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IPO Note:

URBAN COMPANY LIMITED- SUBSCRIBE

Urban Co. Ltd. (UCL) is a technology-driven, full-stack online services marketplace that offers quality-driven services and solutions in a variety of home and beauty categories. It operates in 51 cities in India, the United Arab Emirates ("UAE"), and Singapore, excluding locations covered by its joint venture in the Kingdom of Saudi Arabia ("KSA"), 47 of which are in India, as of June 30, 2025. The UCL platform allows customers to quickly request services such as cleaning, pest control, electrician, plumbing, carpentry, appliance servicing and repair, on-demand home-help assistance, painting, skincare, hair grooming, and massage therapy. These services are provided by trained and independent service professionals at the customers' convenience.

In fiscal years 2023 and 2024, it moved into home solutions by launching water purifiers and electronic door locks under the brand name 'Native'. The company has also just launched and is in the process of expanding its on-demand home-help assistance ("InstaHelp") offering in certain micro markets across a number of cities in India. It is geared toward enabling the delivery of a quality-driven, standardized, and dependable service experience.

To accomplish this, it has formed a select network of background-verified independent service providers and provided them with extensive assistance. This involves extensive in-house training, documented standard operating procedures, access to technology, tools, and consumables, third-party finance, insurance, and branding support. This strategy allows service professionals to develop their skills, improve the quality of service delivery, and raise their earning potential.

According to the Redseer Report, the home services industry in India has a large market opportunity, with a total addressable market ("TAM") of approximately US\$60 billion in Fiscal 2025, which is expected to grow at a compounded annual growth rate ("CAGR") of 10-11%, reaching US\$100 billion in Fiscal 2030, driven by rising urbanization and increasingly busy lifestyles; however, the home services industry in India is largely unorganized, fragmented, and offline, with online penetration

In the three months ending June 30, 2025, it had 54,347 average monthly active service professionals on its platform, defined as a service professional who provided at least one service in that month. This figure is obtained by averaging the number of such experts throughout all months in a certain time period or year. UCL provides service professionals with in-house training and access to tools and consumables, allowing them to increase their earning potential while maintaining flexibility in their daily schedules.

Investment Recommendation and Rationale: -

The Indian home services market is expected to grow rapidly, owing to rising urbanization, increased digital penetration, and rising demand for convenience-based solutions. Urban Company stands out as the largest tech-enabled platform, with activities in 51 cities and a global footprint in the UAE and Singapore. With over 54,000 monthly active service experts and a diverse portfolio that includes beauty, cleaning, repair, and home solutions, the company has grown significantly. At the upper price band of Rs.103, the issue is valued at a P/E multiple of ~61.68x on its FY25 EPS of Rs. 1.67 post IPO. We give a 'SUBSCRIBE' rating to the issue for the following reasons: -

1. The biggest marketplace for tech-enabled home services in India, Urban Company is ideally positioned to benefit from growing urbanization, the number of people in the workforce, and the acceptance of digital technology in household services.
2. In FY25, the company's revenue grew by 38% YoY to ₹11,444.65 million, owing to increase in categories like as beauty, cleaning, repair, and home care.
3. With services ranging from beauty and health to cleaning, appliance repair, pest control, and home solutions—along with its hardware brand "Native"—the company lowers reliance on any single sector.
4. Presence in 51 cities across India and international markets like UAE and Singapore provides diversification and global growth opportunities.
5. Innovation and product development capabilities.

Issue Opens	10th September 2025
Issue Closes	12th September 2025
Type of Issue	Fresh Issue of 4,58,25,242 shares (aggregating up to ₹ 472.00 Crores) Offer for sale of 13,86,40,776 shares of ₹1 (aggregating up to ₹ 1,428.00 Crores)
Issue size	₹ 1,900.00 Crores
Price Band	₹98 to ₹103 per share
Bid lot/ Bid Size	145 shares/ Rs. 14,935
Issue structure	QIB-75%, HNI- 15%, Retail- 10%
Post issue equity shares	1,43,58,78,692 shares
Promoters and Promoter Group Public	Pre Issue – 21.10% Post Issue – 10.78% Pre issue –78.90% Post Issue- 89.22%
Post issue implied market cap	₹ 14,789.77 Crores
BRLMs	Kotak Mahindra Capital Company Ltd, Morgan Stanley India Company Private Ltd, Goldman Sachs (India) Securities Private Ltd, JM Financial Ltd.
Registrar to the issue	MUFG Intime India Private Ltd.

