

INITIATING COVERAGE

URBANCO IN EQUITY

March 24, 2026

## Clean homes, messy outlook

Urban Company has driven standardization/transparency in India's largely unorganized ₹5tn home services market. High service quality and loyal customer base enabled 20% India business CAGR over FY23-26. But further growth depends on non-top8 cities, with top8 penetration already ~51%. Growth will require investments in marketing/service professionals, limiting core India business margin uptick. Nascent on-demand house help offering (Instahelp) faces competitive intensity and significant cash burn; both unlikely to ease medium term. We see scope for expansion in Instahelp; expect ~6x scale-up over FY26-28 and 40% NTV CAGR over FY26-42. Competition will delay break-even for Instahelp to FY31; we value Instahelp business at ₹15/sh. We value the business ex-Instahelp at ₹82, implying 35x EV/FY28E adj. EBITDA for the core India business. See Native/International as smaller optionalities. Prefer PB/MMYT/TBO/Blackbuck/Affle in the Internet space.

Competitive position: **STRONG**

Changes to this position: **STABLE**

### Home services is a large market with tailwinds of formalization

India's ₹5tn home services market is seeing increasing formalization via online/offline channels, aiding customers (improving standardization, price transparency and discovery) and service professionals (increasing net earnings, demand consistency and training).

### Relevant markets for core India business reaching saturation

UC's India business (ex Instahelp) is 75% of NTV, with top8 cities contributing 85-90% of the online home services market. Core business penetration in top8 cities is ~51%, and future growth is likely led by core businesses outside the top8. Service professional growth of just 5% over FY23-26 and lower marketing spends have improved margins, but both will be difficult to sustain. We build 18%/14% NTV CAGR for FY26-28/42 at 10% adj. exit EBITDA margin.

### Instahelp likely to see significant discounting in the foreseeable future

UC's Instahelp offering is seeing significant discounting with competition (Snabbit/Pronto) raising \$55/38mn, with more funding on the way. While UC has a right to win, given already existing user base of 7.3mn ATUs/previous experience in service categories/strong cash reserves; high cash burn by competitors is likely to constrain profitability. We expect Instahelp break-even by FY31, and our exit adj. EBITDA margin of 7% is lower than the core business' 10% given lower AOV and higher competition.

### Implied revenue growth at CMP/FY31 adj. EBITDA targets look optimistic

CMP builds in 20% revenue CAGR over FY26-42 (vs our estimate of 17%), which will require expansion outside the top8 cities, which are significantly smaller markets. Higher Instahelp discounting also keeps us below the company's target of ₹10bn adj. EBITDA by FY31 (our est., ₹7.6bn). Risks: i) lower-than-expected competition in Instahelp and ii) margin expansion in the core India business.

### Key Financials

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	8,280	11,445	15,232	19,267	23,802
EBIT margin	(22.2%)	(6.0%)	(15.9%)	(17.4%)	(6.4%)
PAT	(928)	2,398	(1,571)	(2,068)	(26)
EPS (diluted)	(0.7)	1.7	(1.1)	(1.4)	-

Source: Company, Ambit Capital research

### Technology

#### Recommendation

Mcap (bn):	₹165/US\$1.8
6M ADV (mn):	₹6.8/US\$0.1
CMP:	₹110
TP (12 Mths):	₹97
Downside (%):	(12)

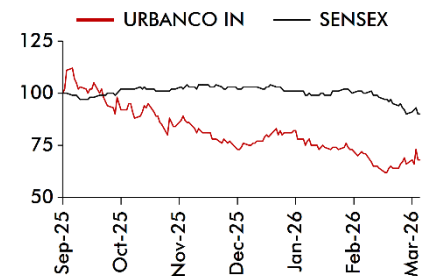
#### Flags

Accounting:	<b>GREEN</b>
Predictability:	<b>AMBER</b>
Earnings Momentum:	<b>AMBER</b>

#### Catalysts

- Instahelp losses increase to ₹3359mn (-150% adj. EBITDA as a % of NTV) by FY27E.
- Core India business (ex Instahelp) NTV growth at 18% over FY26-28E.

#### Performance



Source: ICE, Ambit Capital Research

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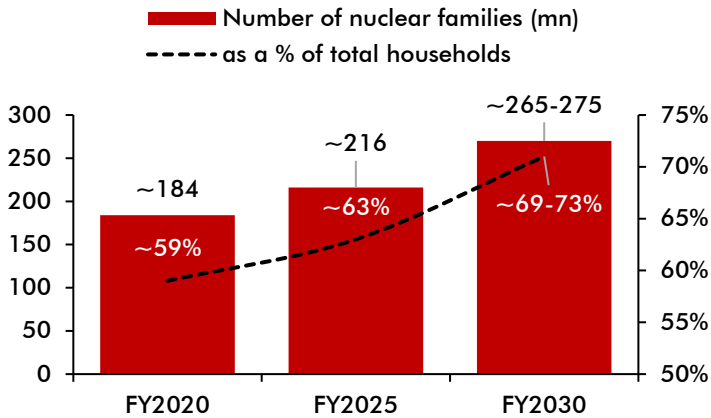
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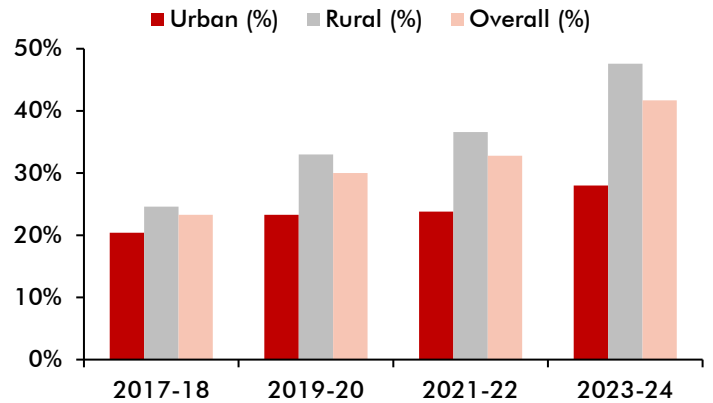
# Narrative in Charts

**Exhibit 1: Households with nuclear families have increased**



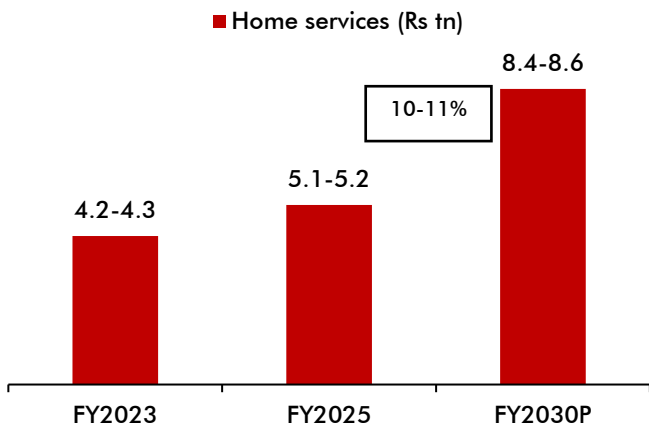
Source: DRHP, Ambit Capital research

**Exhibit 2: Female labour workforce participation has increased, driving outsourcing of household tasks**



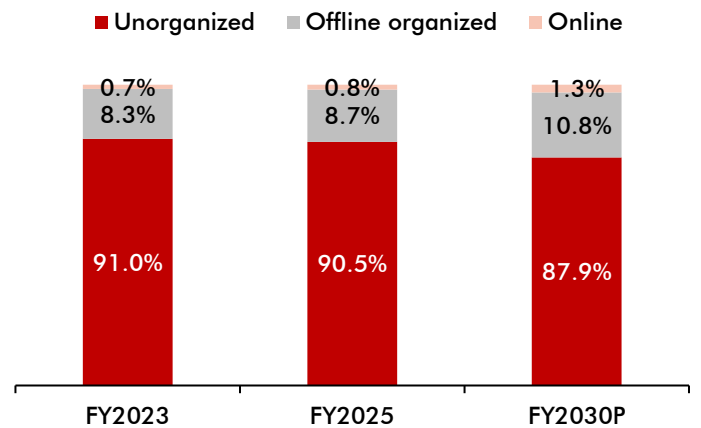
Source: Annual Periodic Labour Force Survey, Government of India, data prior to 2017-18 is not comparable, Ambit Capital research

**Exhibit 3: Home services is expected to grow at 10-11% CAGR**



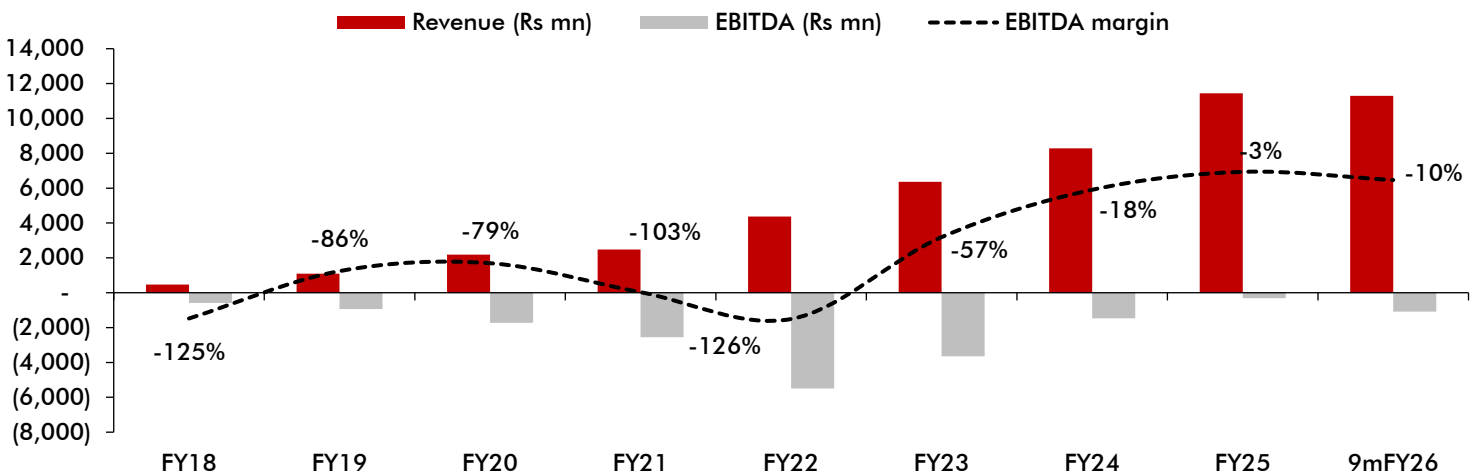
Source: Company, Ambit Capital research

**Exhibit 4: Organised markets, both offline and online, are gaining market share**



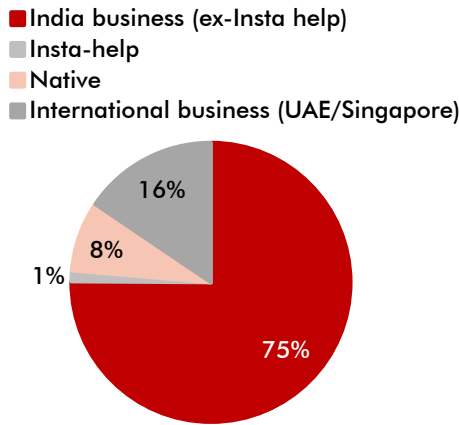
Source: Company, Ambit Capital research

**Exhibit 5: Urban Company revenues increased at 38% CAGR over FY21-25, with EBITDA losses narrowing on improving India consumer business profitability; 9mFY26 losses increased on Instahelp scale-up**



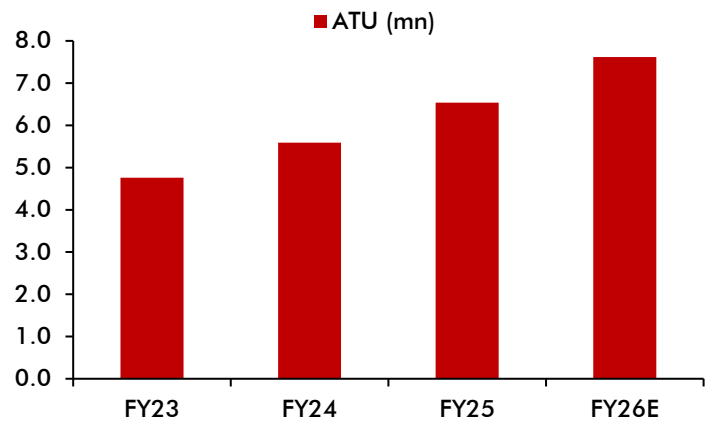
Source: Tofler, Company, Ambit Capital research;

**Exhibit 6: India business constitutes the majority of NTV for Urban Company**



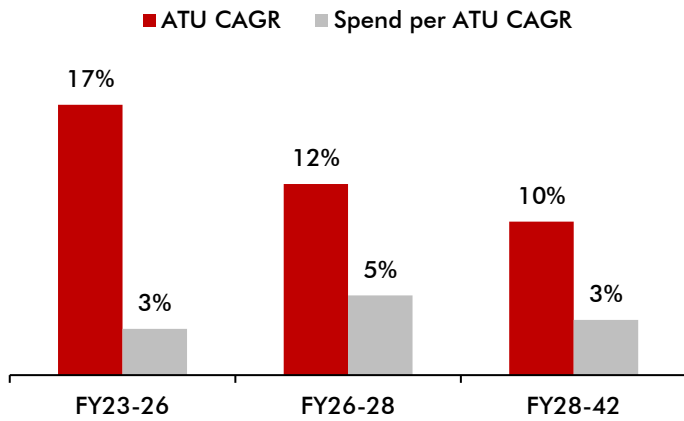
Source: Company, Ambit Capital research

**Exhibit 7: Growth of India business led by ATUs, growing at 17% CAGR**



Source: Company, Ambit Capital research. ATU - Annual Transacting Users

**Exhibit 8: Expect growth to be increasingly led by higher frequency**



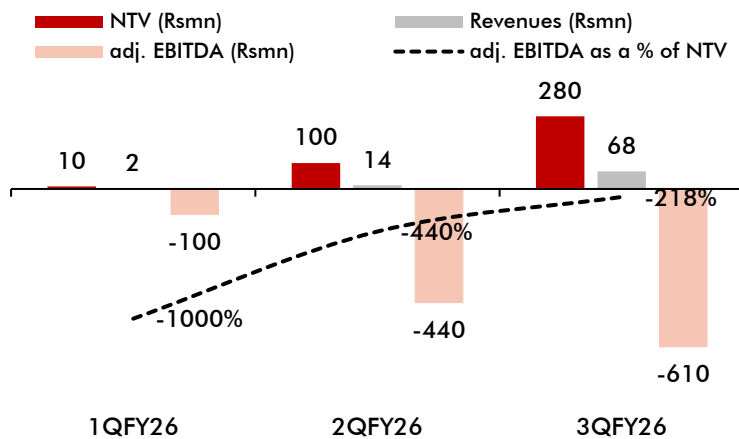
Source: Company, Ambit Capital research

**Exhibit 9: Unit economics for the India business (ex Insta help)**

Unit economics	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY40E	FY42E
NTV	100	100	100	100	100	100	100	100
Revenue	33.1	34.0	35.0	35.0	35.5	35.5	35.5	35.5
Variable costs	12.9	13.5	14.0	13.0	13.0	12.5	12.5	12.5
<b>Contribution</b>	<b>20.2</b>	<b>20.5</b>	<b>21.0</b>	<b>22.0</b>	<b>22.5</b>	<b>23.0</b>	<b>23.0</b>	<b>23.0</b>
Employee costs	9.4	9.4	9.2	8.5	7.7	6.9	6.5	6.5
Marketing	3.0	2.8	2.8	3.0	3.0	2.7	2.5	2.5
G&A and Others	4.5	4.5	4.5	4.4	4.2	4.0	4.0	4.0
<b>Fixed costs</b>	<b>16.9</b>	<b>16.7</b>	<b>16.5</b>	<b>15.9</b>	<b>14.9</b>	<b>13.6</b>	<b>13.0</b>	<b>13.0</b>
<b>Adj. EBITDA</b>	<b>3.3</b>	<b>3.8</b>	<b>4.5</b>	<b>6.1</b>	<b>7.6</b>	<b>9.5</b>	<b>10.1</b>	<b>10.1</b>

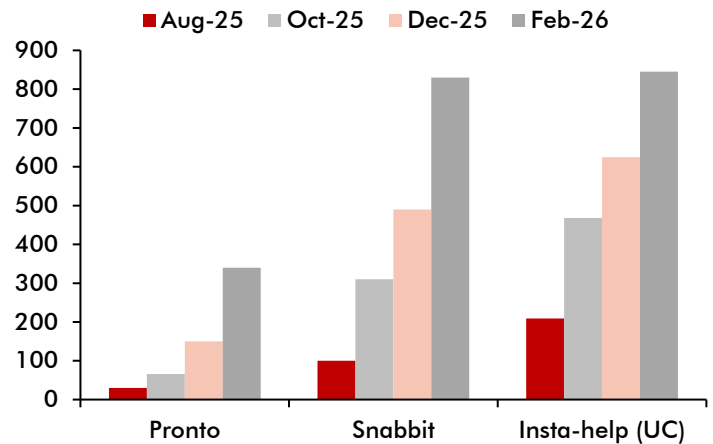
Source: Company, Ambit Capital research

**Exhibit 10: Instahelp has scaled up over the past 3 quarters**



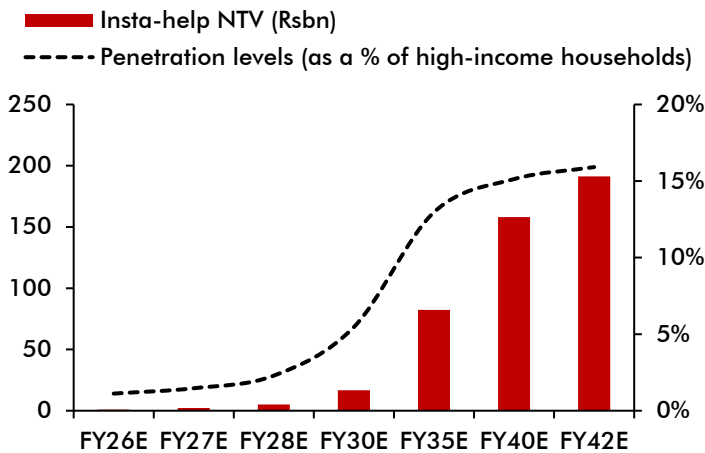
Source: Company, Ambit Capital research

**Exhibit 11: Competition has also scaled up due to the recent fund-raises**



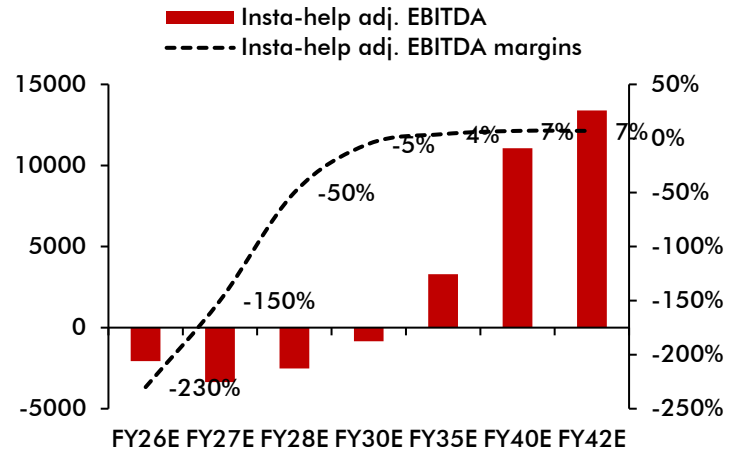
Source: Economic Times, Ambit Capital research

**Exhibit 12: We expect the Instahelp category to scale up 6x by FY28**



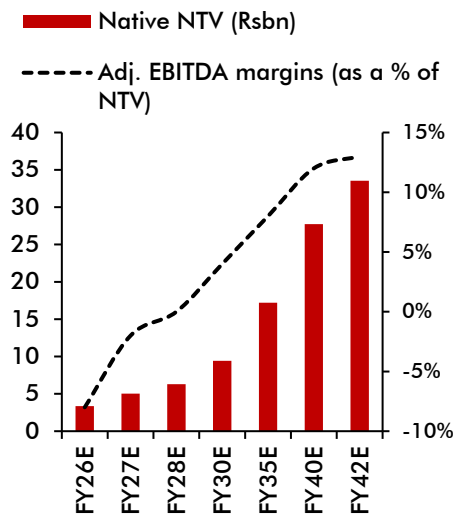
Source: Company, Ambit Capital research

**Exhibit 13: Expect the Instahelp business to hit adj. EBITDA profitability by FY31E**



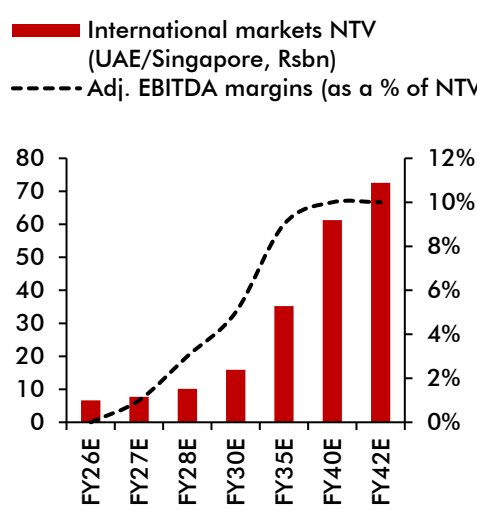
Source: Company, Ambit Capital research

**Exhibit 14: Expect Native to reach break-even in FY28E**



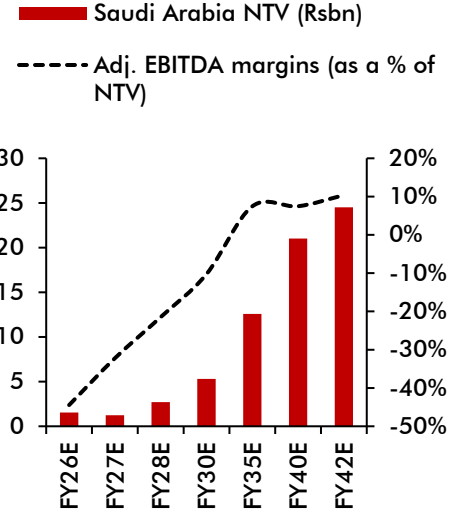
Source: Company, Ambit Capital research

**Exhibit 15: International markets to grow at a 16% CAGR over FY27-42**



Source: Company, Ambit Capital research

**Exhibit 16: Expect Saudi Arabia GTV to scale up over FY26-28E**



Source: Company, Ambit Capital research

**Exhibit 17: Overall business' DCF-based target price of ₹97**

Particulars	₹ mn
Enterprise Value	129,511
Net debt (FY6E)	15,195
Equity value	144,705
Number of shares (mn)	1,499
Value per share (Target price, ₹)	<b>97</b>

Source: Company, Ambit Capital research

**Exhibit 18: Our valuation for the core business (ex Instahelp) implies 35x EV/adj. EBITDA**

	FY28 EBITDA (₹ mn)	Implied Valuation multiple	Valuation (₹ mn)	Valuation per share
India Services (ex Instahelp)	2,655	35	91,953	61
International Services	305	31	9,500	6
<b>8 Sales</b>				
Native	6,289	2.8	17,415	12
50% of Saudi JV	2,331	3.6	4,191	3
<b>Total</b>			<b>123,066</b>	<b>82</b>

Source: Company, Ambit Capital research

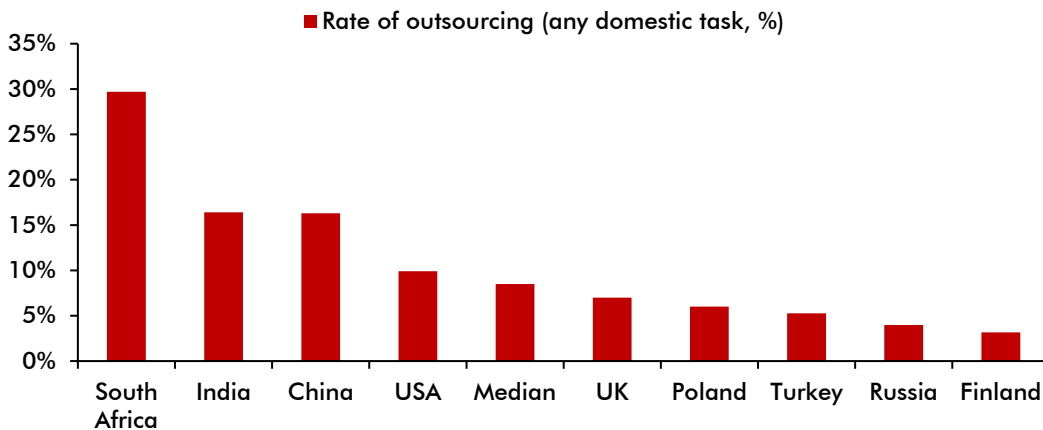
## Home services is a large market with formalization tailwinds

Rising nuclear families and female labour workforce participation in India has resulted in greater outsourcing of household chores, a trend that benefits companies like Urban Company. Home services are an ₹5tn market, growing at 10% CAGR. 90%+ of the home services market is unorganized, creating issues with standardization, price transparency, and discovery. These can be addressed through formal channels, both offline and online. Online formal channels provide better outcomes to both service workers (via higher earnings, access to consistent demand, and training) and customers (via better discovery/pricing transparency), and therefore are gaining market share. Other markets relevant for Urban Company, such as Saudi Arabia/UAE/Singapore, also have scope for growth despite higher employee costs.

