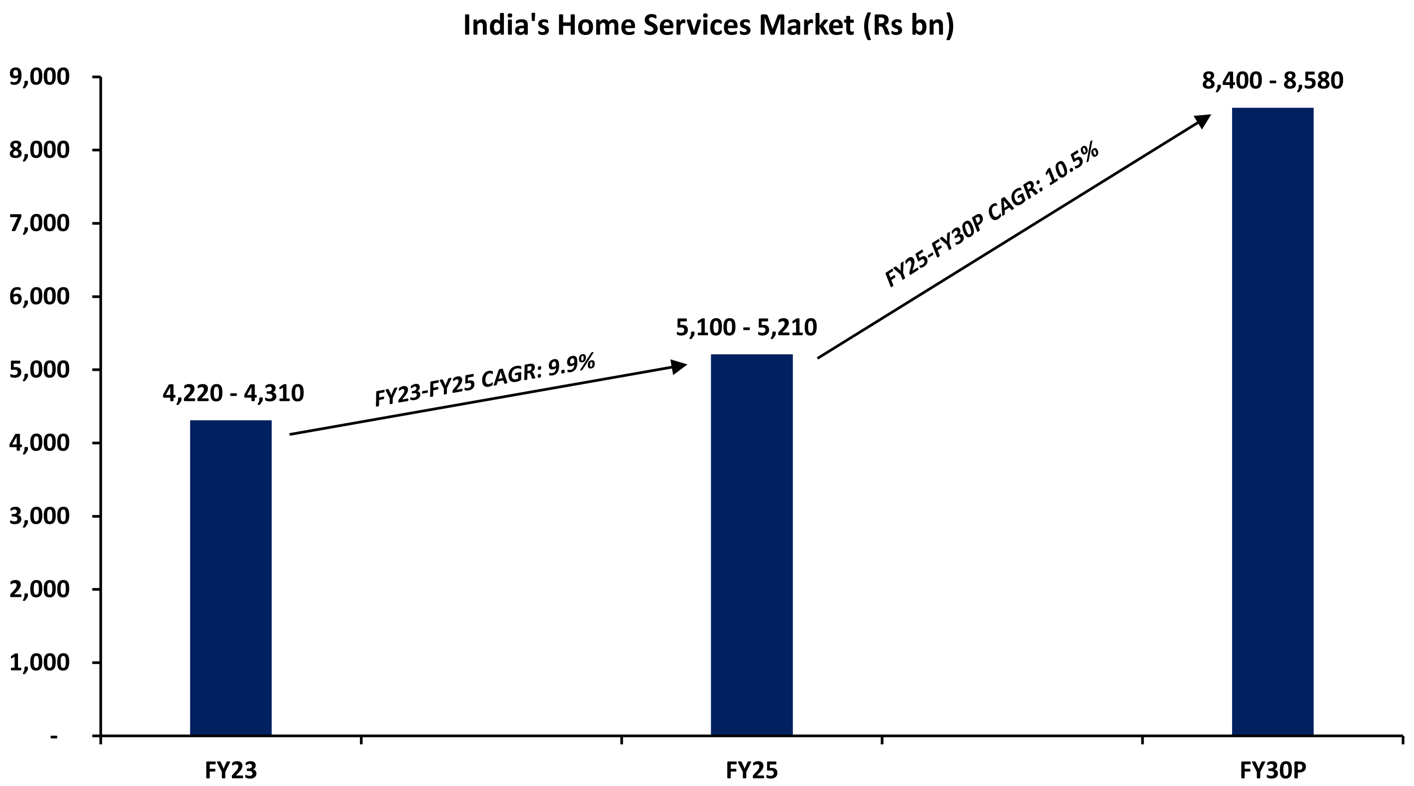
Adj. EBITDA (Rs cr)	FY23	FY24	FY25	1QFY26
India Consumer Services	(175.5)	(10.1)	87.9	32.8
International Business	(120.9)	(83.2)	(36.8)	(2.7)
Native	(1.3)	(25.7)	(39.0)	(9.0)
Total	**(297.7)**	**(119.0)**	**12.1**	**21.1**

Particulars	FY23		FY24		FY25		1QFY26	
	Adj. EBITDA as a % of NTV	Adj. EBITDA Margin	Adj. EBITDA as a % of NTV	Adj. EBITDA Margin	Adj. EBITDA as a % of NTV	Adj. EBITDA Margin	Adj. EBITDA as a % of NTV	Adj. EBITDA Margin
India Consumer Services	(9.7)	(30.8)	(0.5)	(1.4)	3.3	10.0	4.0	12.1
International Business	(45.1)	(192.7)	(26.8)	(92.7)	(8.2)	(25.0)	(2.0)	(7.4)
Native	(27.8)	(32.8)	(68.0)	(89.3)	(25.1)	(33.6)	(11.4)	(15.2)
Total	**(14.3)**	**(46.8)**	**(4.6)**	**(14.4)**	**0.4**	**1.1**	**2.0**	**5.7**