Financial Summary (in ₹ million, unless otherwise indicated)

Particulars	Three months ended June 30,	Fiscal		
		2025	2025	2023
Net Transaction Value	10,306.06	32,709.14	25,639.05	20,779.49
Revenue from operations	3,672.67	11,444.65	8,280.18	6,365.97
Contribution margin (% of NTV)	19.67%	19.53%	18.81%	16.51%
Adjusted EBITDA	210.71	120.91	(1,190.12)	(2,976.92)
Adjusted EBITDA Margin (% of NTV)	2.04%	0.37%	(4.64%)	(14.33%)
Profit before tax	56.35	285.53	(927.27)	(3,124.42)
Deferred tax credit	13.03	2,112.12	-	-
Profit after tax	69.38	2,397.65	(927.72)	(3,124.42)
Annual transacting consumers	7.02	6.78	5.75	4.93
Average monthly active service professionals (In Numbers)	54,347	47,833	46,012	42,523

Source: RHP

Objects of the issue

Fresh Issue of 4,58,25,242 shares (aggregating up to ₹472.00 Cr).

Offer for Sale of 13,86,40,776 shares (aggregating up to Rs. 1,428.00 Cr)

Shareholding pattern

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹) (on a fully diluted basis)*
Accel India IV (Mauritius) Limited	ISS	Equity Shares of face value of ₹1 each aggregating up to ₹ 3,900 million	3.77
Bessemer India Capital Holdings II Ltd.	ISS	Equity Shares of face value of ₹1 each aggregating up to ₹ 1,730 million	7.14
Elevation Capital V Limited (formerly known as SAIF Partners India V Limited)	ISS	Equity Shares of face value of ₹1 each aggregating up to ₹ 3,460 million	5.39
Internet Fund V Pte. Ltd.	ISS	Equity Shares of face value of ₹1 each aggregating up to ₹ 3,030 million	61.65
VYC11 Limited	ISS	Equity Shares of face value of ₹1 each aggregating up to ₹ 2,160 million	20.40

* The amount paid on the acquisition of the Preference Shares have been considered for calculating the weighted average cost of acquisition per Equity Share.

Source: Red Herring Prospectus (RHP)

Company plans to use the Net Proceeds to fund the following objects:

1. Investment in new technology development and cloud infrastructure.
2. Expenses towards lease payments for the company's offices.
3. Spending on marketing initiatives.
4. General corporate purposes.

Source: Red Herring Prospectus (RHP)

The table below shows that the company's focus has improved the average consumer ratings of service professionals on its platform over the stated period:

Particulars	Three months ended June 30		Fiscal		
	2025	2024	2025	2024	2023
Average consumer rating (on a scale of 5.0)	4.79	4.81	4.81	4.83	4.82

Source: Red Herring Prospectus (RHP)

The following chart illustrates the growth in NTV from retained consumers in the company's India consumer services, largely supported by higher spending on the platform and usage across multiple service categories:



Source: Red Herring Prospectus (RHP)



Peer Comparison

The company runs an online marketplace offering quality home and beauty services. There are no listed companies in India or globally with a similar business model.

Competitive Strengths

1. The company's multi-category, hyperlocal marketplace benefits from strong network effects.
2. The company has built an established and trusted brand among consumers.
3. The company provides in-house training and ensures access to high-quality consumables and tools, offered under its Native, Elysian, and Crave brands, as well as exclusive partner brands such as Go Tile and Azi-Clean, enabling superior consumer experience.
4. A robust technology platform drives service fulfilment, consumer growth, and professional empowerment.
5. The company has strong innovation and product development capabilities, with proven success in deploying scalable solutions.

Source: Red Herring Prospectus (RHP)

Growth Strategies

1. The company aims to grow its consumer base by strengthening reach in existing markets and entering new geographies.
2. UC seeks to improve retention of its existing consumers while simultaneously increasing average consumer spend on the platform.
3. The company plans to launch new products and services, including InstaHelp, small home painting and wall décor solutions, subscription-based bathroom cleaning services in high-demand micro-markets, and native offerings such as water purifiers and electronic door locks.
4. UC intends to invest further in its technology stack to enhance consumer experience, improve service professional efficiency, and drive cost savings.

Source: Red Herring Prospectus (RHP)

Key Risks

1. The company's business and reputation could be materially and adversely impacted if it fails to consistently deliver a satisfactory consumer experience.
2. The company faces intense competition from traditional offline players, and the relatively low penetration of online services in its markets may lead to reduced demand on the platform or fewer service professionals signing up, which could negatively impact revenues and costs.
3. Consumers and service professionals may bypass the company's platform and engage directly through other channels, which could adversely impact its business, financial condition, and results of operations.
4. If the company does not timely identify or respond to evolving consumer preferences and spending patterns, or fails to expand into relevant categories, demand for its services may decline, leading to lower revenues and operating results.
5. The company has recorded deferred tax assets (net), dependent on future tax profitability, and its restated profit for Fiscal 2025 was largely driven by deferred tax, which may not recur in future periods.
6. The company's business is subject to seasonality, which may result in fluctuations in operating performance and cash flows.

Source: Red Herring Prospectus (RHP)



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