### Indian households outsource a large proportion of their domestic tasks

Indian households typically rely on outsourced labor for completing household tasks. About 16% of household tasks in India are outsourced – one of the highest rates in the world, about twice the global median rate of ~8%. Outsourcing of domestic chores to workers is particularly high in India’s urban areas. Research from [IndiaSpend](#) indicates that 54/32% of households in Bengaluru/Chennai rely on domestic workers for household chores, which is ~3/2x the national average.

**Exhibit 19: India has one of the highest rates of outsourcing of domestic household chores in the world**

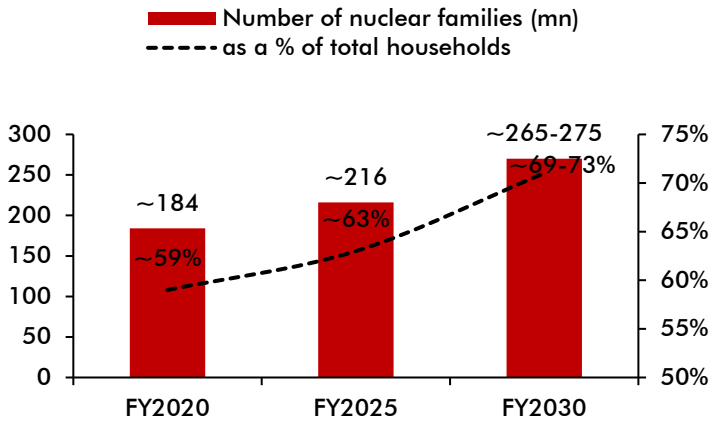


Source: Midwest Social Sciences Journal, Ambit Capital research

### Increasing female labor force participation/nuclear families should continue to drive demand for domestic task outsourcing

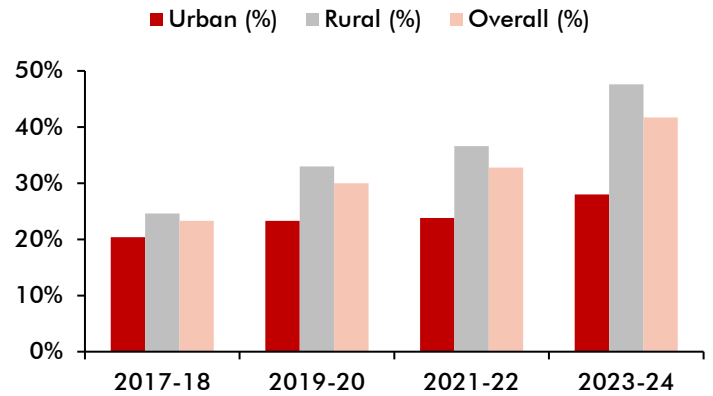
Drivers of outsourcing domestic tasks in urban India are primarily the rise of nuclear families and increased participation of women in the labour force. Nuclear families are already ~63% of households in India, with expectations that the number of nuclear families will continue to increase over the next decade. Similarly, female labour force participation has continued to increase in both rural and urban areas. This shift is particularly marked among higher-income/education categories, with 39.6% of women with a post-graduate degree currently employed.

**Exhibit 20: Households with nuclear families have increased**



Source: DRHP, Ambit Capital research

**Exhibit 21: Female labour workforce participation has increased**



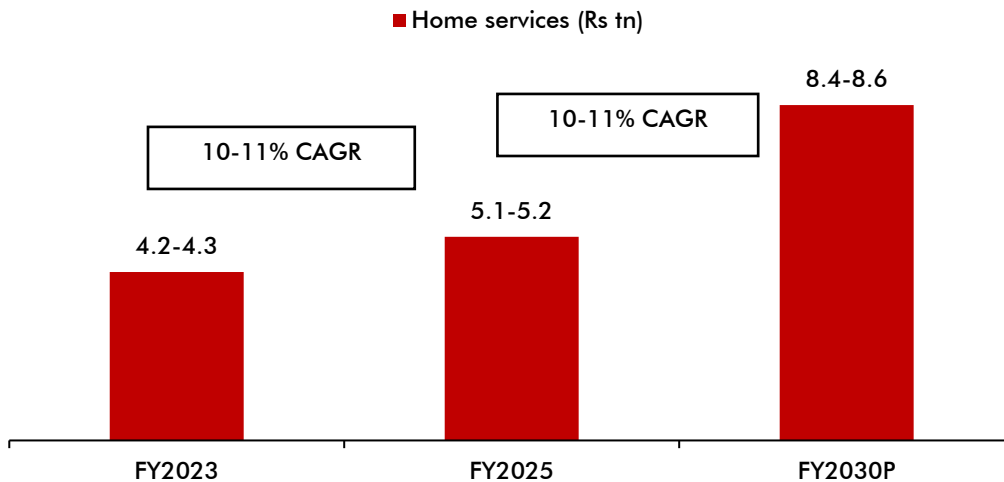
Source: Annual Periodic Labour Force Survey, Government of India, data prior to 2017-18 is not comparable, Ambit Capital research

Continued increases in labor workforce participation, as well as in nuclear families, are likely to drive demand for outsourcing home services such as repairs, maintenance, and beauty services.

**Indian home service markets are a ₹5tn market, growing at 10-11%**

Home services in India cover a range of offerings – from cleaning and home care to renovation and cooking. The market has been growing at a 10-11% CAGR and is expected to continue expanding at 10-11%, reaching ₹8.4-8.5tn by FY30.

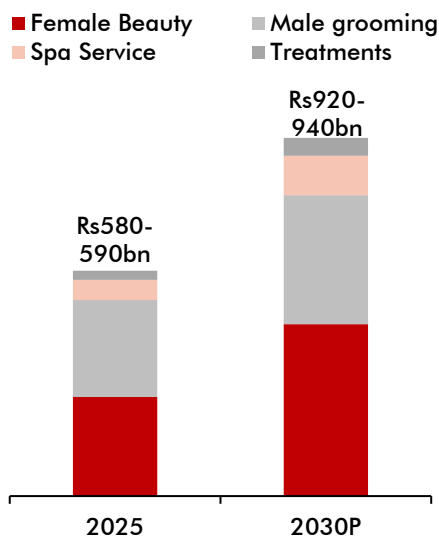
**Exhibit 22: Home services is expected to grow at 10-11% CAGR**



Source: Company, Ambit Capital research

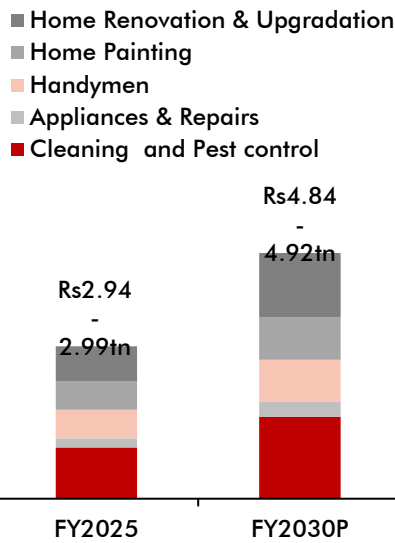
Cleaning and pest control, care at home, beauty & wellness and handymen are the primary home services offerings in India. The broader home services market can be split into three broad categories: (i) beauty and wellness, (ii) home repair and maintenance and (iii) others. Overall, the three segments are expected to grow at a CAGR of 9-12% over the next 5 years.

**Exhibit 23: Beauty products are expected to grow at 9-10% CAGR**



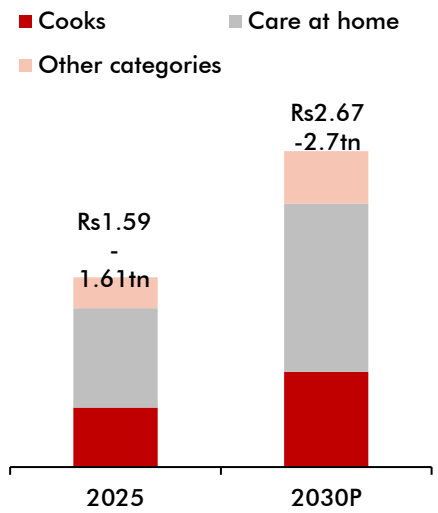
Source: Company, Ambit Capital research

**Exhibit 24: Home repairs and maintenance to grow at 10-11% CAGR**



Source: Company, Ambit Capital research

**Exhibit 25: Other categories are expected to grow at 10-12% CAGR**



Source: Company, Ambit Capital research

**Home repair services:** The home repair and maintenance market is expected to grow at a CAGR of 10-11% by 2030. Home repairs and maintenance covers segments such as cleaning and pest control, appliance repairs, handyman, home painting, renovation and upgradation.

**Beauty and wellness** India's beauty and wellness market is valued at ₹580-590bn (~\$7bn), growing at a 9-10% CAGR. Beauty and Wellness services are largely dependent on small-scale salons across India, most of which operate in the unorganized sector. Industry estimates indicate about [6.5 million salons](#) in the country, of which only 30% are in the organized market. Like all unorganized services, salon services also lack standardization, with service quality varying from person to person. Historically, beauty and wellness services have been aimed at women, with men's grooming largely restricted to basic product offerings such as shaving kits, deodorants, etc. However, this has changed over the past decade, with increasing growth in the men's grooming market – both in products and services. Male clients make up [~37-45%](#) of clientele at major unisex salons – (up from 25% 5 years ago).

**Other categories:** Other categories relevant to Urban Company's offerings include Cooks, Home care services, and miscellaneous categories such as packers, drivers on demand, and gardeners. About 21% of households use part-time cook services.

**Home improvement services see issues in standardization and transparency**

Despite steady demand, customers who use these services face [three primary issues](#)

- **Lack of standardization** – Quality of home repairs, competency and services offered vary across servicemen. Most workers have limited training and often learn on the job. This makes the overall experience inconsistent for most users.
- **Limited transparency** – There is a lack of clear pricing for services, which often results in difficulty in setting budgets. As a result, pricing is often dependent on the bargaining ability of the customer/service worker, resulting in inconsistent pricing for both customer/service workers.
- **Complex buying journey** – Home repairs and services often rely on word-of-mouth recommendations and informal vendor networks, which lead to unnecessary complexity, especially among people who are new to a particular market.

**Online services help provide a better journey vs offline channels for both customers/service workers**

From the point of view of the customer, online channels aid the customer in better discovery, pricing transparency, delivery, service quality, etc.

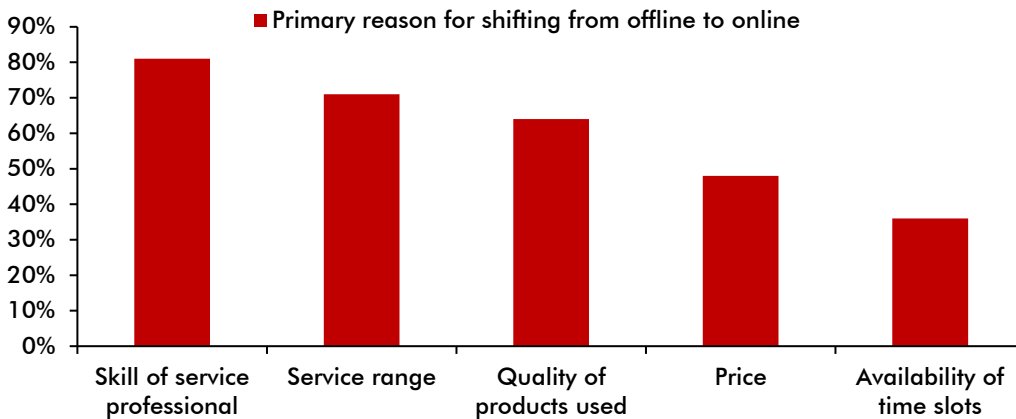
**Exhibit 26: Online full-stack is provides a better customer journey than offline unorganized**

	Offline unorganized	Offline organized	Online full-stack
Share of TAM serviced	~90.5%	~8.7%	~0.8%
Discovery	<b>Low</b> - dependent on word-of-mouth	Medium - dependent on service category, with service offerings fluctuating across categories and locations	Easy discovery of partners with background verification and consumer ratings
Pricing transparency	<b>Low</b> - No standardized rate cards	Low - Appliance repair is dependent on a diagnosis model, which decreases transparency	High - standardized diagnosis, and use of digital channels for online diagnosis
Delivery	<b>Low</b> - Inconsistent service standards	High - Scheduled slots and reasonably consistent service standards	High - wider coverage
Service/Product quality	<b>Low</b> - Inconsistent service and product quality with risk of counterfeits	Medium - minimum service and product quality	Professional training and quality control with customer review and tracking
Post-service support	<b>Nil</b>	Medium - Limited structure for follow up and closure	High - Robust post-service support with warranties and helplines

Source: Company, Ambit Capital research

As a result, demand for home/beauty services from the unorganized offline markets is gradually moving to organized markets, both offline and online. Research from Redseer indicates that for beauty products, the primary demand driver for shifting of demand from offline to online services is largely the skill of the service professional, followed by the service range offered by online channels.

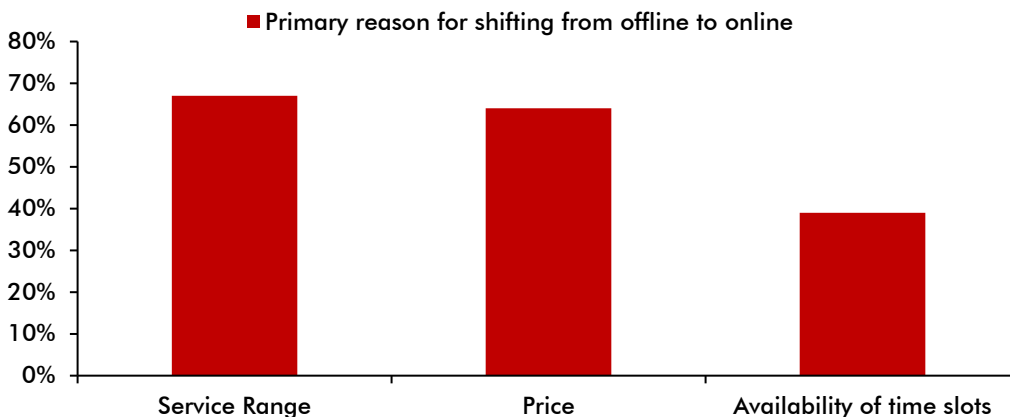
**Exhibit 27: The primary reason for shifting from offline to online is the skill of service professionals for beauty products**



Source: Redseer, Ambit Capital research

For home repairs/services, the primary driver for shifting to online on-demand home services is the service range, followed by pricing and flexibility with time slots.

**Exhibit 28: Service range and price are the primary reasons for customers to shift from offline to online**



Source: Redseer, Ambit Capital research

Online channels are also better from a service worker perspective – aiding service workers in achieving higher net earnings, stronger demand, access to better products, and career growth.

**Exhibit 29: Online channels are better from a service worker standpoint**

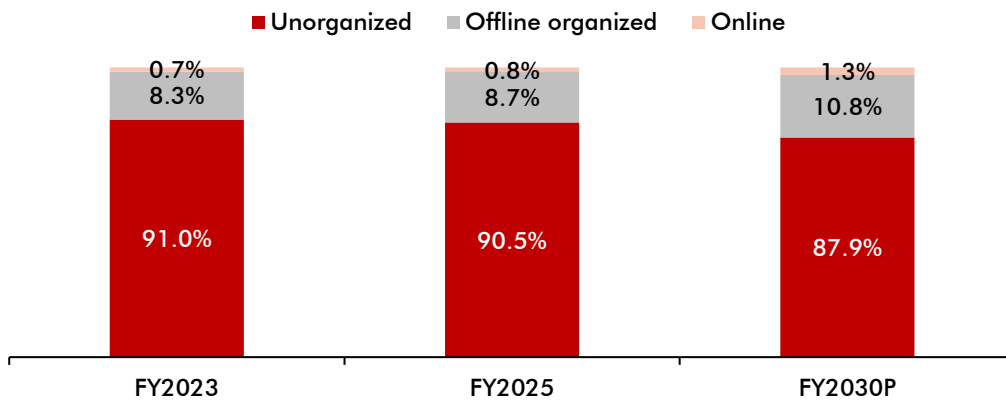
	Offline unorganized	Offline organized	Online full-stack
Net earnings	₹10-15k/month	₹15-25k/month	₹24-35k/month
Access to consistent demand	Low - Dependent on word-of-mouth	Medium - only via organized channels	High - driven by platform matching algorithms
Training & upskilling	Rarely available	Limited training	Regular structured program
Products & tools	Self-procured	Standardised supply	Standardized supply
Financing and Insurance	Unavailable	Limited	Limited, and accessible via platform partnerships

Source: Company, Ambit Capital research

**Better customer/service worker experience drives higher formalization/penetration**

The largely unorganized, informal services market is rapidly moving towards organized markets – both online and offline, with online penetration also increasing. Online full-stack platforms had a 0.8% share of the home services market, which is expected to reach 1.3% by 2030E.

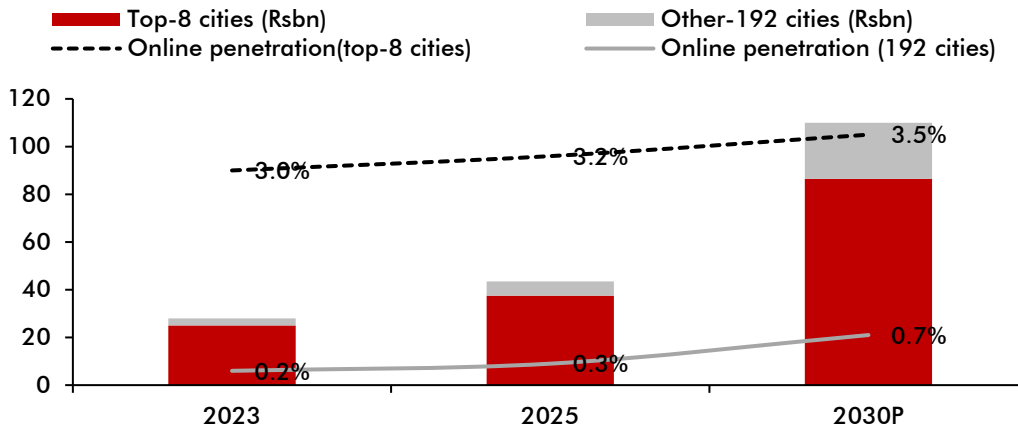
**Exhibit 30: Organised markets – both offline and online are gaining market share**



Source: Company, Ambit Capital research

As penetration increases, online markets are expected to grow at an 18-22% CAGR over FY25-30P. Penetration levels for online services are higher in the top8 cities, which contribute to 85-90% of the online services market in FY2025, while lower in the next 192 cities, which are less penetrated. We expect the top8 cities to continue growing at 18% CAGR over the next 5 years, while the other 192 cities should grow at 31% CAGR over a small base.

**Exhibit 31: Top-8 cities are 85-90% of the online services market**

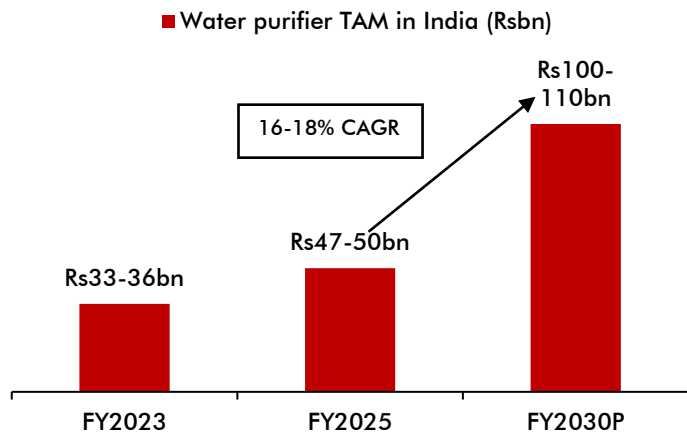


Source: Company, Ambit Capital research

**Other segments for Urban Company also have scope for meaningful growth**

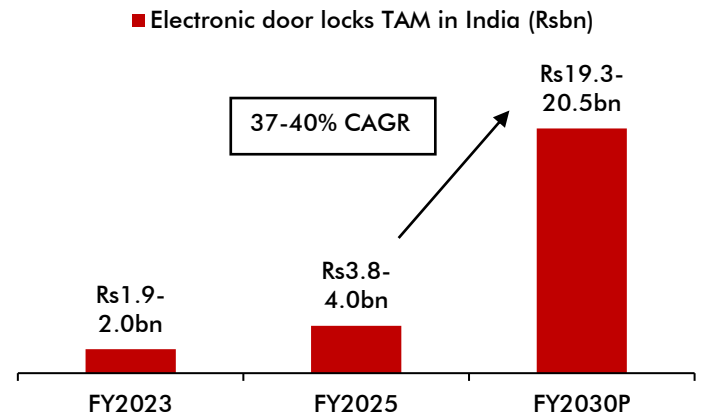
Outside of Urban Company’s primary service offering, the company also has a presence in certain small segments, including water purifiers, electronic door locks, etc. The water purifier market in India has a penetration of 10% and is expected to grow at a 16-18% CAGR, given the gradual increase in awareness of waterborne diseases. The company competes here with established brands such as Eureka Forbes and Kent. While the overall market for water purifiers has grown by ~19% CAGR over FY23-25, the larger incumbents are growing more slowly, with Eureka Forbes/Kent growing revenues at 8% CAGR over the past 2 years. Electronic door locks, on the other hand, are an emerging category – with a penetration rate of 0.3% in India, compared to 16% in the US and 18% in China.