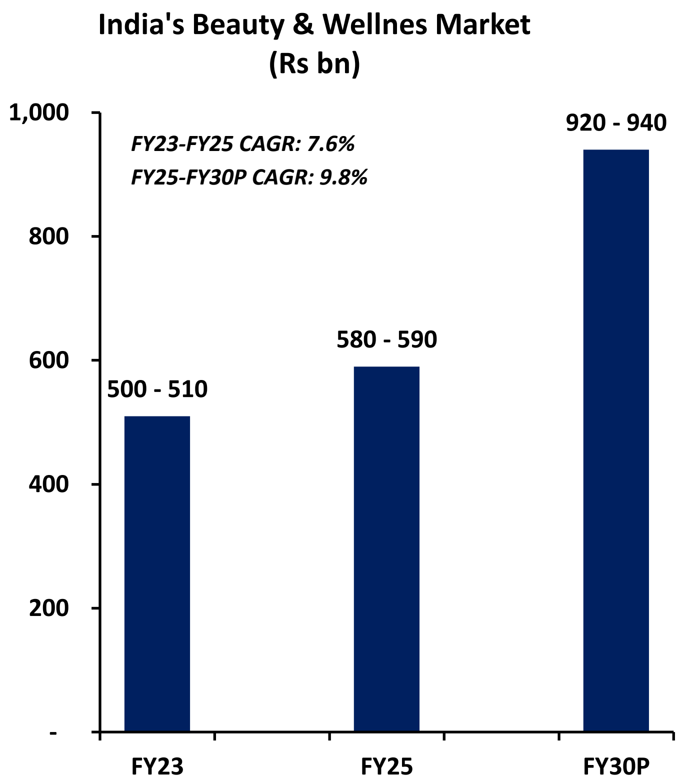
Source: RHP, SSL Research

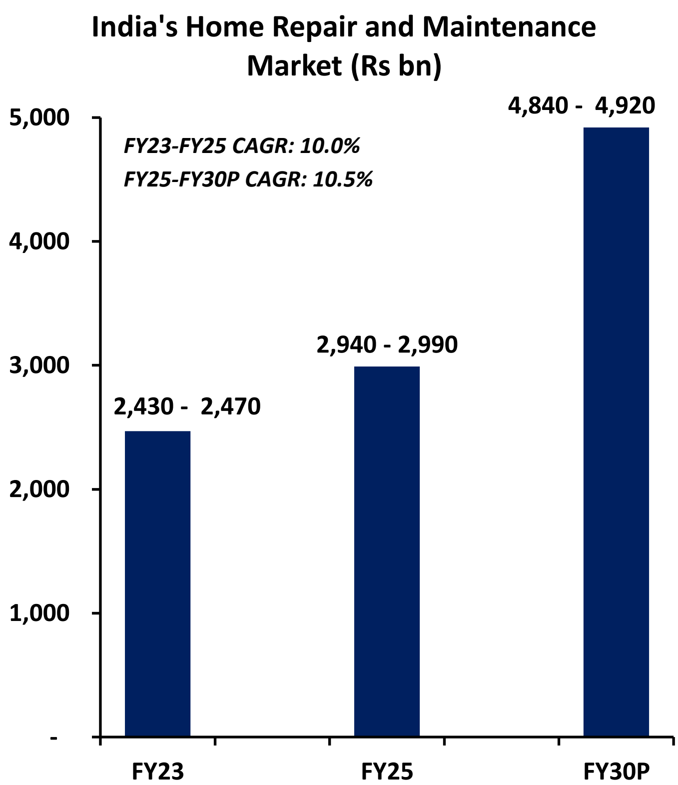
Adjusted EBITDA is defined as restated profit/ (loss) before tax less other income, plus finance costs, depreciation & amortisation expense, share based payment expense, inventory loss on account of fire, listing expenses and share of net loss of joint venture accounted for using equity method, and less payment of lease liabilities.

