

Urban Company Ltd.

'SUBSCRIBE'

10-09-2025 TO 12-09-2025

Industry: Home services provider

Price Band: ₹98 to ₹103

Recommendation: Subscribe for long term

Post Implied Market Cap: ₹14,095 Cr - ₹14,790 Cr

Key Data

Issue Size (₹ Cr)	₹1,900.00
Fresh (₹ Cr)	₹472.00
OFS (₹ Cr)	₹1,428.00
No of shares offered (total issue)	18,44,66,018
Face Value (₹ /share)	1
Bid Lot	145 Shares

About the company

Urban Company Ltd. is a leading home services marketplace that connects customers with verified and skilled professionals for a wide range of services. It operates in numerous cities across the globe and offers a convenient and reliable way to book services such as beauty treatments, cleaning, appliance repairs, and more, all from the comfort of one's home. The company's platform is designed to ensure a seamless experience for both customers and service partners, providing a tech-driven solution to a traditional industry.

Indicative Timetable

IPO Open Date	Wed, Sep 10, 2025
IPO Close Date	Fri, Sep 12, 2025
Tentative Allotment	Mon, Sep 15, 2025
Initiation of Refunds	Tue, Sep 16, 2025
Credit of Shares to Demat	Tue, Sep 16, 2025
Tentative Listing Date	Wed, Sep 17, 2025
Cut-off time for UPI mandate confirmation	5 PM on September 12, 2025

Investment Rationales

Market Dominance in a Fragmented Sector: Urban Company Ltd. holds a leading position in the fragmented home services market. Its platform addresses key industry pain points, giving it a strong competitive advantage and the ability to capture a large share of the unorganized sector.

Strong Growth and Profitability: The company has a solid track record of growth, with a 38% increase in revenue to ₹1,144 Cr in FY25. More importantly, it achieved a net profit of ₹240 Cr in the same period.

Diversified Business Model: Urban Company Ltd. has successfully expanded beyond its initial offerings. By diversifying into areas like cleaning, repairs, and home improvement, the company increases customer utility and opens up multiple revenue streams.

Powerful Network Effects: Its two-sided marketplace creates a self-reinforcing loop: as more customers use the platform, it attracts more professionals, which in turn enhances the service for customers.

Scalable International Expansion: The company's successful expansion into international markets like the UAE and Singapore demonstrates its ability to replicate its business model globally.

Shareholding (No. of shares)

Pre-Issue	1,39,00,53,450
Post-Issue	1,43,58,78,692

Issue Breakup

QIB	75%
NII	15%
Retail	10%

Risk

Heavy competition from traditional offline players: Urban company ltd. faces two sided competition, which is attracting and retaining both consumers and service providers.

Consumers and service can easily circumvent the company's platform: Although this compromises safety and potentially quality.

Shareholding Pattern

	Pre issue	Post issue
Promoter & Promoter Group	21.10%	20.43%
Investor Selling Shareholders	37.48%	26.63%
Public -Others	41.42%	52.94%
Total	100%	100%

Our views

Urban Company Ltd's IPO presents a chance to invest in India's leading tech-enabled home and beauty services platform, with strong scalability across 12,000+ micro-markets and select global regions. Its hyperlocal model and deep supply-side integration drive efficiency, engagement, and a competitive edge. The company posted robust growth where revenues were up 30.1% in FY2024 and 38.2% in FY2025 with a net profit of ₹239.8 crore, reflecting improved unit economics.

At the upper price band of ₹103 per share, the IPO values the company at a market capitalization of ₹14,790 Cr. Based on estimated FY2026 earnings, this translates to a Market Cap-to-Sales multiple of approximately 10x. While this valuation appears to be on the higher end, we believe a premium may be justified. This is due to Urban Company's superior unit economics, a premium service mix, and deeper integration with its service providers. However, this valuation assumes the company will sustain its high growth and continue to expand its margins. This leaves little room for a near-term re-rating.

For this reason, we recommend that risk-tolerant investors seeking exposure to the rapidly growing home services sector 'SUBSCRIBE WITH RISK' to the Urban Company Ltd IPO, but only with a long-term investment horizon.

Other Details

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

Registrar: MUFG Intime India Private Limited (Formerly Link Intime Private Limited)

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CONSOLIDATED FINANCIALS – BASIC FINANCIAL DETAILS

Financial Performance Indicators	Units	Fiscal 2023	Fiscal 2024	Fiscal 2025
Net Transaction Value	In ₹ Cr	2077.95	2563.91	3270.91
Revenue from operations	In ₹ Cr	636.60	828.02	1144.47
Contribution margin	% of NTV	16.51%	18.81%	19.53%
Adjusted EBITDA	In ₹ Cr	-297.69	-119.01	12.09
Adjusted EBITDA Margin	% of NTV	-14.33%	-4.64%	0.37%
Adjusted EBITDA Margin	% of revenue from operations	-46.76%	-14.37%	1.06%
Profit before tax	In ₹ Cr	-312.44	-92.73	28.55
Deferred tax credit	In ₹ Cr	-	-	211.21
Profit after tax	In ₹ Cr	-312.48	-92.77	239.77
Annual transacting consumers	In ₹ Cr	0.49	0.58	0.68
Average monthly active service professionals	in number	42523	46012	47833

Source: Company RHP

Notes:

Net transaction value represents the sum of NTV from services and NTV from Native.

NTV from services represents the monetary value paid by consumers towards services availed on our platform (gross of taxes, net of discounts, across the Urban Company consumer application, mobile website, net of cancellations)

NTV from Native represents the monetary value of Native products (i.e. water purifiers and electronic door locks) paid by consumers across the Urban Company consumer application, mobile website, third party e-commerce sites and third-party retail stores.

There are no listed peers of Urban Company Ltd.

Objects of the issue

Objects	Amount (₹ Cr)
Expenditure for new technology development and cloud infrastructure	190.00
Expenditure for lease payments for the offices	75.00
Expenditure towards marketing activities	90.00
General Corporate Purposes	[•]
Total	[•]

Source: Company RHP

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