**Exhibit 32: Water purifier TAM is expected to grow at 16-18%**



Source: Company, Ambit Capital research

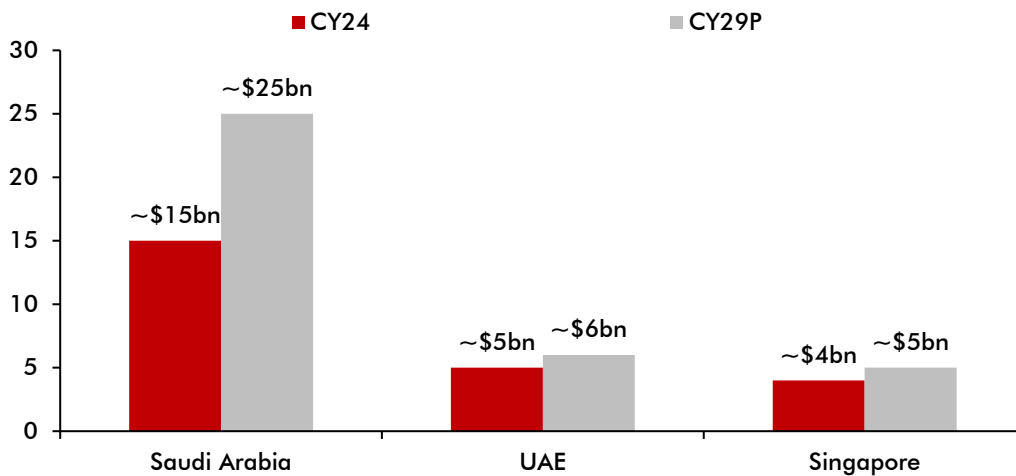
**Exhibit 33: Electronic door locks have a low penetration and are expected to grow at 37-40% CAGR**



Source: Company, Ambit Capital research

The company has also expanded to newer international markets, including the UAE, Saudi Arabia and Singapore. While high service worker costs limit the penetration of such services to higher-income groups only, there is still a large market for service worker platforms, given higher disposable incomes in these countries.

**Exhibit 34: Expect Saudi Arabia/UAE/Singapore markets to grow at 10%/7%/6% CAGR over CY24-29P**



Source: Company, Ambit Capital research

# Urban Company – A full-stack services platform

Founded in 2014, Urban Company has evolved from a broad discovery marketplace for local services into a fully controlled, execution-focused home services platform. Over time, the company moved away from a lead-generation model toward taking direct responsibility for service quality, pricing, and delivery. The company's business is spread across four distinct offerings (i) The India's services business (ex Instahelp) is the largest, accounting for 75/71% of NTV/revenues over 9MFY26 (ii) Urban Company's new on-demand house help services offering (titled Instahelp) has begun scaling up and is likely to power the next leg of growth, (iii) International expansion into newer markets such as Singapore/UAE/Saudi Arabia etc, (iv) The company's product offering called Native which aims to cross-sell products like water purifiers/electronic door locks to existing service customers

## Phase I (2014-2017) Broad discovery marketplace

The company's founders believed that the Indian home services market was characterized by fragmentation, informality, and a lack of trust. Incumbent discovery platforms like JustDial primarily acted as lead sellers, leaving service quality, pricing, and outcomes entirely to individual professionals. Urban Company entered the market in December 2014 as a horizontal marketplace offering a wide range of home services, from plumbing and electrical repairs to niche categories like wedding photography, tutoring, and fitness (Yoga). Lead fees paid by service professionals drove revenue in this phase. Matching was initially manual, supported by a concierge-style workflow; the idea was to address liquidity by offering multiple categories and onboarding a large number of service professionals. This attracted aggressive early-stage capital, as Urban Company raised ~\$35M in its first year. However, this model revealed structural weaknesses, including inconsistent service quality, limited price transparency, and low customer satisfaction. Retention was inconsistent, particularly in subjective or event-driven categories.

## Exhibit 35: Urban Company's first pitch deck from 2014

**SAIF?artners<sup>®</sup>**  
**SAIF PARTNERS V**  
**Investment Report – Urban Clap (Dec 2014)**

### Company Purpose

Urban Clap (UC) is a local services marketplace which helps users discover and connect with professionals catering to "non-standardised" services.

To start with, UC is focusing on 3 service categories and building supply/demand in Delhi/NCR:

- Weddings and events: Wedding photographers, Wedding make-up artists, Wedding DJs, Home/birthday party caterers, Birthday party planners
- Personal Services: Salon services at home, Yoga at home, Nutritionists
- Home needs: Professional home cleaning and Interior designers

### Current numbers

The company launched its MVP in mid-November 2014. The customer funnel between Nov 17-Nov 27, 2014 looks as below

	#	%
Total user visits	1700	100%
Chose a category	839	49%
Viewed sample profiles	648	38%
Opened form	224	13%
Submitted form	41	2%

Source: [Elevation capital](#), Ambit Capital research

## **Phase II (2017-19): The “Full-stack” Pivot**

By 2017, management exited several discretionary and non-repeat categories, even though they contributed meaningfully to revenues at the time. The business narrowed its focus to services where scope, pricing, and delivery could be defined upfront, such as beauty, cleaning, and repairs. To support this, Urban Company invested in partner training and introduced SOPs for services. This reduced outcome variability and increased quality benchmarks, leading to higher customer repeat rates and greater predictability in unit economics, albeit with higher operating costs. Urban Company raised ~\$73mn in subsequent rounds to finance the heavy Opex. The company’s revenue expanded rapidly from ₹467mn in FY18 to ₹2,187mn in FY20. EBITDA losses widened from ₹584mn to ₹1,727mn

## **Phase III (2020-2022): Rebranding and pandemic impact**

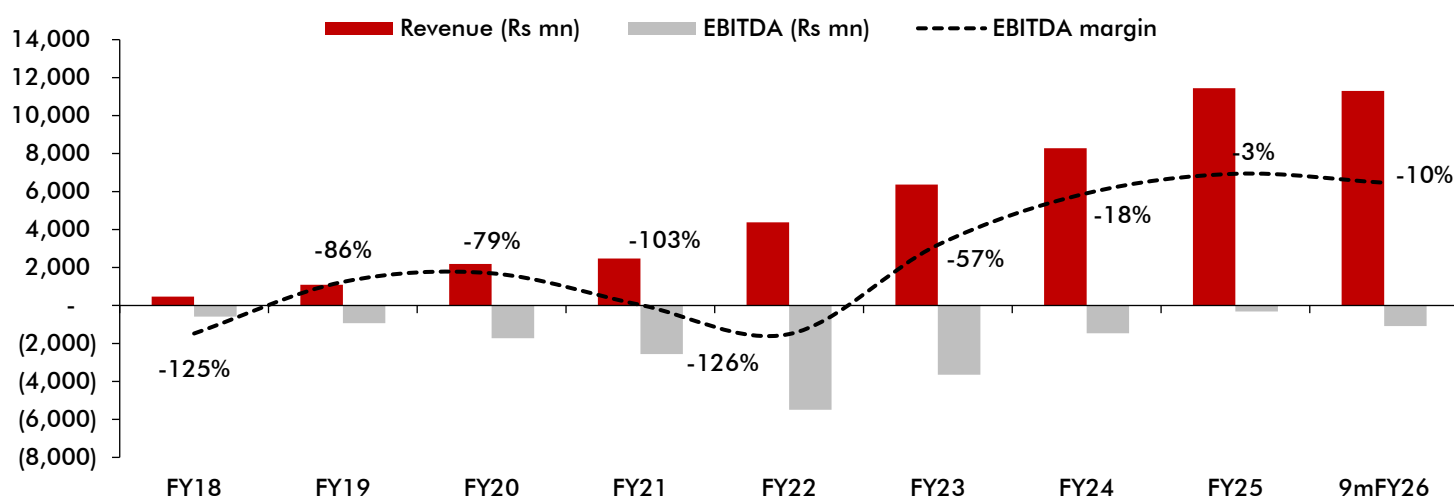
In early 2020, the company rebranded to Urban Company, reflecting its shift towards being an intermediary to a managed service platform. Then Covid-19 hit and significantly disrupted operations, particularly in high-touch categories such as beauty and wellness, while essential repair services gained traction. In response, Urban Company implemented a set of safety and partner-support measures covering hygiene protocols, protective equipment, and temporary income support for affected service professionals. These initiatives raised operating costs in the short term but helped restore customer confidence as restrictions eased. Despite the lockdowns, revenues doubled to ₹4,376mn over FY20-22. However, EBITDA losses also expanded ~3x to ₹5,490mn during the same period. Amidst the pandemic, the company raised \$190mn (Series F) around Apr’21 which valued the company at \$2.1bn, giving the Unicorn milestone. While profitability deteriorated in the short term, the pandemic phase strengthened customer trust and accelerated structural demand for organized home services.

## **Phase IV (2023-2025): International/Vertical expansion and narrowing losses**

Following a large Series F raise, Urban Company expanded into multiple international markets. UAE and Singapore showed healthy adoption and repeat usage, benefiting from similar labour dynamics and service outsourcing behaviour. At the same time, developed markets such as the US/Australia struggled with unit economics and preference differences. International revenues became visible but still formed a minority of the overall revenues. By FY24, the company exited the US and Australian markets and redirected focus toward regions with more favourable unit economics. In Saudi Arabia, it adopted a joint-venture structure to navigate regulatory and workforce requirements better. During this time, Urban Company launched “Native”, its private label brand for smart home appliances, expanding into hardware manufacturing. It started with RO water purifiers and recently expanded into smart locks. The combination of scaling up International/Native business alongside growing India business with improving profitability led to 38% revenue CAGR over FY22-25. Over the same period, EBITDA losses narrowed materially from -126% in FY22 to -3% in FY25. Notably, India's consumer business (ex-Instahelp) achieved breakeven in 1QFY24.

Its recent offering, Instahelp, launched in 2025, is an on-demand, “quick commerce for services” model aimed at providing instant professional house help services, with service professionals available as fast as within 15 minutes of booking. Investments in expanding Instahelp led to a rise in EBITDA losses in 9MFY26,

**Exhibit 36: Revenue scaled at 38% CAGR over FY21–25, with EBITDA losses narrowing on improving India consumer business profitability; 9MFY26 losses increased on Instahelp scale-up**



Source: Tofler, Company, Ambit Capital research;

**Exhibit 37: Urban Company has raised ~USD430mn through equity and debt investments, including USD54mn from its IPO**

Date	Fund raise (USDmn)	Post-money Valuation (USDmn)
Mar-15	1.6	6
Jun-15	10	34.3
Nov-15	25	94.5
Feb-17	0.3	93.9
Apr-17	3.1	
Jun-17	21	195
Nov-18	52.5	398
Apr-19	0.2	
Jul-19	0.2	491
Aug-19	75	933
Apr-21	190	2,160
Sep-25 (IPO)	54mn fresh (216mn overall)	1,740
<b>Total</b>	<b>433</b>	

Source: Traxcn, Company, Ambit Capital research

**Tenured management team**

All three co-founders of Urban Company are actively involved in running the organization, each holding an operational role. The broader C-suite is tenured, with most senior leaders having largely spent 5+ years with the firm. Abhiraj Singh Bhal serves as the MD & CEO.

**Exhibit 38: Key employees at Urban Company have had long tenures**

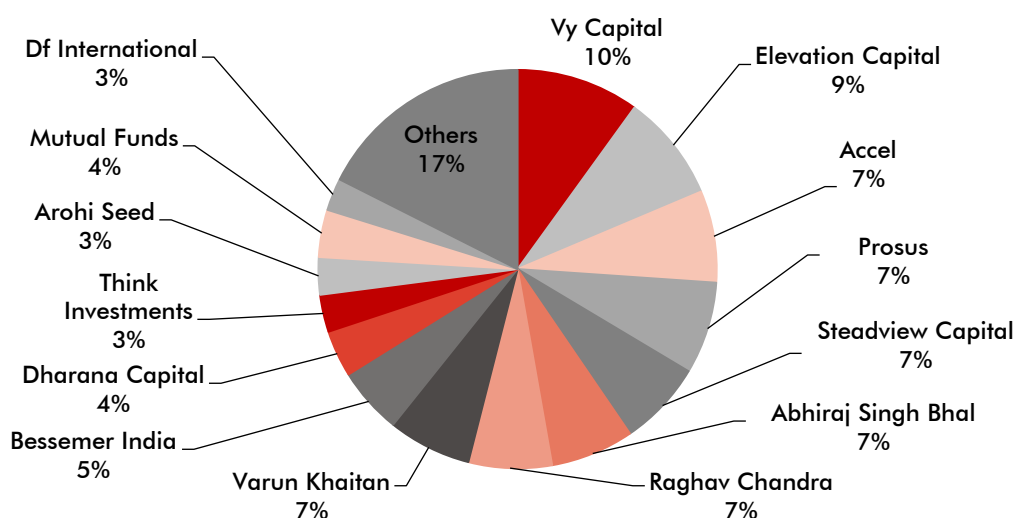
Name	Designation	Associate Since	Previous Experience	Qualification
<b>C-Suite</b>				
Abhiraj Singh Bhal	Chairperson, MD & CEO (Co-founder)	Dec-14	BCG	MBA, B.Tech
Raghav Chandra	ED, CTO & CPO (Co-founder)	Dec-14	Twitter, Yelp	B.Tech
Varun Khaitan	ED, COO (Co-founder)	Dec-14	BCG, Qualcomm	MBA, B.Tech
Abhay Krishna Mathur	CFO	Feb-20	HUL, Kimberly-Clark Lever	CA, B.Com
Mukund Kulashakaran	CBO- India	Jul-18	Zomato, BCG, ITC	MBA, B.Tech
Neha Mathur	CHRO	Apr-21	Coca-Cola, Reckitt, Accenture, GE, Uber	MBA, BBS
<b>Senior Leadership</b>				
Kanav Arora	SVP - Engineering	Apr-16	Microsoft, Stuph, Pocket Gems	B.Sc
Richa Mohanty Rao	General Counsel	May-23	Amarchand Mangaldas, Cyril Amarchand Mangaldas (Partner)	LLB, BBA
Rahul Teotia	VP, Head of Marketing	Oct-19	BCG, NTPC, Rivigo	MBA, B.E
Nitesh Agarwal	SVP, Regional Head (Middle East)	Jan-20	Swiggy, Opera Solutions, Royal bank of Scotland	MBA, B.Tech
Sanyam Gupta	Business Head- Native	Jul-25	THB, Bain	MBA, B.Com

Source: Company, Ambit Capital research

**Promoters own a 20%+ stake in the company**

Promoters of Urban Company together hold ~20% stake, reflecting meaningful skin in the game and continued operating involvement. Strategic investors hold 65%+ stake. That said, Urban Company remains well capitalised with ₹21bn of cash against 9M FCF burn of ₹0.9bn, implying no near-term need for further capital, even as the company invests in scaling the Instahelp business.

**Exhibit 39: Promoters have ~20% stake in the company; Stake sale by strategic investors holding 65%+ could be an overhang on the stock**

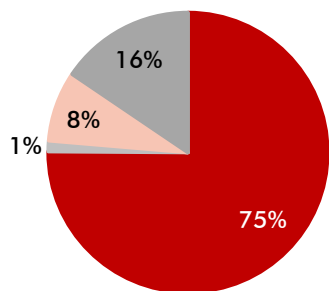


Source: Company, Ambit Capital research

Urban Company operates its business in 4 segments – (i) India consumer services, (ii) Native, (iii) International business (Singapore, KSA, UAE), and (iv) Instahelp.

**Exhibit 40: India business accounts for the majority of NTVs... (9MFY26)**

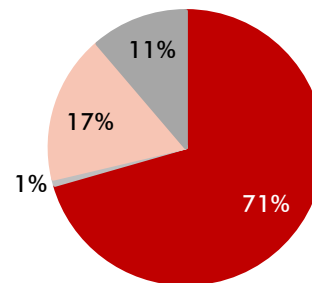
- India business (ex-Insta help)
- Insta-help
- Native
- International business (UAE/Singapore)



Source: Company, Ambit Capital research

**Exhibit 41: ...and the majority of revenues (9MFY26)**

- India business (ex-Insta help)
- Insta-help
- Native
- International business (UAE/Singapore)



Source: Company, Ambit Capital research

**India business is the core business for Urban Company**

The India business is Urban Company’s core, a full-stack online services marketplace that provides services and solutions across various home and beauty categories. The company offers services across 47 cities.

**Exhibit 42: Services offered by Urban Company**

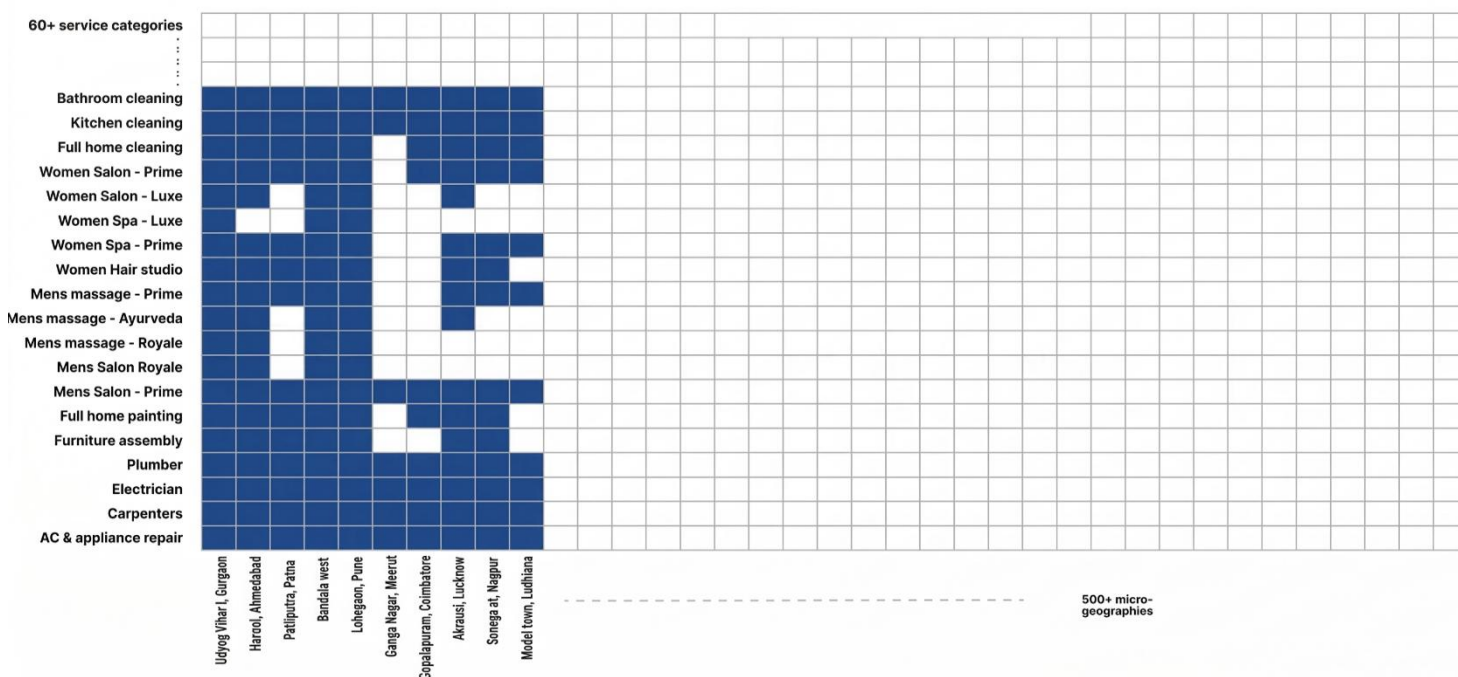
**What are you looking for?**

- Women's Salon & Spa
- Men's Salon & Massage
- Cleaning & Pest Control
- Electrician, Plumber & Carpenter
- Native Water Purifier
- Painting & Water proofing
- AC & Appliance Repair
- Wall makeover by Revamp

Source: Company, Ambit Capital research

Urban Company’s services are spread across 17 “Super-categories” and 60+ categories. Each super-category is a comprehensive service category that aggregates related service categories. Each city is also divided into micro-markets of 3-5km, with the size of the micro-market dependent on the service category being offered, the density of the city, and the frequency of the category.

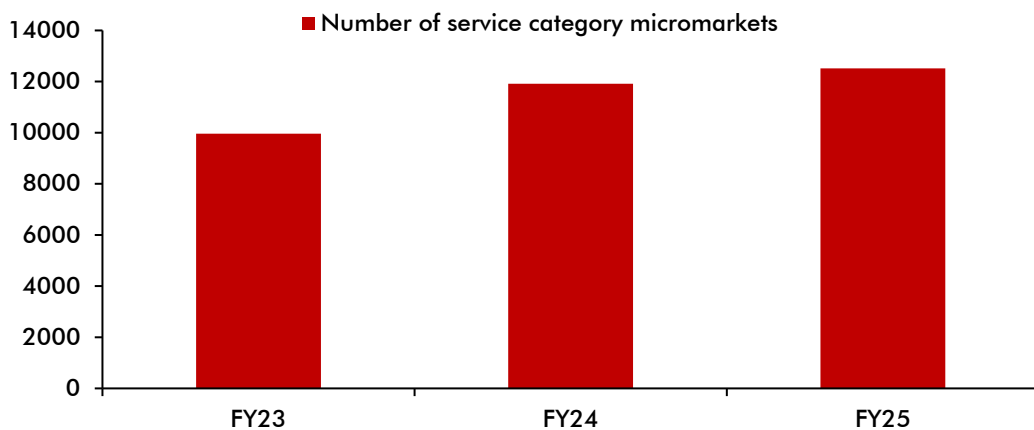
**Exhibit 43: Urban Company operates in 12,000+ micromarkets**



Source: Company, Ambit Capital research

The company’s growth expansion happens on three vectors: i) by increasing the number of services in each micro-geography, ii) increasing the number of geographies it serves, and iii) splitting existing micro-geographies into smaller segments as utilization peaks. Over the last 3 years, the company has increased service category micro markets by 25%

**Exhibit 44: Number of service category micro markets has increased 25% over FY23-25**



Source: Company, Ambit Capital research

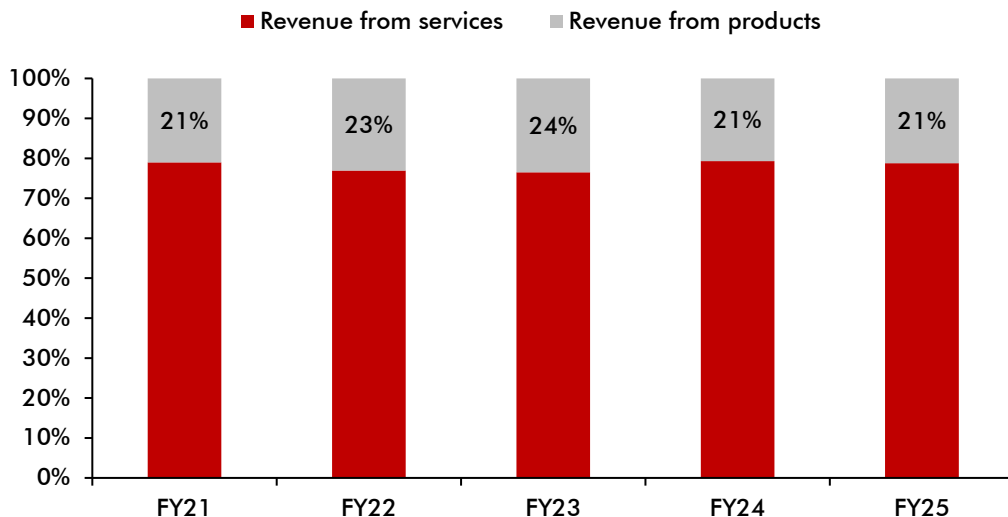
**Product revenues are also complementary to the service offering**

In categories such as beauty, spa and cleaning, Urban Company also specifies products and tools to be used in each service. These are classified as

- Tools – e.g., massage beds for spa, jet pressure pumps for AC servicing, pedicure tubs etc.
- Consumables – These include objects such as facial kits, waxing cartridges, Native RO filters and cleaning chemicals.

Products are manufactured by third-party manufacturers, and Urban Company also uses its own brands – such as Go Tile, Azi Clean and Native. The proportion of revenues from products has been in the range of 21-24% of revenues for the past 5 years.