Industry Overview



Source: RHP, SSL Research





Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT				
Particulars (Rs cr)	**FY23**	**FY24**	**FY25**	**1QFY26**
Revenue from Operations	**637**	**828**	**1,144**	**367**
YoY growth	-	***30.1%***	***38.2%***	-
Cost Of Revenues (incl. Stock Adj.)	108	129	213	69
Gross Profit	**529**	**699**	**932**	**299**
Gross margins	***83.1%***	***84.4%***	***81.4%***	***81.3%***
Employee Cost	377	345	350	99
Other Operating Expenses	516	501	613	195
EBITDA	**(364)**	**(147)**	**(32)**	**4**
EBITDA Margin	***(57.2%)***	***(17.7%)***	***(2.8%)***	***1.2%***
Adj. EBITDA^1	**(298)**	**(119)**	**12**	**21**
Adj. EBITDA Margin^1	***(46.8%)***	***(14.4%)***	***1.1%***	***5.7%***
Other Income	90	100	116	31
Interest Exp.	7	9	10	3
Depreciation	31	37	37	10
PBT	**(312)**	**(93)**	**37**	**23**
Exceptional item	-	-	-	(9)
Tax	-	-	(211)	(1)
PAT	**(312)**	**(93)**	**240**	**7**
PAT margin	***(49.1%)***	***(11.2%)***	***20.9%***	***1.9%***
Adj. PAT	**(312)**	**(93)**	**240**	**16**
Adj. PAT margin	***(49.1%)***	***(11.2%)***	***20.9%***	***4.4%***

BALANCE SHEET				
Particulars (Rs cr)	**FY23**	**FY24**	**FY25**	**1QFY26**
Assets				
Net Block	20	17	15	16
Intangible Assets	1	-	-	-
Right of use assets	100	99	112	110
Other Non-current Assets	66	211	403	417
Current Assets				
Current Investment	959	569	924	990
Inventories	15	29	41	44
Trade receivables	11	20	27	20
Cash and Bank Balances	323	521	591	539
Other Current Assets	136	172	88	121
Total Current Assets	**1,444**	**1,311**	**1,671**	**1,714**
Current Liabilities & Provisions				
Trade payables	91	93	110	135
Other current liabilities	84	127	139	138
Short-term provisions	4	6	14	16
Total Current Liabilities	**179**	**226**	**263**	**289**
Net Current Assets	**1,265**	**1,084**	**1,408**	**1,425**
Total Assets	**1,452**	**1,412**	**1,938**	**1,968**
Liabilities				
Share Capital	-	-	49	49
Reserves and Surplus	1,339	1,293	1,747	1,781
Total Shareholders' Funds	**1,339**	**1,293**	**1,796**	**1,830**
Total Debt	-	-	-	-
Long Term Provisions	11	16	22	19
Lease Liabilities	102	104	120	119
Net Deferred Tax Liability	-	-	-	-
Total Liabilities	**1,452**	**1,412**	**1,938**	**1,968**

CASHFLOW				
Particulars (Rs cr)	**FY22**	**FY23**	**FY24**	**1QFY26**
Cash flow from Operating Activities	(238)	(86)	55	22
Cash flow from Investing Activities	299	95	(199)	(29)
Cash flow from Financing Activities	(25)	(30)	164	(8)
Free Cash Flow	(303)	(96)	39	17

RATIOS			
Particulars	**FY23**	**FY24**	**FY25**
Profitability			
Return on Capital Employed	-	-	2.7%
Return on Equity	-	-	13.4%
Margin Analysis			
Gross Margin	83.1%	84.4%	81.4%
EBITDA Margin	(57.2%)	(17.7%)	(2.8%)
Adj. EBITDA Margin^1	(46.8%)	(14.4%)	1.1%
Net Profit Margin	(49.1%)	(11.2%)	20.9%
Short-Term Liquidity			
Current Ratio (x)	8.1	5.8	6.4
Quick Ratio (x)	8.0	5.7	6.2
Avg. Days Sales Outstanding	6	9	8
Avg. Days Inventory Outstanding	51	82	71
Avg. Days Payables	33	35	34
Debt-service coverage (x)	-	-	4.6
Long-Term Solvency			
Net Debt / Equity (x)	(0.2)	(0.4)	(0.3)
Interest Coverage Ratio (x)	-	-	4.6
Valuation Ratios^1			
EV / EBITDA (x)	-	-	-
P / E (x)	-	-	59.7
P / B (x)	10.7	11.1	8.0
EV / Sales (x)	22.0	16.7	12.0
Mkt Cap / Sales (x)	22.5	17.3	12.5

^1 Adjusted EBITDA is defined as restated profit/ (loss) before tax less other income, plus finance costs, depreciation & amortisation expense, share based payment expense, inventory loss on account of fire, listing expenses and share of net loss of joint venture accounted for using equity method, and less payment of lease liabilities.

^2 Valuation ratios are based on pre-issue capital at the upper price band.
Source: RHP, SSL Research

Peer Comparison (FY25)

THE COMPANY DOES NOT HAVE ANY LISTED PEERS IN INDIA OR GLOBALLY.

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