**Exhibit 45: Proportion of revenues from products has been broadly stable**



Source: Company, Ambit Capital research

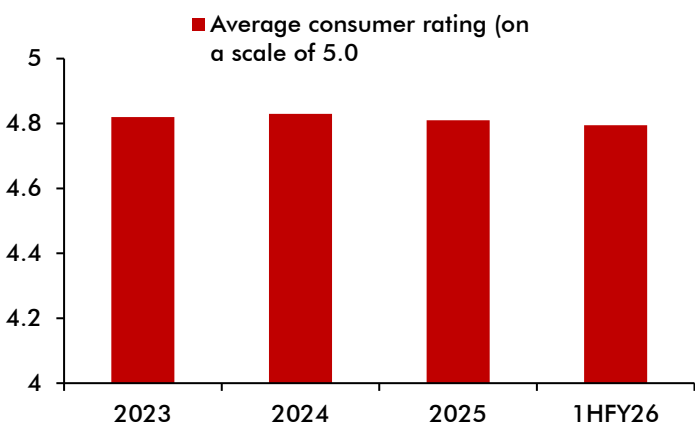
**Higher quality of service offering is the primary differentiator for Urban Company vs the unorganized market**

Urban Company's AOV was at ₹1117 for 9MFY26 (our est.), broadly similar for the past 3 years. While the AOV skews higher partly because of high-value services such as home décor, painting, etc, Urban Company's services are also priced higher than similar services in the unorganized sector. This is because Urban Company promises higher service quality, greater flexibility and uses better products.

Urban Company has been able to provide better experiences to customers, as evidenced by

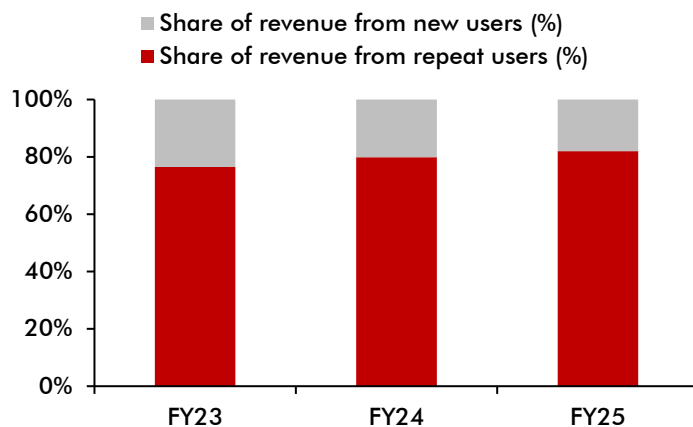
- consistently high customer service ratings,
- Higher loyalty as existing customers increase spending on the platform,
- expanding category use.

**Exhibit 46: Average Consumer rating is ~4.8 for Urban Company**



Source: Company, Ambit Capital research

**Exhibit 47: Share of revenue from repeat users continues to increase**



Source: Company, Ambit Capital research

Growth from retained customers over FY23-25 was significantly higher than new users, growing at 26% CAGR vs 6% for new users. Further, retained customers who begin using Urban Company's services typically end up using more services over time. As an example, users who began using Urban Company's services in 2018 use over 5 categories today, while users onboarded in 2021 use 4 categories today

**Exhibit 48: Retained consumers use Urban Company for multiple categories**

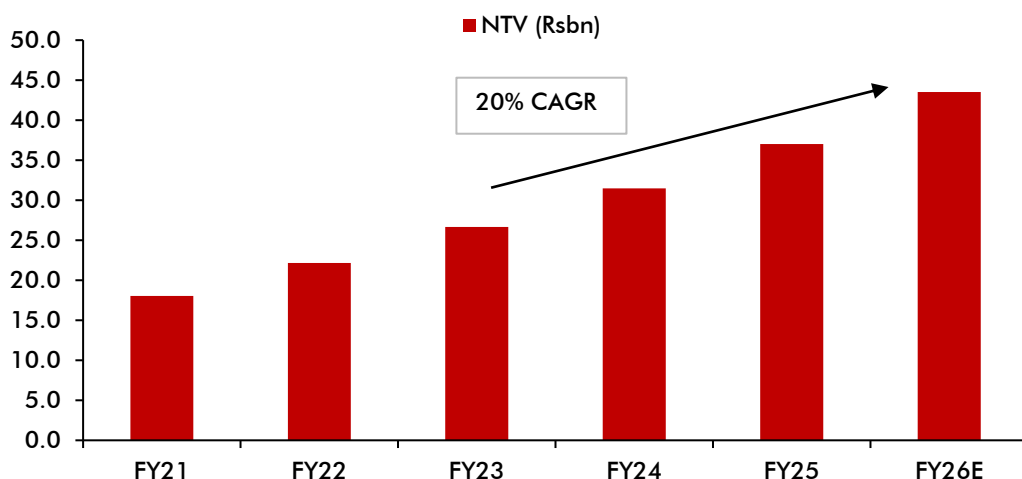
Year	2018	2019	2020	2021	2022	2023	2024	2025
2018	1.25	2.36	3.11	3.91	4.4	4.84	5.25	5.59
2019		1.31	2.47	3.32	3.84	4.28	4.7	5.07
2020			1.36	2.6	3.18	3.64	4.07	4.44
2021				1.37	2.55	3.2	3.69	4.08
2022					1.36	2.5	3.06	3.51
2023						1.34	2.44	2.97
2024							1.33	2.38
2025								1.31

Source: Company, Ambit Capital research

**ATU expansion has driven India core business growth over FY23-26**

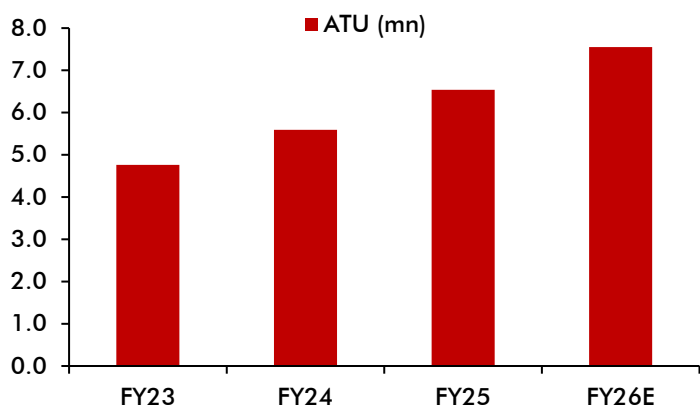
Urban Company has seen a meaningful scale-up in terms of NTV over FY23-26E, with the Indian consumer (ex-Instahelp) growing at a 20% CAGR over the period. Demand has been led primarily by the increase in transacting users, which has grown at a 17% CAGR, while spend/ATUs has grown slightly below inflation at 3% CAGR.

**Exhibit 49: NTV growth has been at 20% CAGR over FY23-26E**



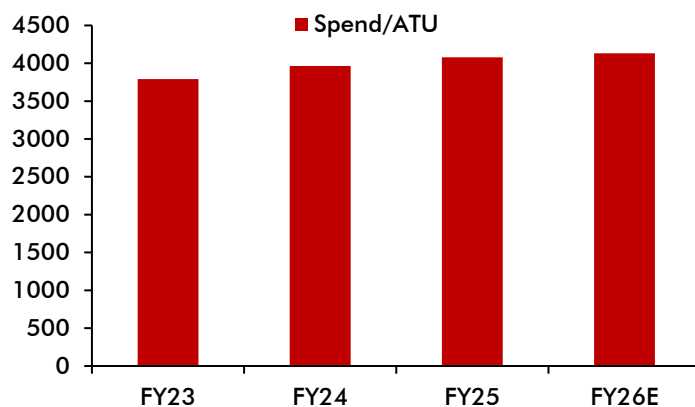
Source: Company, Ambit Capital research

**Exhibit 50: ATUs for the India business (ex Instahelp) have grown at a 17% CAGR**



Source: Company, Ambit Capital research

**Exhibit 51: Spend/ATU has been at 3% CAGR, with a slight increase in FY26**



Source: Company, Ambit Capital research

## Improving utilization/lower marketing expenses have been the primary driver of margin improvements

Over the same period, margins have improved meaningfully as the India business (ex-Instahelp) reached break-even in FY25. Adj. EBITDA margins (as a % of NTV) have improved from -9.7% of NTV in FY23 to 3.3/4.4% of NTV in FY25/9MFY26. The 1410bps improvement in profitability has been aided by

- Lower employee costs resulted in a 470bps improvement in margins. Cost leverage has been achieved through higher service professional utilization (which has resulted in lower training personnel costs), along with scale benefits on technology/engineering teams and category teams.
- Lower marketing expenses have aided margins by 450bps.
- A 240bps increase in commissions over FY23 to 9MFY26. Urban Company saw a significant scale-up in commissions between FY21-23, with commissions increasing from 26.7% in FY21 to 31.6% in FY23. Further increase in commissions has been more gradual, with commissions increasing at ~80bps/year since then, and we believe that further increases in take rates are likely to be more gradual.
- Operating leverage in G&A expenses, which aided margins by 190bps, and efficiencies in variable costs, which have aided margins by 60bps.

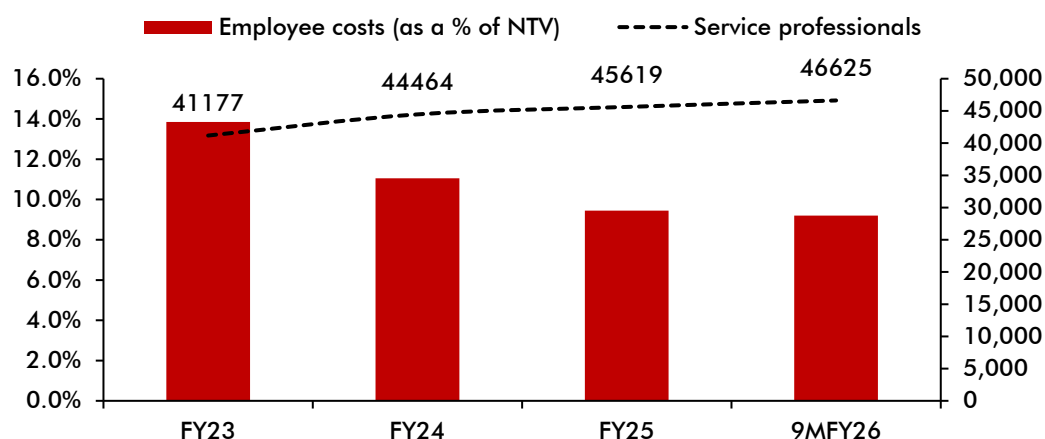
Improving utilization has been a key driver of margin expansion for Urban Company for the past 3 years. Service professionals have grown at just 5% CAGR over FY23-25 (vs NTV growth CAGR at 22%), and 2% increase in 9MFY26. The average service professional now generates ₹585k of business per year in FY25, vs ₹438k in FY23. As a result, the employee costs as a % of NTV declined 470bps from 13.9% of NTV in FY23 to 9.2% of NTV in 9MFY26.

### Exhibit 52: Unit economics indicate that fixed cost control has been the primary driver of margin improvement

Unit economics	FY23	FY24	FY25	9MFY26
<b>NTV</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Revenue</b>	<b>32</b>	<b>32</b>	<b>33</b>	<b>34</b>
<b>Variable costs</b>	<b>14</b>	<b>12</b>	<b>13</b>	<b>13</b>
<b>Contribution</b>	<b>18</b>	<b>20</b>	<b>20</b>	<b>21</b>
Employee costs	14	11	9	9
Marketing	7	5	3	3
G&A and Others	7	4	4	5
<b>Fixed costs</b>	<b>27</b>	<b>20</b>	<b>17</b>	<b>16</b>
<b>Adj. EBITDA</b>	<b>-10</b>	<b>0</b>	<b>3</b>	<b>4</b>

Source: Company, Ambit Capital research

### Exhibit 53: Employee costs as a % of NTV have reduced, while service professional numbers have been stable



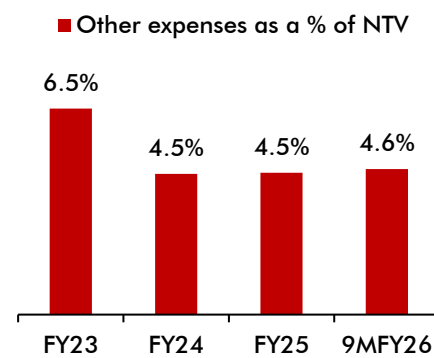
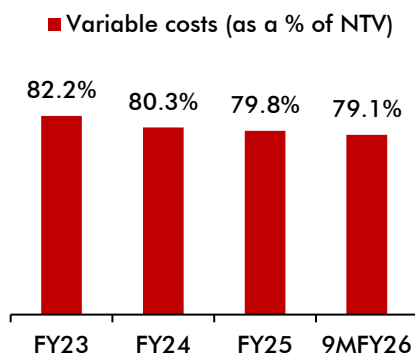
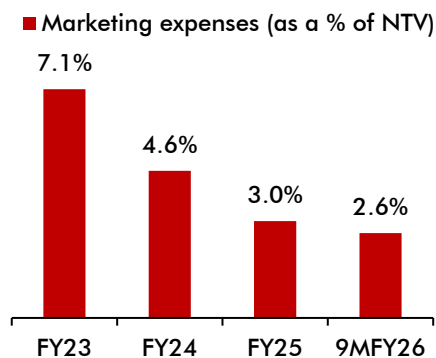
Source: Company, Ambit Capital research

At the same time, the marketing spends for the company have also declined meaningfully, declining from ₹1280mn in FY23 (7.1% of NTV) to ₹830mn in FY26E (annualized, 2.6% of NTV), as the company cut back on marketing expenses.

**Exhibit 54: Marketing expenses have seen a significant decline**

**Exhibit 55: Variable costs have been broadly stable**

**Exhibit 56: Other expenses declined in FY24, and have stayed stable since then**



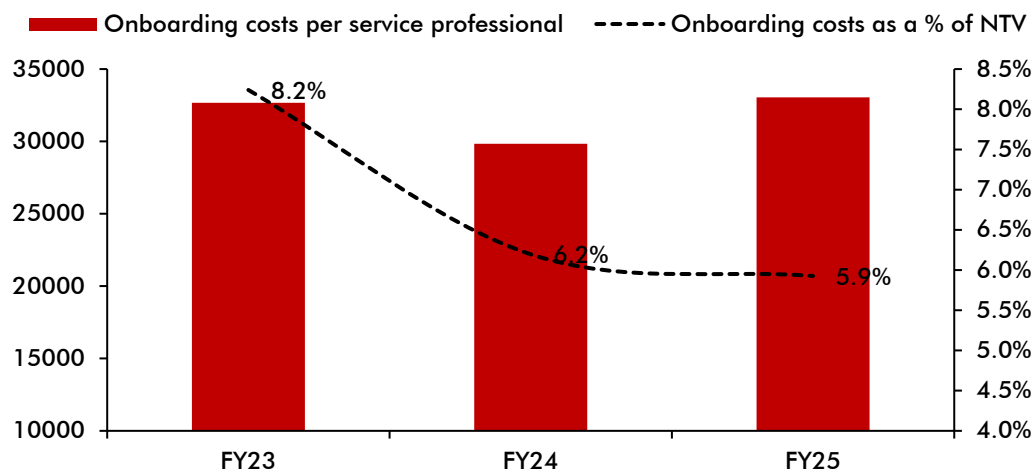
Source: Company, Ambit Capital research

Source: Company, Ambit Capital research

Source: Company, Ambit Capital research

To maintain a high service level quality, Urban Company has invested heavily in its training programs. The company's training programs are certified by the National Skill Development Commission (NSDC), and onboarding costs for service professionals are a significant cost item, which has grown at a 3% CAGR over FY23-25 – lower than the growth in monthly service professionals.

**Exhibit 57: Onboarding costs are ~6% of NTV, declining from 8.2% in FY23**

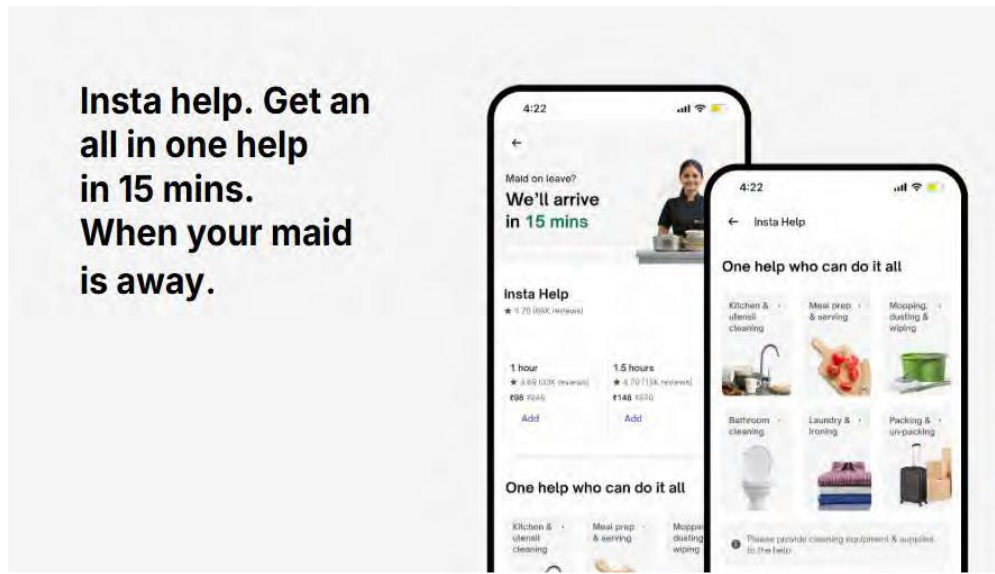


Source: Company, Ambit Capital research

**Instahelp – the next leg of growth is seeing significant investments**

Instahelp is a relatively new category launched by Urban Company in 2025. The company aims to address households' daily cleaning and housekeeping needs. The main use case for the business is when regular daily help is unavailable. Instahelp provides both instant services (within 15 minutes) and slotted delivery. Urban Company's foray into the Instahelp business is likely to be a key growth driver for the business.

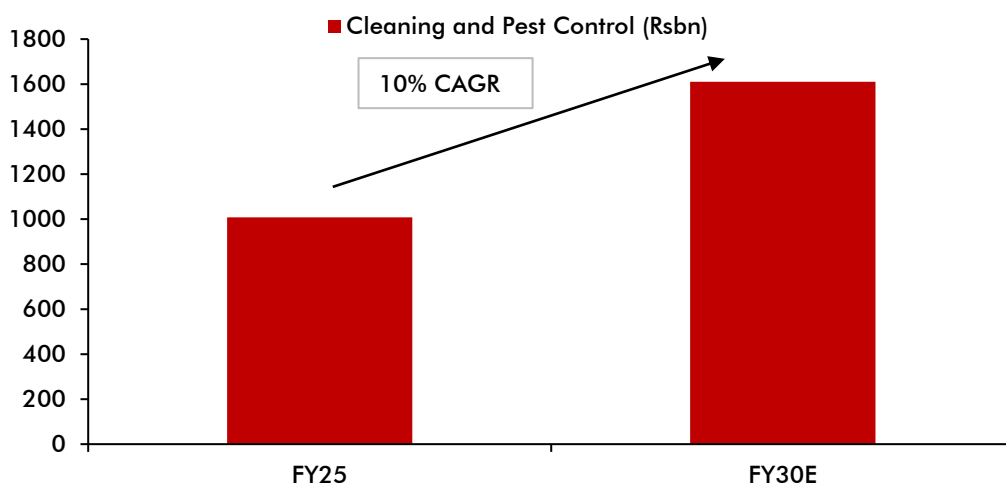
**Exhibit 58: Instahelp is the next large category expansion from Urban Company**



Source: Company, Ambit Capital research

Cleaning & pest control are the largest segments of home services and are expected to grow at a 10% CAGR over the next 5 years.

**Exhibit 59: Cleaning and pest control have a TAM of ₹1tn**



Source: Company, Ambit Capital research

Within the ₹1tn TAM, Urban Company estimates that ₹750-770bn of the market is in the top-200 cities and therefore addressable by the company. **Thus, cleaning covers 42% of the Serviceable addressable market for Urban Company.** Online adoption in this segment is relatively nascent, with the largest-scale company, Snabbit, beginning operations in 2024. Instahelp is currently operational across Delhi NCR, Mumbai, Bengaluru, Hyderabad, and select parts of Pune. Urban Company sees Instahelp as a key growth driver over the next few years. The business is still at a nascent stage, with a little over a year of operations. The company is still building out the Instahelp business and expects to make losses in this segment for the foreseeable future.

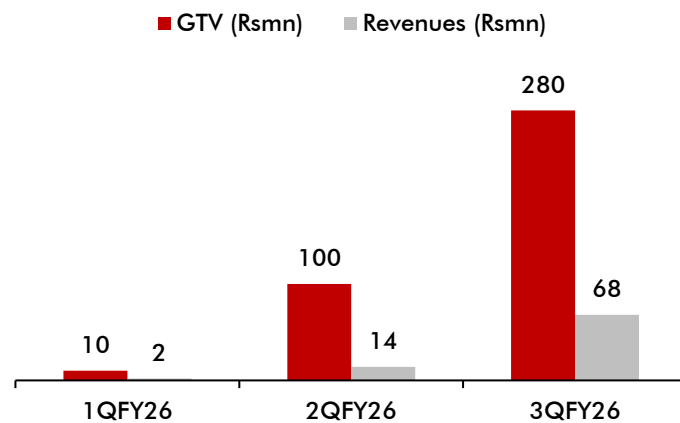
The scale-up for Instahelp has been faster than that of Urban Company, with the company crossing 50,000 daily bookings for Instahelp in 11 months of operations (compared to 6 years for Urban Company’s India services). GTV increased to ₹280mn in 3Q, which is ~4% of Urban Company’s India business (ex-Instahelp), with revenues at ₹68mn (~3% of the India business).

**Exhibit 60: Instahelp has seen orders scale-up to 50k/day**



Source: Company, Ambit Capital research

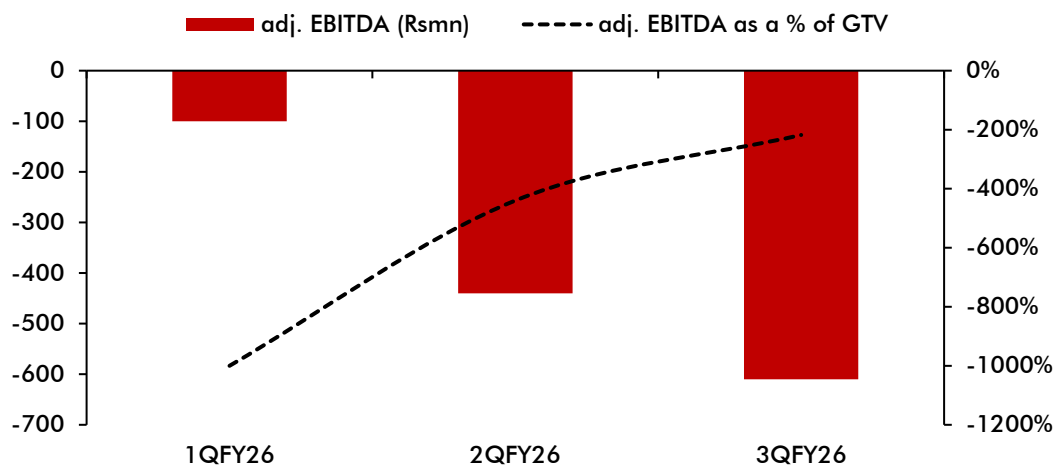
**Exhibit 61: GTV/revenue for Instahelp has scaled up**



Source: Company, Ambit Capital research

Instahelp is likely to be a frequency driver for Urban Company. While the India business (ex-Instahelp) is a low-frequency business, Instahelp is a more frequent use case. Higher frequency should help compensate for the lower AOV for Instahelp vs others. Further, this business is an acquisition channel for Urban Company for the higher profitability of the India business. However, the losses have also been meaningfully higher for Instahelp. Losses for the last 3 quarters for the Instahelp business have been ₹1150mn. For comparison, Urban Company had an adj. EBITDA loss at a consolidated level of ₹1180mn in FY24, with 57x larger NTV. Higher losses are largely due to higher discounting, as the company looks to expand rapidly in a new market, with companies such as Snabbit/Pronto having already raised cash.

**Exhibit 62: Losses for Instahelp business are significant, albeit reducing**



Source: Company, Ambit Capital research

**International markets/Native are optionalities**

Urban Company first entered international markets in 2018, launching home services in Dubai. The company launched platform services in 2019, followed by expansion into Singapore (2019), Australia (2019), Saudi Arabia (2021) and the USA (2021). The company subsequently exited the US/Australia markets, while transitioning to a joint venture in the Saudi Arabian market.

- **UAE:** The company offers a range of services in the UAE market (~\$5bn market) covering cleaning, beauty services, men’s grooming, electrical work, plumbing etc. To gain access to supply, Urban Company has tied up with aggregators which offer service professionals on the payrolls and also facilitate ancillary services including visa processing, transportation needs and onboarding the professionals on the Urban Company platform.

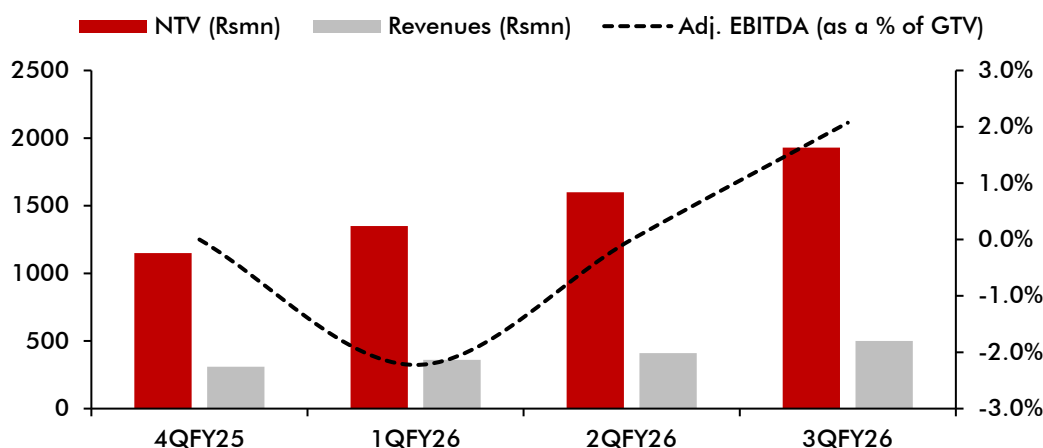
- **Singapore:** Services offered in Singapore (a ~\$4bn market) cover cleaning, manicures and pedicures for women, AC servicing and repair, spa treatments for women, and pet grooming. The company gains access to supply here through local aggregators and by directly onboarding professionals to the platform.

The company has seen recent acceleration in growth in the UAE/Singapore geographies, with the 9MFY26 growth at 71% YoY. Growth has been attributed to

- Assortment-led expansion – Expansion into new categories, such as better pricing and faster fulfilment.
- Productivity-led benefits have been passed on to consumers, which led to better pricing, driving demand.
- Accelerated acquisition driven by improved service reliability and value perception
- The company has also benefited from a tie-up with Noon, which has aided the discovery of the platform in the UAE and Saudi Arabia.

The company’s margins in the international space also improved, with adj. EBITDA margins hitting breakeven in 2QFY26, with adj. EBITDA as a % of NTV at 2.1% in 3QFY26.

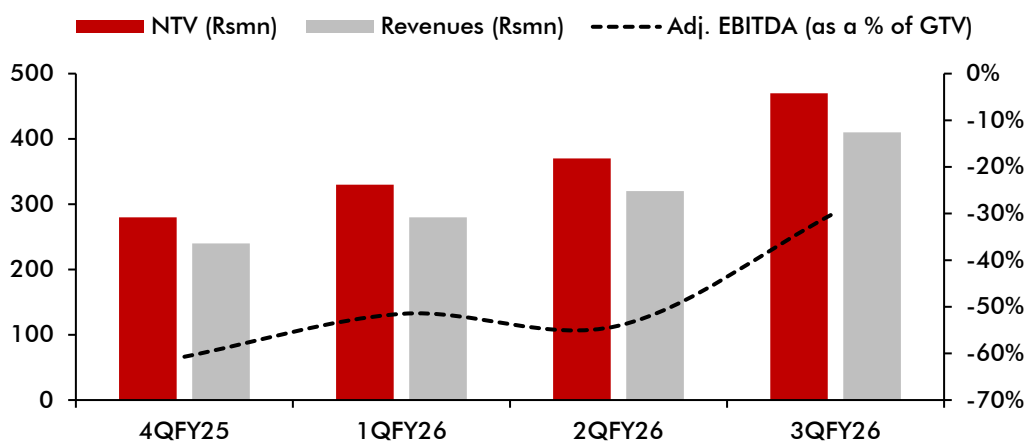
**Exhibit 63: GTV/revenue growth for the International business (ex KSA)**



Source: Company, Ambit Capital research

Saudi Arabia is a larger market for Urban Company’s services, with nearly 3x the demand as the UAE. To penetrate deeper into the market, the company has a 50:50 JV with SMASCO, a listed manpower company. The company relies on SMASCO to provide local market know-how, manpower sourcing and associated logistics support. The Saudi Arabia joint venture is still in the investment phase (unlike the international market), with losses of ₹140mn, or -30% of NTV, in 3QFY26.

**Exhibit 64: Urban Company’s KSA JV is still in a buildout phase**



Source: Company, Ambit Capital research

**Native is an attempt to cross-sell products to existing service customers**

In FY23/24, Urban Company expanded to offering products under the brand name Native. The company currently offers two products: water purifiers and electronic door locks. For water purifiers, the differentiating factor comes from the filters, which require replacing once every 2 years, vs once every 6-12 months for other brands.

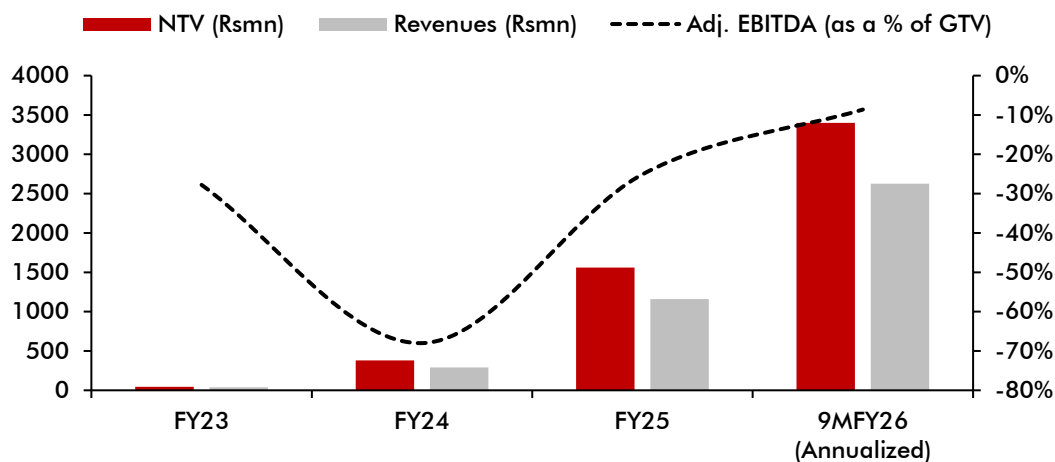
**Exhibit 65: Native offers water purifiers and electronic door locks**



Source: Company, Ambit Capital research

Manufacturing is done by contract manufacturers in India (for the RO Water filters), and China (for the electronic locks). Native is distributed via a variety of channels – D2C, third-party e-commerce, and Urban Company’s own app. The company leverages its own network of appliance repair technicians to deliver, install and service Native products. Native is currently loss-making, but management expects it can eventually achieve margins better than those of traditional OEMs.

**Exhibit 66: Native margins gradually improved but the segment remains loss-making**



Source: Company, Ambit Capital research

## Core business sees saturation, while Instahelp spending to increase

Urban Company's India business (ex-Instahelp) has seen significant scale-up from FY23-26, with 20% FY23-26 NTV CAGR. However, we see top8 markets gradually reaching saturation, with transacting users already ~51% of the target market in the top8 cities. Future growth here will require Urban Company to expand to newer markets or increase frequency, both of which will require investments. While lower marketing/onboarding costs have aided margin improvement, we believe that further gains would be incremental and build 230bps improvement for adj. EBITDA margin as a % of NTV for the India business over FY26-28E. Instahelp is likely to scale up 6x by FY28E, with penetration reaching ~16% of Urban Company's target market by FY42. High competition and discounting are likely to limit profitability and scale-up, and we aim to build the Instahelp business to break even by FY31. Native and International markets are likely to be smaller growth tailwinds, with the recent Middle East crisis likely to be a drag on near-term international growth.

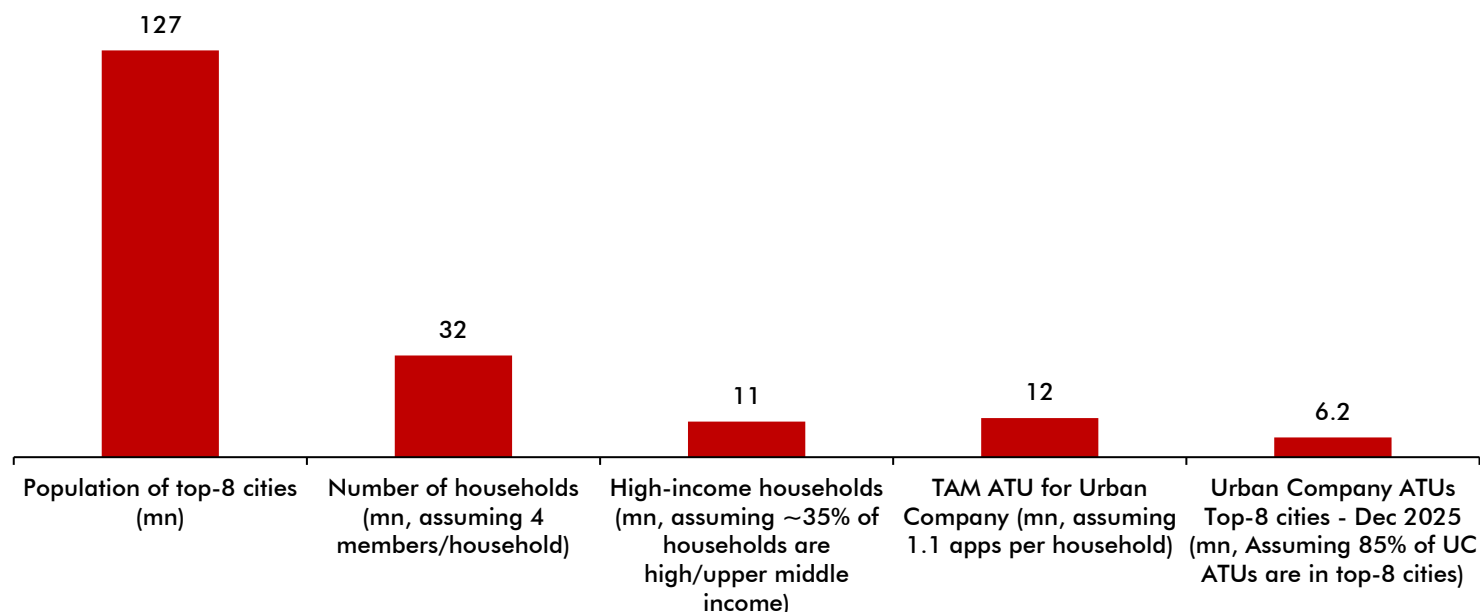
### India business (ex-Instahelp) penetration levels are already 50%+ in top8 cities

While Urban Company is present in 47 cities, the bulk of the online-home services market that they currently operate in is in the top8 cities. ~85-90% of the online home services market is present in the top8 cities, which are the primary markets for Urban Company. While the company does not break down its revenues by geography, we believe Urban Company will have a similar geographical split given its dominance in the online home services market. Working under the assumptions that:

- ~85% of the ATUs for the India business are based in the top8 cities, and
- the app is used primarily by high/upper middle income households, which comprise of 35% of the households in the top8 cities.
- there are 1.1 apps per household

Urban Company likely has a penetration of ~51% in the top8 cities today. While Urban Company calculates penetration by looking at mid- and high-income households in the top 200 cities to define addressable households, we believe that the mid- and high-income households in the top 8 cities is a more accurate way to assess market penetration currently.

#### Exhibit 67: Urban Company has a penetration level of ~51%+ in high/upper middle income households in the top8 cities



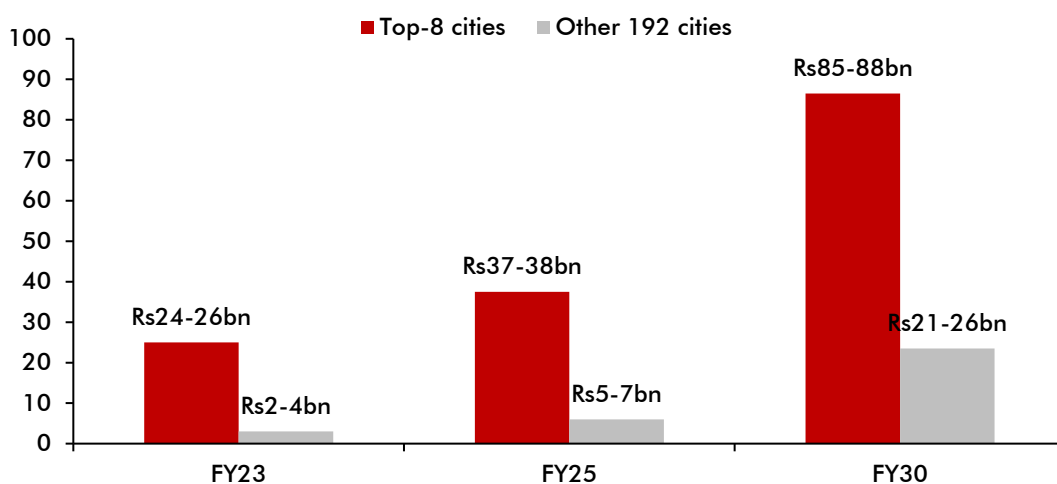
Source: Company, Ambit Capital research

As a result, we believe that the India business growth is likely to be lower given the already-high penetration in the high-income population. Further, the company may find it difficult to increase AOVs given the already high costs of services. Growth for Urban Company's India business (ex- Instahelp) is dependent on two vectors – (i) increasing spend per customer by increasing AOV or frequency of usage, and (ii) gaining new customers by increasing penetration.

**Expansion outside the top8 cities is likely to be challenging**

Growth over the past few years has primarily been via increasing ATUs. We believe that ATU growth is likely to slow down as penetration peaks, while increasing frequency should increasingly drive spend/ATU upwards. ATUs for the India business were 4.8mn in FY23, increasing to 7.3mn in 9MFY26. We see this number increasing to 9.5/34.3mn by FY28/42, implying penetration of ~30% for the top-50 cities in India by FY42. However, growth outside the top8 cities will likely be tougher for Urban Company to execute. The online home services market is concentrated in the top8 cities, with the market in the other 192 cities is still relatively nascent.

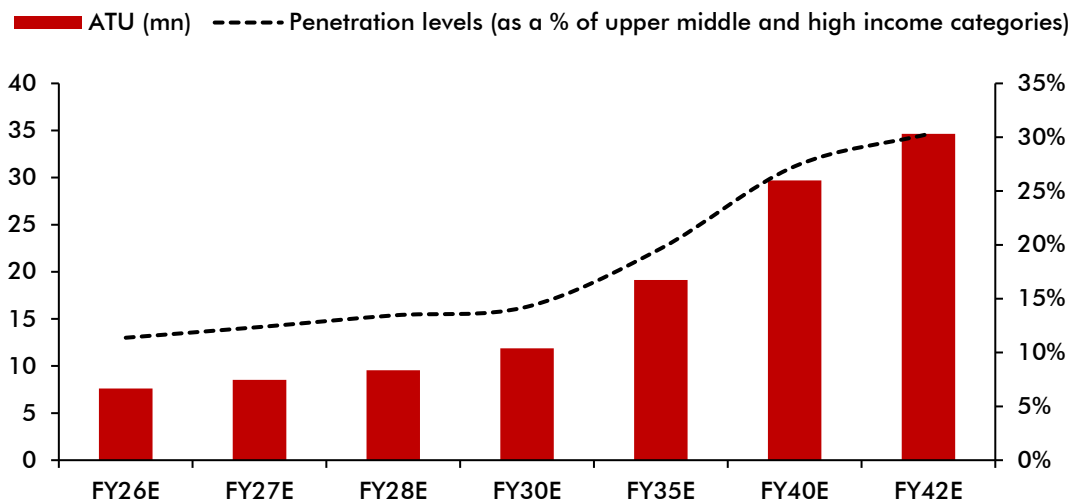
**Exhibit 68: Online home services market is concentrated in the top8 cities**



Source: Company, Ambit Capital research

Further, high-income users outside the top8 cities are also relatively spread out, reducing the overall benefits from densification and micro-markets. Higher densification helps reduce overall travel time for service professionals, resulting in a higher number of jobs served, which is likely to aid service partner earnings.

**Exhibit 69: Expect India business to reach ~30% of households in the top-50 cities**



Source: Company, Ambit Capital research

**Increasing frequency is likely to come from maturing of cohort categories.**

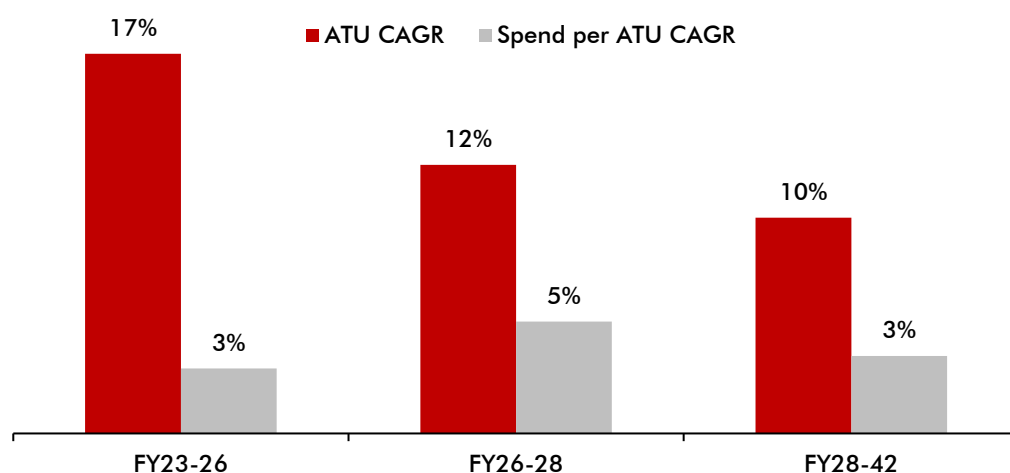
In comparison to other online services such as food delivery (Swiggy/Zomato) and quick commerce (Instamart/Blinkit), services by Urban Company are low frequency. As a comparison, the average user utilizes Urban Company just 4 times a year, vs 40-43 times for food delivery/quick commerce. Our estimates build in frequency increasing to ~5.3 times a year by FY42, while assuming a moderate 1% growth in AOV over FY26-42.

**Exhibit 70: Expect frequency to increase to ~5 times/year by FY42**

	9MFY26	FY28E	FY42E
AOV	1183	1207	1387
Frequency	3.7	3.8	5.3
Spend/ATU	4319	4556	7337

Source: Company, Ambit Capital research, Assuming 85% of overall orders in 9MFY26 were for the India business,

**Exhibit 71: Believe that ATU growth will decline gradually**



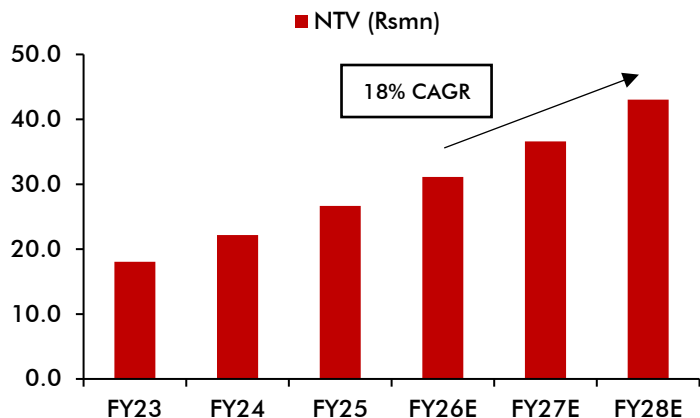
Source: Company, Ambit Capital research

However, increasing frequency will likely require further investments – either by onboarding service professionals to cover newer micro-markets or by increasing marketing spend to drive new service category use - which will likely constrain margin improvements.

**Expect NTV growth of 18/14% CAGR over FY26-28/FY28-42**

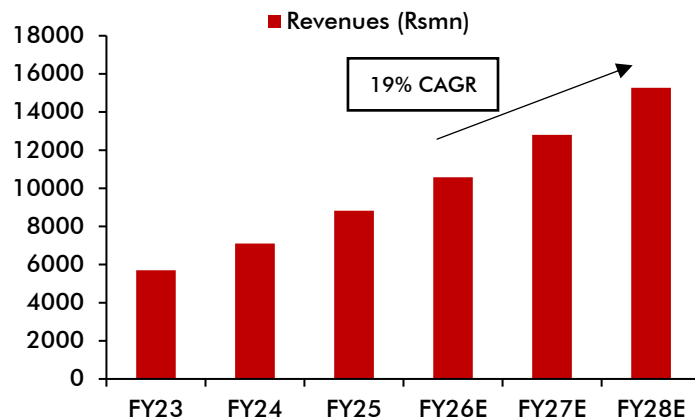
We expect NTV growth between FY26-28 to be driven by increasing penetration, while over the longer term, we expect Urban Company to expand to newer cities, aided by increasing urbanization in these cities. By FY42, we expect Urban Company to reach 34mn ATUs (~30% of the total addressable market, in the top-50 cities). We build in a minor increase in take-rate from 34% in FY26E to 35% in FY28E, which should further aid revenue growth of 19% CAGR over FY26-28E.

**Exhibit 72: Expect NTV to grow at a 18% CAGR over FY26-28E**



Source: Company, Ambit Capital research

**Exhibit 73: Expect revenue to post 19% CAGR over FY26-28E**



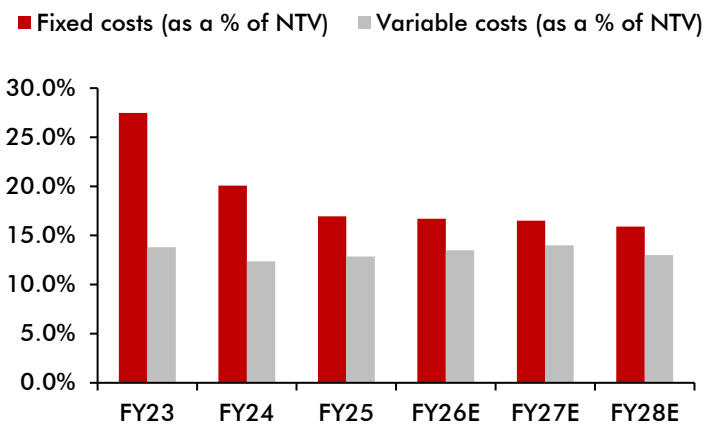
Source: Company, Ambit Capital research

**Further increase in margins will be more incremental**

Urban Company’s push towards profitability has come by curtailing onboarding of newer service personnel (which have grown at just 5% CAGR over FY23-25), and by cutting down on marketing expenses (down 38% over FY23-25). Stable personnel numbers have resulted in lower onboarding costs, which are a significant expense for Urban Company. Onboarding costs, which include rental expenses in training classrooms, expenses on training team salaries and their overhead expenses, the cost of materials consumed during the onboarding process, service professional referral costs, service professional onboarding linked communication costs and other search-related costs. Onboarding costs were 8.2% of NTV for Urban Company in FY23, declining to 5.9% in FY25.

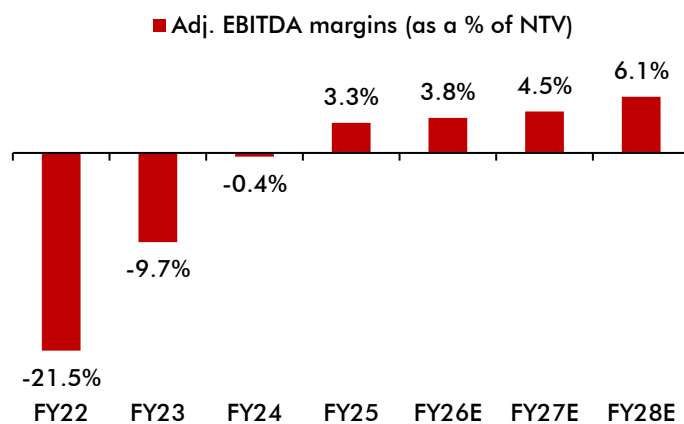
As a result, adj. EBITDA margin for the core India business (ex- Instahelp) sharply increased, improving 1410bps, from -9.7% in FY23 to 4.4% in 9MFY26. However, with penetration levels already at >50% in the top 8 cities, Urban Company will have to expand in the longer term by either providing newer services or newer cities. Both will require growth investments. Urban Company expects adj. EBITDA margins to reach 9-10% of NTV over the longer term. We believe margin improvement from here is likely to be more gradual, and build in a 230bps margin improvement to 6.1% from FY26-28E.

**Exhibit 74: FY25/26E margins were broadly on tight fixed cost control**



Source: Company, Ambit Capital research

**Exhibit 75: Expect adj. EBITDA margin improvement to be gradual**



Source: Company, Ambit Capital research

Utilization levels have increased from 36% to 46% over the last 3 years. We believe service professionals for Urban Company are still underutilized, and there is further room for improvement in utilization levels for Urban Company.

**Exhibit 76: Room for utilization to improve**

	FY24	FY25	9MFY26
ATU (mn)	5.6	6.5	7.3
NTV (₹ mn)	22160	26670	23590
Orders (mn, Assuming 85% orders are from India services in 9MFY26, 95% in FY25/24)	19.3	23.3	19.9
AOV	1151	1146	1183
Frequency per user per year	3.4	3.6	3.7
Service professionals	44464	45619	46625
Active hours per partner per month	72	83	91
Hours available - 20 days, 10hrs/day	200	200	200
<b>Utilization</b>	<b>36%</b>	<b>42%</b>	<b>46%</b>

Source: Company, Ambit Capital research

**Exhibit 77: Estimates for the core India business (ex-Instahelp) build in a 30% penetration**

	FY26E	FY27E	FY28E	FY30E	FY35E	FY40E	FY42E
AOV	1183	1195	1207	1231	1294	1360	1387
Orders (mn)	28	33	38	51	93	160	194
ATU (mn)	7.6	8.5	9.6	11.9	19.1	29.7	34.6
Number of high-income households in top-50 cities	67	69	71	76	86	99	104
Penetration levels (in top-50 cities)	10%	11%	12%	14%	20%	27%	30%
Frequency/ATU	3.5	3.6	3.8	4.0	4.6	5.1	5.3
NTV (₹ bn)	31	37	44	59	114	205	254
Revenue (₹ mn)	10701	12955	15235	20978	40515	72923	90237
Take rate (as a % of NTV)	34.0%	35.0%	35.0%	35.5%	35.5%	35.5%	35.5%
Variable Costs (as a % of NTV)	13.5%	14.0%	13.0%	13.0%	12.5%	12.5%	12.5%
Fixed Costs (as a % of NTV)	16.7%	16.5%	15.9%	14.9%	13.6%	13.0%	13.0%
adj. EBITDA (as a % of NTV)	3.8%	4.5%	6.1%	7.6%	9.5%	10.1%	10.1%

Source: Company, Ambit Capital research

**Exhibit 78: We build in gradual improvement in unit economics for the core India business (ex-Instahelp)**

Unit economics	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY40E	FY42E
<b>NTV</b>	100	100	100	100	100	100	100	100
<b>Revenue</b>	33.1	34.0	35.0	35.0	35.5	35.5	35.5	35.5
Variable costs	12.9	13.5	14.0	13.0	13.0	12.5	12.5	12.5
Contribution	20.2	20.5	21.0	22.0	22.5	23.0	23.0	23.0
Employee costs	9.4	9.4	9.2	8.5	7.7	6.9	6.5	6.5
Marketing	3.0	2.8	2.8	3.0	3.0	2.7	2.5	2.5
G&A and Others	4.5	4.5	4.5	4.4	4.2	4.0	4.0	4.0
Fixed costs	<b>16.9</b>	<b>16.7</b>	<b>16.5</b>	<b>15.9</b>	<b>14.9</b>	<b>13.6</b>	<b>13.0</b>	<b>13.0</b>
Adj. EBITDA	<b>3.3</b>	<b>3.8</b>	<b>4.5</b>	<b>6.1</b>	<b>7.6</b>	<b>9.5</b>	<b>10.1</b>	<b>10.1</b>

Source: Company, Ambit Capital research

**Limited visibility on Instahelp profitability despite growth scale-up**

Instahelp today is still relatively small, present in just 5 cities, and limited to a few micromarkets for Urban Company. Over FY26-28, we expect the business to scale up to 6x as the company penetrates new markets.

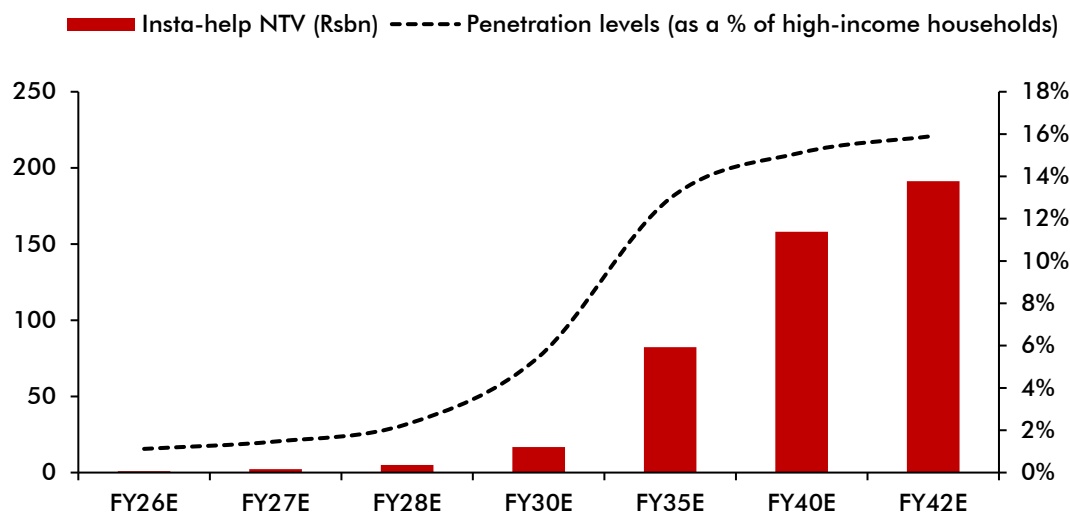
**Exhibit 79: Our estimates for the Instahelp business build in 16% penetration by FY42E**

	1QFY26	2QFY26	FY26E	FY27E	FY28E	FY30E	F35E	FY40E	FY42E
Gross AOV	362	353	359	359	359	367	405	460	488
- growth (%)			0.0%	0.0%	0.0%	2.0%	2.0%	3.0%	3.0%
Discount/order	-237	-182	-178	-150	-125	-100	-75	-60	-50
Net AOV	125	171	181	209	234	267	330	400	438
Orders/ATU/month			0.5	0.8	1	1.15	1.65	2	2
Fulfilled orders (mn)	0.1	0.6	5	11	21	63	250	395	437
ATU (mn)			0.8	1.1	1.8	4.6	12.6	16.5	18.2
Number of high-income households in top-50 cities (mn)			67	69	71	76	88	99	104
Penetration levels			1%	1%	2%	5%	13%	15%	16%
GTV (₹ mn)	26	205	1,778	3,844	7,726	23,037	101,047	181,784	213,104
Total Discounts (₹ mn)	-17	-106	-882	-1,604	-2,687	-6,285	-18,726	-23,706	-21,830
NTV (₹ mn)	9	99	896	2,239	5,038	16,752	82,321	158,078	191,274

Source: Company, Ambit Capital research. Assumes 1.1 apps/household

By FY42, we expect the business to hit a penetration level of 16% over the high-income target market in the top-50 cities vs 30% for the India services segment, which provides 60+ service categories.

**Exhibit 80: We expect the Instahelp category to scale up 6x by FY42**



Source: Company, Ambit Capital research

**Instahelp will require continued investments, given competition/heavy discounting**

However, the segment is already seeing significant competition with two competitors already in Snabbit/Pronto.

**Exhibit 81: Snabbit raised >\$55mn funding in <2 years**

Date	Amount	Valuation
May-24	~\$1.0mn	~\$3.6mn
Jan-25	\$5.5mn	\$23mn
May-25	\$19.0mn	\$80mn
Oct-25	\$30.0mn	\$180mn

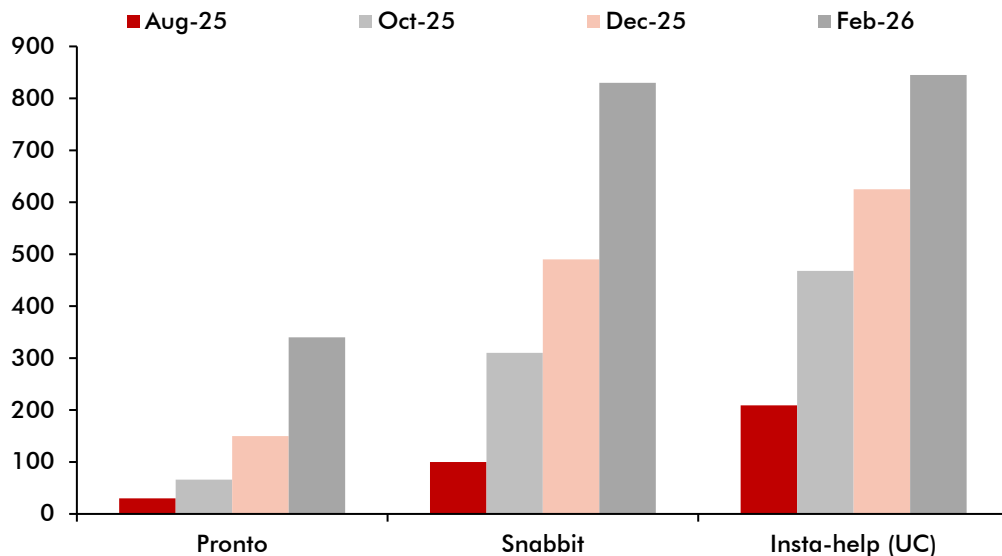
Source: Company, Ambit Capital research

**Exhibit 82: Pronto raised \$38mn of funding over the past year**

Date	Amount	Valuation
May-25	\$2mn	\$12.5mn
Aug-25	\$11mn	\$45mn
Mar-26	\$25mn	\$100mn

Source: Company, Ambit Capital research

**Exhibit 83: Pronto/Snabbit/Instahelp orders scaled up ('000) over the past few months**

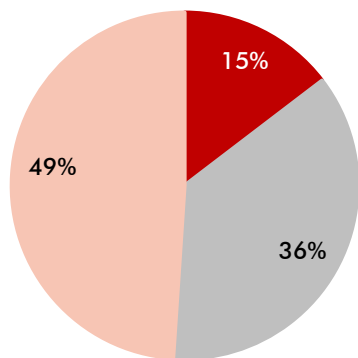


Source: Company, Economic times, Ambit Capital research

This growth scale-up continued in 2026, with daily bookings for Urban Company/Pronto peaking at 50k/18k orders per day in Feb 2026. Urban Company also benefits from higher AOVs, resulting in a higher market share on an NTV basis (based on media reports). Snabbit/Pronto's AOV of ₹125/122.5 is significantly below Instahelp's AOV of ₹165, indicating continued discounting by both players.

**Exhibit 84: Indicative market share for the company, with UC at ~50% share**

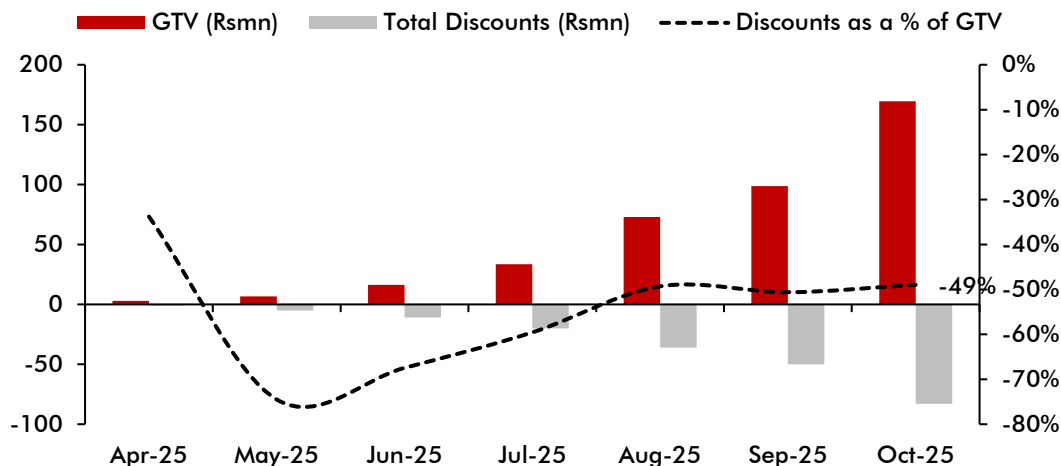
■ Pronto ■ Snabbit ■ Insta-help (UC)



Source: Company, Economic times, Ambit Capital research

Discounting has driven much of the growth for these companies, with Pronto having burnt ~\$8mn in cash over the past year to drive scale. Instahelp has also massively discounted to drive scale, burning ~\$13mn over the last 3 quarters.

**Exhibit 85: Urban Company's discounting for Instahelp business increased to drive scale**



Source: Company, Ambit Capital research, Data after Oct-25 is unavailable

The Instahelp category is at an early stage, with the company still building out the playbook for the business. As a result, Urban Company today continues to spend on the Instahelp business on (i) AOV discounting to attract customers, (ii) minimum guarantee to maintain staff and (iii) marketing expenses as it expands the business. Given the significant investments in the business and the competition, Urban Company has limited visibility on the break-even timelines for the Instahelp business.

**Exhibit 86: Management believes that it is too early to predict the quantum of investment for the Instahelp segment**

*"Short answer to that question.... is I don't know. And it's important for us to acknowledge what we don't know. It's too early. And as I mentioned, right now, the focus is on cementing our market leadership, penetrating micro markets well and serving customers and service professionals well."*

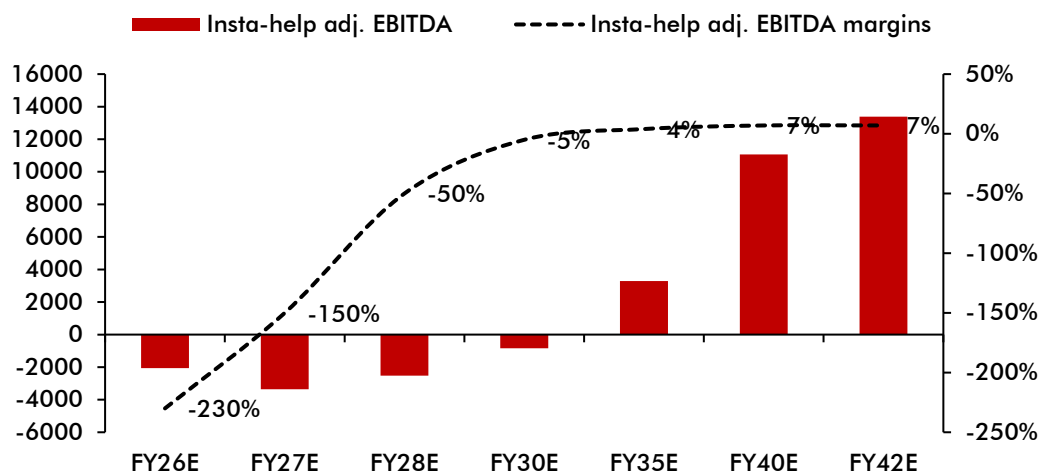
*"Again, on the total investment quantum, I would say it is early for us to put a number out there. We are learning, it is a young business, only eight months old, the unit economics are evolving. And any number we put today would be premature."*

- Urban Company 3QFY26

Source: Company, Ambit Capital research

While the company has a longer-term target of break-even in timelines at the consolidated business by 3QFY28, we believe that the timeline for break-even for the Instahelp business is likely to be significantly longer. We also believe that the lower AOV/hour for the business will likely constrain overall profitability to be below that of the core services, even in the steady state.

**Exhibit 87: Expect the Instahelp business to hit adj. EBITDA profitability by FY31E**



Source: Company, Ambit Capital research

However, over time, we believe that Urban Company has the right to win over new entrants like Snabbit/Pronto given:

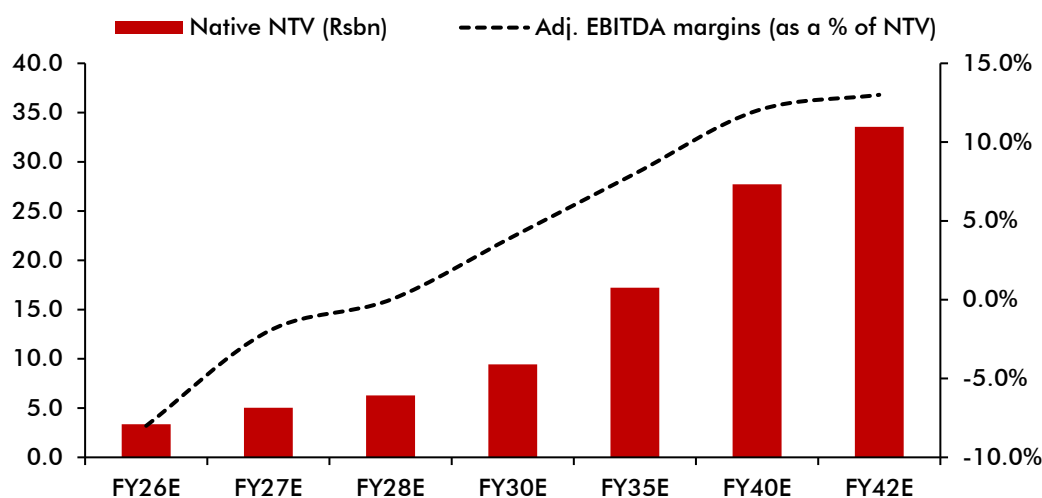
- Urban Company’s transacting base of 7mn+ high-income customers, which will require substantial investments for Snabbit/Pronto to acquire.
- Urban Company’s experience in training and managing high-quality service professionals should enable it to gain market share from others.
- Urban Company’s cash balance of ~\$225mn (1HFY26) is significantly above the \$55/38mn raised by Snabbit/Pronto so far, while the India core business is profitable and continues to provide more cash.

**Native products are a secondary demand driver to drive services usage**

Urban Company’s products business began in FY23, and it has scaled up to ~11% of the India services business (FY26E). The Native business also drives app visits and improves service utilization for Urban Company’s service partners. We believe that sustaining longer-term growth in the Native product segment will require the company to enter new segments (such as air conditioners). Urban Company looks at three criteria to enter newer markets – (i) large TAM and profit pool, (ii) a service component, (iii) clear differentiation of their products. We believe the segment will drive NTV growth at a 15% CAGR over F26-42, driven by new product launches. Urban Company’s recent tie-up with Amber also suggests the company’s possible entry into certain segments, such as air conditioners.

Native expects that overall margins for the company would exceed those of traditional OEMs, given that it already has access to a captive base through the Urban Company core services business. This would help lower marketing and distribution costs, thereby improving margins. We build in the company hitting break-even in Native in FY28E and steady-state margins of 13% (as a % of NTV) – better than Eureka Forbes, which reports EBITDA margins of ~12%.

**Exhibit 88: Expect Native to hit break-even in FY28E**

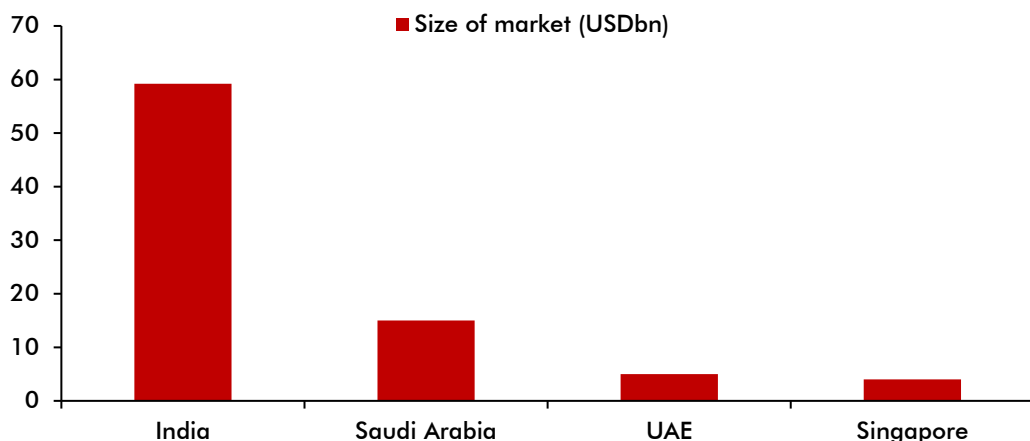


Source: Company, Ambit Capital research

**UAE/Singapore/KSA are likely to remain smaller, highly competitive markets**

Urban Company initially expanded into 5 markets internationally, eventually exiting 2 (USA/Australia), turning the Saudi Arabia venture into a JV, and continuing to operate in the UAE/Singapore. At the same time, markets for these services are relatively smaller and more mature, with the UAE/Singapore seeing lower growth than India.

**Exhibit 89: Addressable markets for KSA/UAE/Singapore significantly smaller than India**



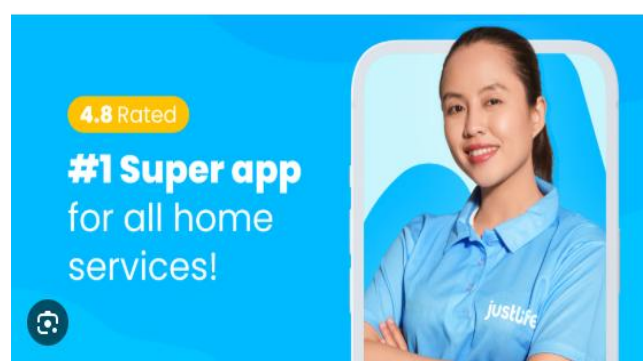
Source: Company, Ambit Capital research

Further, while Urban Company has a near monopoly in the Indian home services market, the same is not true for international markets. The company competes with Helping in Singapore and JustLife in the UAE.

**Exhibit 90: Urban Company competes with Helping in Singapore... Exhibit 91: ...and JustLife in UAE**



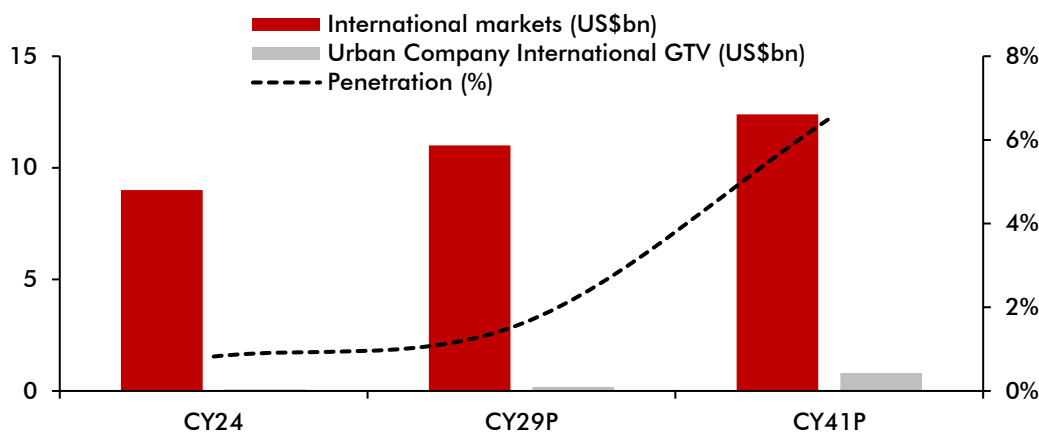
Source: Company, Ambit Capital research



Source: Company, Ambit Capital research

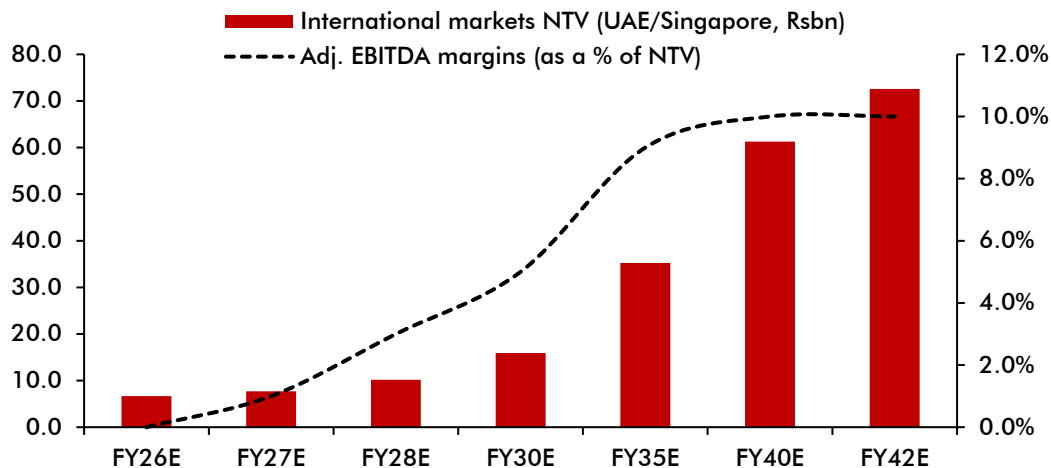
We expect the international business to achieve similar profitability to the India business, with lower growth due to more mature markets and higher competition. We factor in lower growth for 4QFY26 (-8% QoQ), and for FY27E (16% y-o-y growth, vs. 71% in 9MFY26), given the recent disruptions in the Middle East. Assuming a 1% CAGR for addressable market growth from CY29-41, we expect penetration to reach 7% of the addressable market by FY42.

**Exhibit 92: Urban Company to be ~7% of the addressable market for UAE/Singapore by FY42**



Source: Company, Ambit Capital research

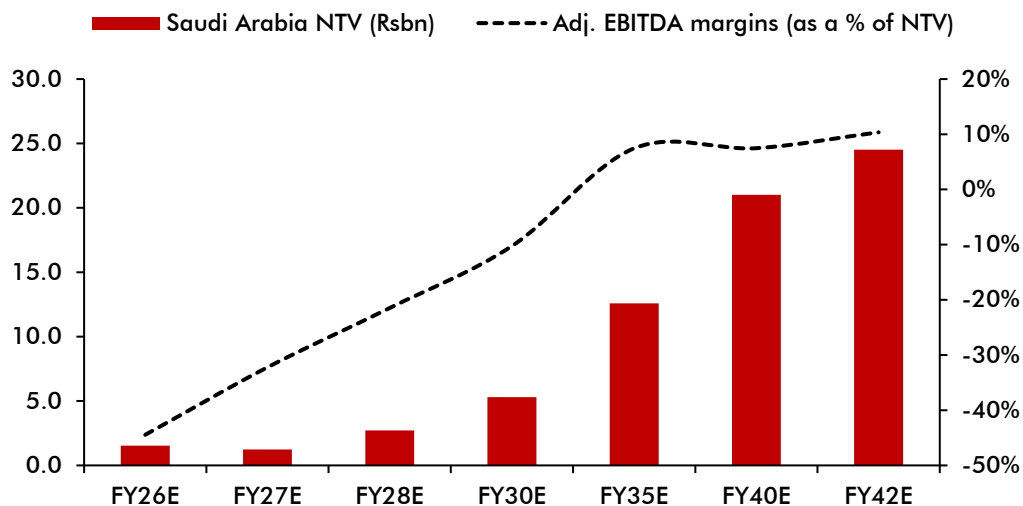
**Exhibit 93: International markets NTV should grow at a 16% CAGR over FY26-42**



Source: Company, Ambit Capital research

The Saudi Arabia business continues to be in the buildout phase, and we expect the break-even to be later, even as growth scale-up continues over FY26-28E.

**Exhibit 94: Expect Saudi Arabia GTV to scale up over FY26-28E**



Source: Company, Ambit Capital research

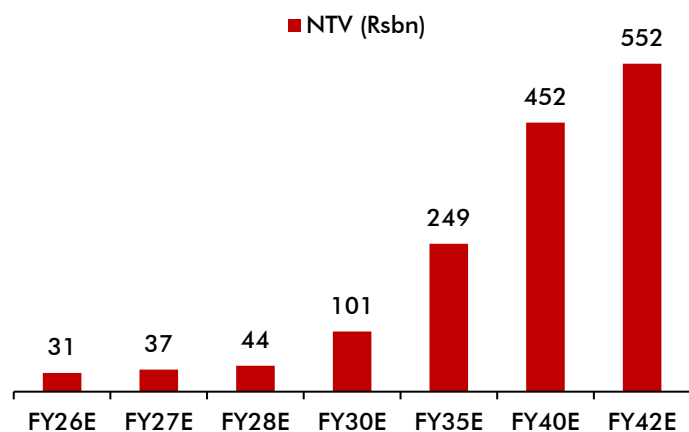
## Initiate with SELL and TP of ₹97

We see risks to Urban Company's India business growth given already high penetration in the top8 cities. We see ATU CAGR growth for the India business to decline to 12/10% CAGR over FY26-28/28-42 (vs 17% in FY23-26E), resulting in FY26-42 NTV growth for the India business to 14% CAGR. We expect the Instahelp business to also scale up 6x by FY28E, with long-term growth of 40% NTV CAGR over FY26-42, primarily coming from the company increasing its base of annual transacting users. Given high competition from Snabbit/Pronto, we build break-even point for the company in FY31 and exit adj. EBITDA margin of 7.0% by FY42. Native/International should grow FY26-28 NTV at 37/23% CAGR, respectively, aided by increasing new categories for the Native business, while near-term uncertainty in the Middle East could impact growth in the short/medium term. We value Instahelp at ₹15, with the core business (ex-Instahelp) at ₹82. Our DCF-based TP of 97 builds in 17% revenue CAGR over FY26-42 with average/exit adj. EBITDA margin of 7.8/9.2% (as a % of NTV).

### Build in overall NTV growth of 24/17% over FY26-28/42

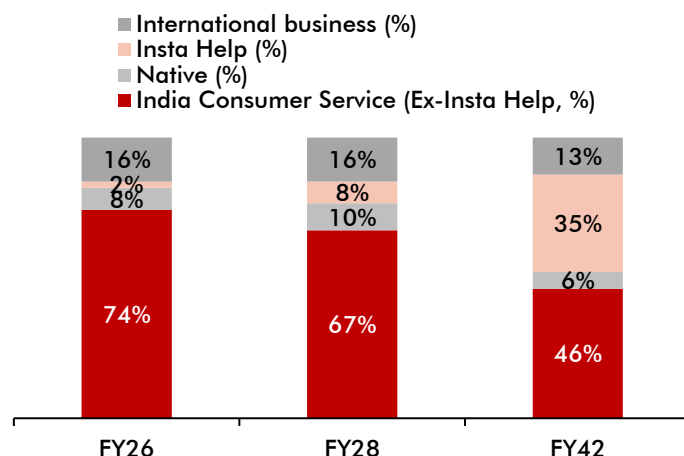
At a consolidated level, we build in NTV growth of 24/17% over FY26-28/42. This is primarily led by the scale-up of the Instahelp business, with continued growth in the India business (ex-Instahelp). This will translate into 25%/17% revenue growth over FY26-28/42 as we believe that the company has limited room to further improve take rates in the business. By FY42, we see the Instahelp business at 35% of the overall business, vs 46% for the India business (ex-Instahelp).

**Exhibit 95: We see overall NTV scaling up at a 17% CAGR over FY26-42E**



Source: Company, Ambit Capital research

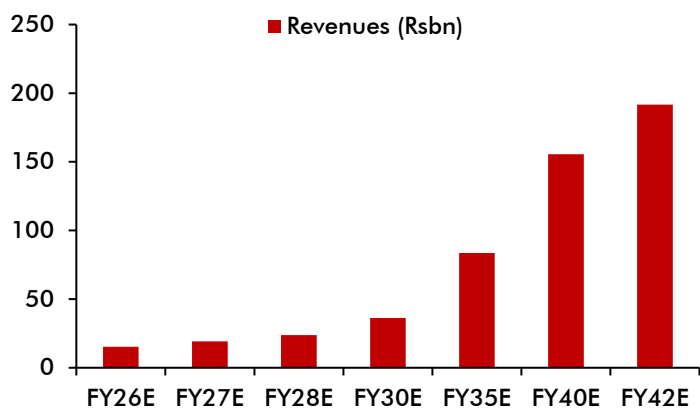
**Exhibit 96: Expect Instahelp to contribute to 35% by FY42**



Source: Company, Ambit Capital research

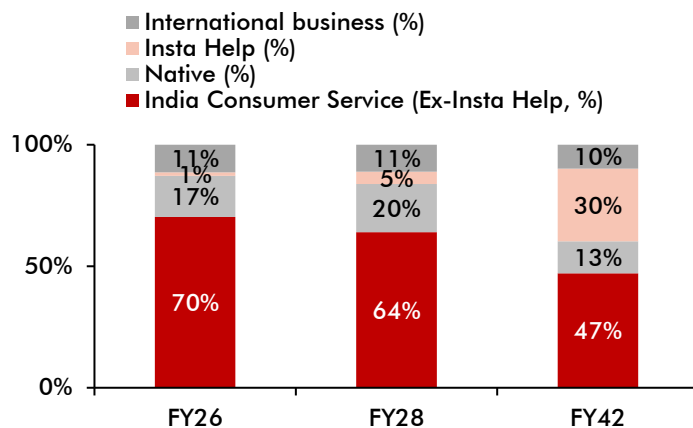
On a revenue basis, we build in a 25%/17% CAGR over FY26-28/42, led by the Instahelp business, which should grow at 137%/40% CAGR over FY26-28/42 and contribute 30% of revenues.

**Exhibit 97: We see overall revenues scale up at 17% CAGR, led by Instahelp over FY26-42E**



Source: Company, Ambit Capital research

**Exhibit 98: Instahelp should contribute 30% of revenues**

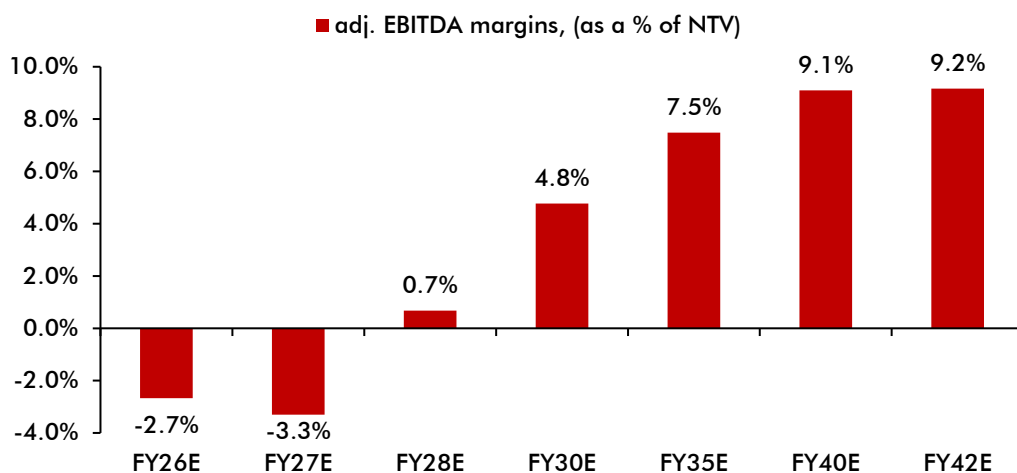


Source: Company, Ambit Capital research

**Expect adj. EBITDA break-even by FY28, but is below company expectation of ₹10bn FY31**

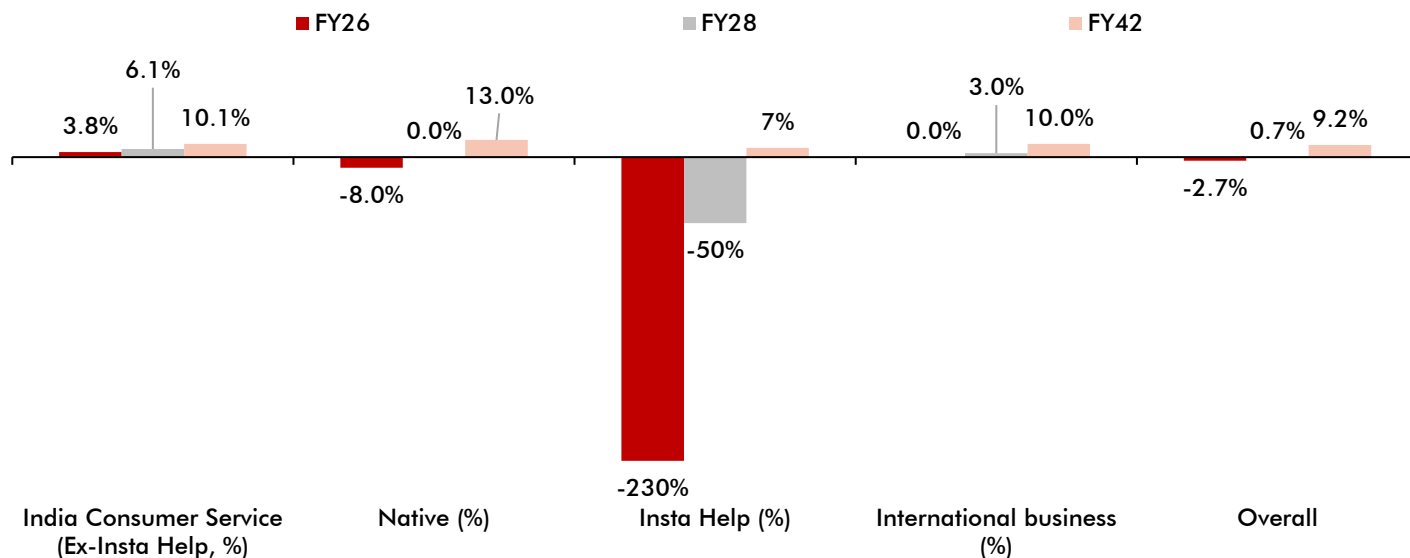
Urban Company achieved adj. EBITDA break-even in FY25, before beginning investments in the Instahelp business, which has subsequently weighed in on margins. The company has guided for reaching adj. EBITDA break-even by 3QFY28, and ₹10bn in adj. EBITDA by FY31. We build in adj. EBITDA break-even by FY28, but believe that the ₹10bn adj. EBITDA target is likely difficult to achieve given the continued investments in the Instahelp business. Our estimates build in ₹7.6bn adj. EBITDA by FY31E.

**Exhibit 99: Expect adj. EBITDA break-even by FY28E**



Source: Company, Ambit Capital research

**Exhibit 100: Expect break-even in adj. EBITDA margins (as a % of NTV) by FY28E**

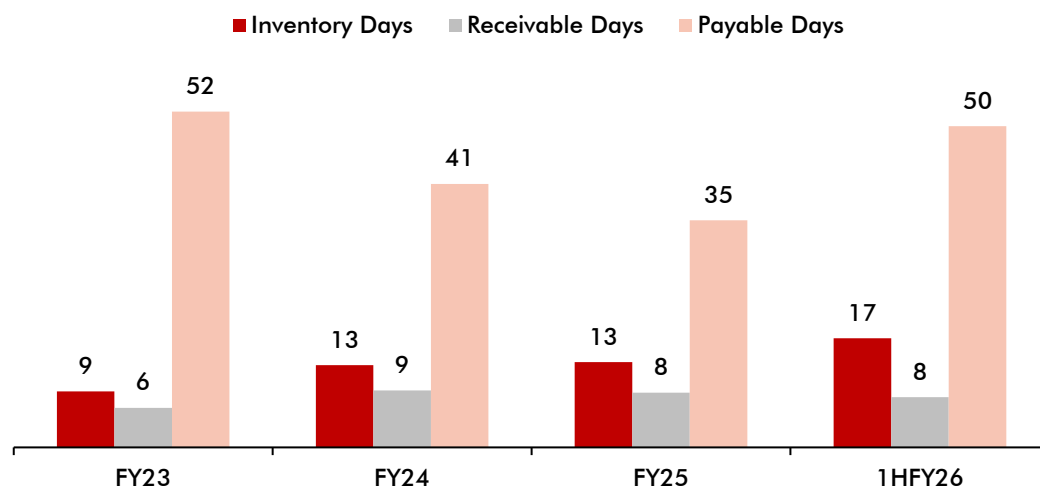


Source: Company, Ambit Capital research

**Urban Company has a negative working capital business**

Urban Company has a negative working capital business with NWC of -24 days as on Sep '25. The company typically receives payments from customers upfront, while Service professionals are typically paid a few days after the service is completed, which helps drive the negative working capital model. The Native business is the only source of inventory/receivable days. Instahelp is unlikely to affect the working capital model in any meaningful way, as service professionals are paid a minimum guarantee at the end of the month, while customer cash is collected upfront.

**Exhibit 101: Negative working capital requirements for the business**



Source: Company, Ambit Capital research,

While the company generated positive free cash flow in FY25, we expect CFO/EBITDA and FCF/PAT to be negative over FY26-28. FCF/PAT (ex-of deferred tax recognition) was 148% in FY25.

**Exhibit 102: Summary of our assumptions**

	FY25	FY26E	FY27E	FY28E	FY30E	FY35E	FY40E	FY42E	FY26-28	FY26-42
<b>NTV (₹ bn)</b>	32.7	42.4	52.0	65.0	101.2	249.0	452.6	551.7	24%	17%
- growth (%)	28%	30%	23%	25%	24%	16%	11%	10%		
- India Services (ex-Instahelp)	26.7	31.5	37.0	43.5	59.1	114.1	205.4	254.2	18%	14%
- growth (%)	20%	18%	18%	18%	15%	14%	11%	11%		
-Native	1.6	3.4	5.0	6.3	9.4	17.2	27.7	33.5	37%	15%
- growth (%)	311%	115%	50%	25%	20%	10%	10%	10%		
-Instahelp		0.9	2.2	5.0	16.8	82.4	158.2	191.4	137%	40%
- growth (%)			150%	125%	75%	20%	10%	10%		
- International (UAE + Singapore)		7	8	10	16	35	61	73	23%	16%
- growth (%)		37%	67%	16%	32%	21%	15%	9%		
<b>Revenues (₹ bn)</b>	<b>11</b>	<b>15</b>	<b>19</b>	<b>24</b>	<b>36</b>	<b>84</b>	<b>156</b>	<b>192</b>	<b>25%</b>	<b>17%</b>
- growth (%)	38%	33%	26%	24%	23%	15%	11%	11%		
- India Services (ex-Instahelp)	9	11	13	15	21	41	73	90	19%	14%
- growth (%)	24%	21%	21%	18%	17%	14%	11%	11%		
-Native	1	3	4	5	7	13	21	25	35%	15%
- growth (%)	300%	123%	46%	25%	20%	10%	10%	10%		
-Instahelp		0.2	0.5	1.2	4.0	21.0	45.9	57.4	137%	42%
- growth (%)			150%	125%	233%	422%	118%	25%		
- International (UAE + Singapore)	1	2	2	3	4	9	16	19	23%	16%
- growth (%)	40%	65%	16%	32%	21%	15%	10%	9%		
<b>Adj. EBITDA (₹ mn)</b>	<b>121</b>	<b>-1134</b>	<b>-1719</b>	<b>439</b>	<b>4825</b>	<b>18629</b>	<b>41172</b>	<b>50563</b>		
- margin (as a % of NTV)	<b>0.4%</b>	<b>-2.7%</b>	<b>-3.3%</b>	<b>0.7%</b>	<b>4.8%</b>	<b>7.5%</b>	<b>9.1%</b>	<b>9.2%</b>		
- India Services (ex-Instahelp)	870	1196	1666	2655	4491	10785	20644	25546	49%	21%
- margin (as a % of NTV)	3.3%	3.8%	4.5%	6.1%	7.6%	9.5%	10.1%	10.1%		
-Native	-390	-268	-101	0	377	1377	3327	4361	NA	NA
- margin (as a % of NTV)	-25%	-8%	-2%	0%	4%	8%	12%	13%		
-Instahelp		-2062	-3361	-2521	-838	3295	11073	13399		
- margin (as a % of NTV)		-230%	-150%	-50%	-5%	4%	7%	7%		
- International (UAE + Singapore)	-370	0	77	305	795	3172	6127	7258	NA	NA
- margin (as a % of NTV)	-8.3%	0.0%	1.0%	3.0%	5.0%	9.0%	10.0%	10.0%		
<b>EBITDA (₹ bn)</b>	<b>-315</b>	<b>-2024</b>	<b>-2875</b>	<b>-965</b>	<b>2761</b>	<b>14280</b>	<b>33392</b>	<b>40975</b>	<b>NA</b>	<b>NA</b>
- margin (%)	-2.8%	-13.3%	-14.9%	-4.1%	7.6%	17.1%	21.5%	21.4%		
EBIT (₹ bn)	-685	-2420	-3357	-1537	1965	12858	31525	39057	NA	NA
- margin (%)	-6.0%	-15.9%	-17.4%	-6.5%	5.4%	15.4%	20.3%	20.4%		
<b>PAT</b>	<b>2398</b>	<b>-1572</b>	<b>-2071</b>	<b>-28</b>	<b>4304</b>	<b>13837</b>	<b>30864</b>	<b>38149</b>	<b>NA</b>	<b>NA</b>
<b>Dil. EPS</b>	<b>1.7</b>	<b>-1.1</b>	<b>-1.4</b>	<b>0.0</b>	<b>2.8</b>	<b>8.6</b>	<b>18.5</b>	<b>22.4</b>	<b>NA</b>	<b>NA</b>

Source: Company, Ambit Capital research

**Value the Instahelp business at ₹15/sh**

We value the Instahelp business at ₹15 on DCF, building in 42% FY26-42 revenue CAGR, with the company hitting break-even in FY31 and exit adj. EBITDA as a % of NTV at 7%.

**Exhibit 103: Instahelp DCF-based target price of ₹15**

Particulars	₹ mn
Enterprise Value	22,528
Net cash (FY6E)	321
Equity value	22,849
Number of shares (mn)	1,499
Value per share (Target price, ₹)	15

Source: Company, Ambit Capital research

We value the overall business (ex-Instahelp) at ₹82, building in 14% FY26-42 NTV growth rate at an average adj. EBITDA margin of 9.2% of NTV.

**Exhibit 105: Overall business (ex-Instahelp) DCF-based target price of ₹82**

Particulars	₹ mn
Enterprise Value	108,192
Net debt (FY6E)	14,873
Equity value	123,066
Number of shares (mn)	1,499
Value per share (Target price, ₹)	82

Source: Company, Ambit Capital research

Our valuation implies 35x EV/FY28 adj. EBITDA for the core India business, assuming that

- Native trades at a 20% premium to Eureka Forbes (similar peer in the water purifier space), given a higher growth runway;
- UC's international business trades at a 10% discount to the core India business (ex-Instahelp), given a lower addressable market;
- The Saudi JV trades at a similar valuation the international business on an EV/Sales basis.

**Exhibit 107: Our valuation for the core business implies 35 EV/adj. EBITDA**

	FY28 EBITDA (₹ mn)	Implied Valuation multiple	Valuation (₹ mn)	Valuation per share
India Services (ex Instahelp)	2655	35	91,953	61
International Services	305	31	9590	6
<b>FY28 Sales</b>				
Native	6289	2.8	17415	12
50% Share of Saudi JV	2331	3.6	4191	3
<b>Total</b>			123,066	<b>82</b>

Source: Company, Ambit Capital research

Urban Company's core India business builds in similar growth on an NOV basis as the food business for Swiggy/Zomato, with FY28 adj. EBITDA margins for Urban Company are lower than those of the food ordering business for both companies.

**Exhibit 108: Comparing India business of Urban Company to comparable peers**

	FY26-28 NOV CAGR	FY26-28 revenue CAGR	FY28 adj. EBITDA margin (as % of revenues)	FY28 EV/adj. EBITDA
Eternal (food ordering)	19%	14%	23.6%	37*
Swiggy (food ordering)	18%	16%	19.9%	28*
Infoedge (standalone)		15%	43.8%	40
Urban Company (India business, ex-Instahelp)	18%	19%	17.4%	35

Source: Company, Ambit Capital research, Implied valuation for the core business (ex- Quick commerce)

We value Urban Company on a DCF model with 13% cost of equity and 6% terminal growth rate. Over the longer term, we build in a revenue growth rate of 17% over FY26-42, with adj. EBITDA margin improving to 26.3% by FY42E. CMP of ₹110 builds in 20% revenue CAGR at an average EBITDA margin of 18.2%.

**Exhibit 104: DCF assumptions**

DCF Assumptions	FY26-28	FY26-42
Revenue CAGR	137%	42%
Adj. EBITDA CAGR	NA	NA
Average adj. EBITDA Margin	NA	17.1%

Source: Company, Ambit Capital research

**Exhibit 106: DCF assumptions**

DCF Assumptions	FY26-28	FY26-42
Revenue CAGR	20%	14%
Adj. EBITDA CAGR	NA	NA
Average adj. EBITDA Margin	9.8%	24.7%

Source: Company, Ambit Capital research

**Exhibit 109: DCF-based target price of ₹97**

Particulars	₹ mn
Enterprise Value	129,511
Net debt (FY6E)	15,195
Equity value	144,705
Number of shares (mn)	1,499
Value per share (Target price, ₹)	97
CMP (₹)	110
Upside/downside	-12%

Source: Company, Ambit Capital research

**Exhibit 110: DCF assumptions**

DCF Assumptions	FY26-28	FY26-42
Revenue CAGR	25%	17%
Adj. EBITDA CAGR	NA	NA
Average adj. EBITDA Margin	-10.0%	17.6%

Source: Company, Ambit Capital research

**Exhibit 111: Sensitivity analysis – WACC vs terminal growth rate**

	Cost of equity	11.0%	11.5%	12.0%	12.5%	13.0%	13.5%	14.0%
		Terminal growth rate	4.5%	125	113	103	95	87
	5.0%	131	118	107	98	90	83	77
	5.5%	139	124	112	102	93	86	79
	6.0%	148	131	118	107	97	89	82
	6.5%	159	140	125	112	101	93	85
	7.0%	173	150	133	118	106	97	88

Source: Company, Ambit Capital research

**Exhibit 112: Urban Company trades at a higher valuation on an EV/sales basis**

Ticker	TP	CMP LC	Mcap (USD bn)	Sales (USD mn)	Sales CAGR FY26-28E	EPS CAGR FY26-28E	PE			EV/Sales			ROE			
							FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	
Urban Company	Urbanco IN	109	110	1.7	135	26%	NA	nm	nm	nm	9.8	7.8	6.4	-9%	-12%	0%
PB Fintech	Policybz IN	2270	1438	7.0	589	25%	57%	95.9	52.7	39.1	9.7	7.6	6.0	10%	16%	18%
Zomato	Eternal IN	215	227	22.3	2,382	52%	214%	825.6	177.6	83.6	3.8	2.3	1.6	1%	4%	8%
Swiggy	Swiggy IN	310	273	7.6	1,791	28%	NA	nm	nm	nm	2.6	2.1	1.7	-32%	-19%	-7%
MakeMyTrip	MMYT US	89	40	3.8	1,006	16%	22%	22.3	17.5	15.1	4.1	3.5	2.9	30%	nm	nm
Affle	Affle IN	2065	1270	2.0	268	21%	30%	39.4	29.0	23.2	6.0	4.8	3.8	14%	17%	18%
TBO Tek	TBOTek IN	2000	1022	1.2	204	27%	36%	36.3	23.9	20.3	6.6	4.4	3.9	21%	25%	24%
Blackbuck	Blackbuc IN	885	587	1.1	51	26%	29%	85.2	66.8	51.8	14.8	8.8	5.2	10%	11%	13%
MapmyIndia	Mapmyind IN	1,066	858	0.5	55	22%	22%	31.9	26.8	21.5	8.3	6.7	5.3	17%	18%	19%
Nykaa	Nykaa IN	304	235	7.4	935	25%	88%	340.3	155.5	96.2	7.0	5.6	4.5	7%	6%	4%
Meesho	Meesho IN	NR	142	7.0	1,105	32%	nm	nm	1244	90.4	4.9	3.6	2.8	5%	4%	3%
Lenskart	Lenskart IN	390	500	9.8	783	21%	46%	180.8	122.2	84.9	10.6	8.7	7.2	11%	9%	7%
Info Edge	Infoe IN	1,786	978	6.8	312	13%	15%	58.1	47.4	44.0	20.5	18.2	16.1	9%	4%	5%

Source: Company, Ambit Capital research, as on 23<sup>rd</sup> March close

## Accounting and ESG

Urban Company's accounting and ESG checks do not show any major red flags. Depreciation has been volatile due to changes in asset mix, though depreciation (% of revenue) has steadily declined from 6.4% in FY22 to 3.2% in FY25 and should moderate further with scale. The company didn't generate operating cash flows due to consistent losses, but turned positive in FY25, driven by narrowing losses. Expect FCF burn of ₹2388mn over FY26-28E driven by investment ramp-ups. However, the company generates stable cash yields, has minimal contingent liabilities and low risk on receivables. KMP remuneration growth of 15% CAGR has been well below 34% revenue CAGR over FY23-25, with ESOP charges normalizing. PwC has been the statutory auditor of the company for 9 years. Rise in non-audit fees in FY25 reflects one-time other services, while audit fee 13% CAGR lagged revenue CAGR.

**Exhibit 113: Urban Company scores Green flags on most metrics**

Ratios	Flags	Company				
		FY15-20	FY22	FY23	FY24	FY25
<b>P&amp;L mis-statement checks</b>						
pre-tax CFO/EBITDA	AMBER	DNA	NA	NA	NA	NA
Volatility in depreciation rate (bps)	AMBER	DNA	186 bps	-118 bps	147 bps	-147 bps
Provision for doubtful debtors as % of debtors o/s > six months	GREEN	DNA	119%	132%	90%	104%
<b>Balance sheet mis-statement checks</b>						
Cash yield	GREEN	DNA	6.1%	5.2%	7.4%	7.7%
Contingent liabilities as % of net worth	GREEN	DNA	NA	1.3%	1.7%	3.1%
<b>Specific cash outflows checks</b>						
Miscellaneous expenses as % of total revenues	GREEN	DNA	0.1%	0.1%	0.3%	0.3%
Capital work in progress/gross block*	GREEN	DNA	NA	NA	NA	NA
FCF/revenue	GREEN	DNA	-74%	-40%	-11%	4%
Related party sales/overall sales	GREEN	DNA	NA	NA	NA	NA
Related parties purchased/overall COGS	GREEN	DNA	NA	NA	NA	NA
KMP Remuneration as % of PAT	GREEN	DNA	-19.0%	-1.3%	-4.3%	2.2%
Group assets as % of total assets	GREEN	DNA	10%	16%	11%	9%
<b>Audit quality checks</b>						
Non-audit fees as proportion of total fees (Standalone)	GREEN	DNA	52%	21%	16%	49%
% assets not audited by main auditor	GREEN	DNA	1.0%	1.4%	1.0%	0.1%
% revenues not audited by main auditor	GREEN	DNA	2.5%	0.0%	0.0%	0.0%
Growth in revenue/growth in auditor remn. (Standalone)	GREEN	DNA	0.4	(2.5)	4.2	0.6
Association (no. of years) with current auditor	GREEN	DNA		9		
Qualification or Emphasis of matter (EOM) in audit report	GREEN	DNA		No		
Number of voluntary resignations	GREEN	DNA	0	1	0	4

Source: Company, Ambit Capital research; \*Gross block is ex of goodwill and freehold land; Note: The company has no like for like listed peers

Urban Company scores Green flags on most of our accounting parameters. We note that the company's depreciation rate has been volatile, driven by changes in the asset mix. However, depreciation (% of revenue) has declined from 6.4% in FY22 to 3.2% in FY25, and we expect it to moderate further as the company grows. We note that non-audit fees accounted for 49% of total audit fees in FY25, largely due to one-time other services such as Overseas Direct Investment, Downstream investment certificate, etc. We also note that the current statutory auditor, PwC, has been associated with the company since the 2<sup>nd</sup> AGM and was reappointed in Oct-21 for a period of 5 years, in line with the Companies Act provisions allowing up to 10 years for Audit firms. Additionally, audit fees saw growth at 13% CAGR over FY22-25, well below the 38% revenue CAGR.

There are no pending criminal proceedings against Urban Company. Certain pending cases highlighted as contingent liabilities primarily relate to indirect tax disputes and cumulatively amount to ₹0.5bn (~3% of net worth), which is not material.

Urban Company has historically reported losses and has not generated positive operating cash flows. However, losses have narrowed and the company generated positive pre-tax CFO in FY25. While it still generates insignificant free cash flows, the improvement in cash conversion was largely driven by narrowing losses rather than any one-off working capital movements. As the company ramps up investments to scale the Instahelp business, even as the core services business continues to see improving profitability, we expect negative free cash flows over FY26-28E, resulting in cumulative cash burn of ₹2388mn.

KMP remuneration to PAT appears volatile due to reported losses. However, KMP remuneration saw 15% CAGR over FY23-25, well below 34% revenue CAGR, while employee costs declined 4% CAGR over the same period. ESOP charges have also moderated to ~6% in FY25 from 46% in FY22.

**Exhibit 114: Urban Company’s growth has been rapid, with losses narrowing and a turn to adj. EBITDA positive in FY25; The company is positive net debt**

Ratios (median/CAGR)	FY22-25
	Company
Sales growth*	38%
EBIT margins	-42%
EBIT growth*	NA
CE turns	0.6
CFO growth *	NA
Net debt/equity	(1.0)
Capex/depreciation	0.4
Equity dilution (Note)	0%

Source: Company, Ambit Capital research; Note: While the median equity dilution is 0%, but the company saw ~100% dilution in FY25 on account of bonus issue for the upcoming IPO in FY26; \*Considered CAGR

## ESG initiatives

**Environment:** Urban Company, being a home services platform, has a limited direct environmental footprint. Its key environmental impact is driven through a repair-first model that promotes reuse and circular consumption. In FY25, 4.6mn+ appliances were serviced and repaired, which the company estimates helped avoid ~1.4mn tonnes of CO2e emissions.

**Social:** Urban Company prioritizes the economic empowerment and social protection of its service partners, aiming to train and upskill 250k professionals by 2030. The company trained over 42k professionals in FY25 and provided its partners with comprehensive benefits, including life insurance cover of ₹1mn, disability cover, and health insurance. The company also runs initiatives like Project Udaan for women's empowerment and Project Nidar to support partners facing domestic violence, while aiming to increase women's representation in leadership roles to 30% by 2026

**Governance:** Urban Company’s board is chaired by Abhiraj Singh Bhal, who also serves as Chairperson, MD and CEO, with the other two co-founders- Raghav Chandra and Varun Khaitan, holding Executive Director roles. The board comprises 8 directors, of whom 50% are independent directors. The board also includes 1 woman, an independent director.

**Exhibit 115: No major issues in governance parameters for Urban Company**

Parameters	Unit	Company	
		FY24	FY25
<b>Governance</b>			
Split of role - CEO/MD and Chairman (Yes/No)	NA	No	
% women directors on board	NA	11.1%	12.5%
Non ID on audit committee (Yes/No)	NA	Yes	No
Median association (no. of years) of ID	No. of years	3.8	
Number of voluntary director resignations	Nos.	0	3
Sitting fees -ID	₹mn	19.7	27.7
Sitting fees -NED	₹mn	NA	NA

Source: Company, Ambit Capital research

**Exhibit 116: Explanation of our flags on page 1**

Segment	Score	Comments
<b>Accounting</b>	<b>GREEN</b>	Material deviations in accounting that might have a meaningful impact on financials have not been observed.
<b>Predictability</b>	<b>AMBER</b>	Increased investments in the Instahelp business have led to significant swings in profitability.
<b>Earnings momentum</b>	<b>AMBER</b>	Consensus estimates have declined since listing.

Source: Company, Ambit Capital research

# Catalysts and Risks

## Risks to our call

- **Near-term profitability improvement for India business (ex-Instahelp)** – Urban Company’s India business improves profitability at a faster rate than our estimates.
- **Growth in Instahelp is faster than anticipated** – Instahelp is a relatively recent initiative for the company, and the continued expansion of Instahelp is faster than our expectations will aid growth.

## Catalysts for the call

- **Higher-than-expected competitive intensity in Instahelp** – Currently, Urban Company faces two well-funded competitors, Snabbit and Pronto, in the on-demand cleaning segment. Higher-than-expected competitive intensity will constrain profitability.
- **India business (ex-Instahelp) penetration peaks** – We believe that Urban Company’s penetration has likely hit ~50% of the target market in the top8 cities. Slowing growth if penetration peaks out represents a risk to our estimates.

## Urban Company (URBANCO IN, SELL)

### Valuation Methodology

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Our TP of ₹97 is based on DCF, implying net revenue CAGR of 17% at an average EBIT margin of 16.1% over FY26-42e

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### Risks

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Risks: (i) Lower than expected competition in Instahelp, (ii) Better than expected margin expansion in the core India business.

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# Financials - CONSOLIDATED

## Income statement

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Revenue</b>	<b>8,280</b>	<b>11,445</b>	<b>15,232</b>	<b>19,267</b>	<b>23,802</b>
-growth (Rev)	30.1%	38.2%	33.1%	26.5%	23.5%
Cost of goods sold	1,293	2,126	3,066	3,994	4,852
<b>Gross profit</b>	<b>6,988</b>	<b>9,319</b>	<b>12,165</b>	<b>15,273</b>	<b>18,950</b>
Employee expenses	3,448	3,501	4,265	4,988	5,849
Other expenses	5,006	6,133	9,922	13,158	14,064
<b>EBITDA</b>	<b>(1,467)</b>	<b>(315)</b>	<b>(2,022)</b>	<b>(2,873)</b>	<b>(963)</b>
-growth (EBITDA)	59.7%	78.5%	(541%)	(42.1%)	66.5%
Depreciation	368	370	396	482	571
<b>EBIT</b>	<b>(1,835)</b>	<b>(685)</b>	<b>(2,418)</b>	<b>(3,355)</b>	<b>(1,535)</b>
-growth (EBIT)	53.5%	62.6%	(253%)	(38.7%)	54.3%
Other income	1,000	1,162	1,295	1,590	1,904
<b>EBIT (including other income)</b>	<b>(835)</b>	<b>477</b>	<b>(1,124)</b>	<b>(1,765)</b>	<b>369</b>
Finance costs	92	105	105	105	105
<b>Profit before tax</b>	<b>(927)</b>	<b>372</b>	<b>(1,228)</b>	<b>(1,870)</b>	<b>265</b>
<b>Profit before tax (adjusted)</b>	<b>(927)</b>	<b>285</b>	<b>(1,571)</b>	<b>(2,068)</b>	<b>(26)</b>
Tax	0.5	(2,112)	-	-	-
<b>PAT</b>	<b>(928)</b>	<b>2,398</b>	<b>(1,571)</b>	<b>(2,068)</b>	<b>(26)</b>
<b>Profit after tax (adjusted)</b>	<b>(928)</b>	<b>2,398</b>	<b>(1,571)</b>	<b>(2,068)</b>	<b>(26)</b>
EPS (basic) (₹)	(0.7)	1.7	(1.1)	(1.4)	-
EPS (diluted)	(0.7)	1.7	(1.1)	(1.4)	-

Source: Ambit Capital research, Company

**Balance sheet**

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Property, plant and equipment	174	150	211	269	317
Right of use assets	992	1,119	1,119	1,119	1,119
Other intangible assets	2.4	0.8	0.8	0.8	0.8
<b>Total fixed assets</b>	<b>1,169</b>	<b>1,270</b>	<b>1,331</b>	<b>1,388</b>	<b>1,436</b>
Non-current investments	1,936	1,671	1,671	1,671	1,671
Deferred tax assets (net)	-	2,117	2,117	2,117	2,117
Other non-current assets	176	238	238	238	238
<b>Total non-current assets</b>	<b>3,280</b>	<b>5,296</b>	<b>5,357</b>	<b>5,415</b>	<b>5,463</b>
Inventories	289	415	707	894	1,105
Current investments	5,686	9,240	9,240	9,240	9,240
Trade receivables	201	266	325	411	508
Cash and cash equivalents	6,764	6,554	6,528	5,869	7,549
Other current assets	166	235	287	364	449
<b>Total current assets</b>	<b>13,106</b>	<b>16,710</b>	<b>17,087</b>	<b>16,778</b>	<b>18,851</b>
<b>Total assets</b>	<b>16,386</b>	<b>22,006</b>	<b>22,444</b>	<b>22,193</b>	<b>24,314</b>
Share capital	0.2	490	490	490	490
Other equity	12,926	17,468	16,888	15,975	17,353
<b>Total equity</b>	<b>12,926</b>	<b>17,958</b>	<b>17,377</b>	<b>16,465</b>	<b>17,843</b>
Long-term provisions	157	219	219	219	219
Lease liabilities	863	995	995	995	995
<b>Total non-current liabilities</b>	<b>1,019</b>	<b>1,214</b>	<b>1,214</b>	<b>1,214</b>	<b>1,214</b>
Trade payables	927	1,105	2,079	2,630	3,249
Lease liabilities	179	204	204	204	204
Other current liabilities	1,274	1,386	1,380	1,440	1,508
Short term provisions	62	139	189	239	296
<b>Total current liabilities</b>	<b>2,441</b>	<b>2,834</b>	<b>3,853</b>	<b>4,514</b>	<b>5,256</b>
<b>Total liabilities</b>	<b>3,460</b>	<b>4,048</b>	<b>5,067</b>	<b>5,728</b>	<b>6,471</b>
<b>Total equity and liabilities</b>	<b>16,386</b>	<b>22,006</b>	<b>22,444</b>	<b>22,193</b>	<b>24,314</b>

Source: Ambit Capital research, Company

**Cash flow statement**

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Profit before tax</b>	<b>(927)</b>	<b>286</b>	<b>(1,571)</b>	<b>(2,068)</b>	<b>(26)</b>
Depreciation	368	370	396	482	571
Interest income	(930)	(1,086)	(1,295)	(1,590)	(1,904)
Interest expense	92	105	105	105	105
Other items	(307)	(163)	(200)	(329)	(395)
Working capital changes	52	99	615	311	350
Taxes	(41)	(46)	-	-	-
<b>Cash flow from operations</b>	<b>(856)</b>	<b>546</b>	<b>(759)</b>	<b>(1,604)</b>	<b>500</b>
(Net) capital expenditure	(90)	(121)	(457)	(539)	(619)
Interest/dividend Received	834	1,081	1,295	1,590	1,904
Other items	210	(2,954)	-	-	-
<b>Cash flow from investments</b>	<b>954</b>	<b>(1,995)</b>	<b>838</b>	<b>1,050</b>	<b>1,285</b>
Issuance of equity	-	1,934	-	-	-
Interest paid	(92)	(105)	(105)	(105)	(105)
Payment of lease liabilities	(202)	(195)	-	-	-
Other items	(4.7)	4.6	-	-	-
<b>Cash flow from financing</b>	<b>(299)</b>	<b>1,639</b>	<b>(105)</b>	<b>(105)</b>	<b>(105)</b>
<b>Opening cash balance</b>	<b>622</b>	<b>422</b>	<b>611</b>	<b>585</b>	<b>(74)</b>
<b>Net change in cash</b>	<b>(201)</b>	<b>190</b>	<b>(26)</b>	<b>(659)</b>	<b>1,680</b>
<b>Closing cash balance</b>	<b>422</b>	<b>611</b>	<b>585</b>	<b>(74)</b>	<b>1,606</b>
<b>Free cash flow to firm</b>	<b>(946)</b>	<b>424</b>	<b>(1,216)</b>	<b>(2,144)</b>	<b>(119)</b>

Source: Ambit Capital research, Company

**Ratio analysis**

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Gross margin	84.4%	81.4%	79.9%	79.3%	79.6%
EBITDA margin	(17.7%)	(2.8%)	(13.3%)	(14.9%)	(4.0%)
EBIT margin	(22.2%)	(6.0%)	(15.9%)	(17.4%)	(6.4%)
Net profit margin	(11.2%)	20.9%	(10.3%)	(10.7%)	(0.1%)
Receivable days	8.8	8.5	7.8	7.8	7.8
Payable days	41	35	50	50	50
post-tax RoCE	(13.9%)	(37.3%)	(13.7%)	(19.8%)	(8.9%)
ROE (%)	(7.0%)	15.5%	(8.9%)	(12.2%)	(0.2%)

Source: Ambit Capital research, Company

**Valuation parameters**

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
PE	(167)	66	(104)	(80)	(6,336)
P/B	12.0	8.9	9.4	10.0	9.3
EV/EBITDA	(104)	(473)	(74)	(52)	(154)
EV/EBIT	(83)	(218)	(62)	(45)	(97)
EV/sales	18.4	13.0	9.8	7.8	6.2

Source: Ambit Capital research, Company

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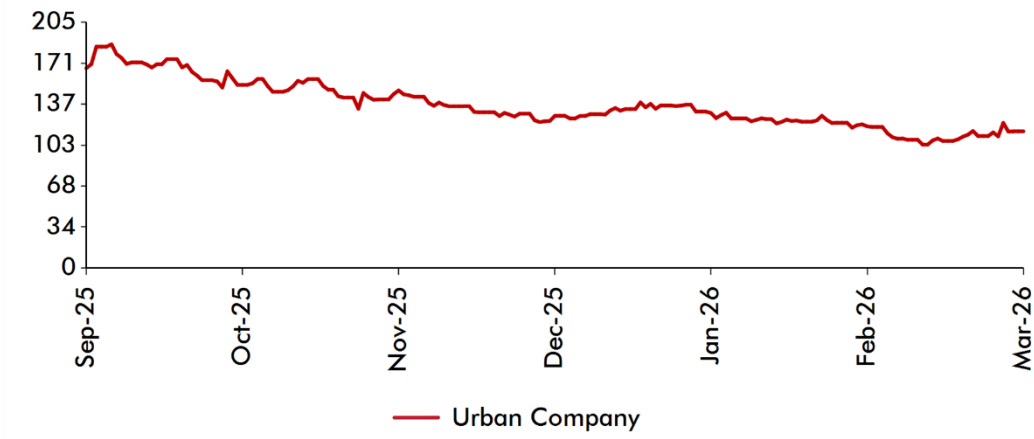
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Urban Company (URBANCO IN, SELL)



Source: ICE, Ambit Capital research

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