

Urban Company | REDUCE

Building war chest with eye on long-term positioning

Urban Company (UC), in an [exchange filing](#) today, announced that its board will meet on 16th Oct'26 to consider a proposal to raise funds through equity shares and/or equity-linked securities via QIP, preferential allotment or other permissible routes. The proposed fundraise amount, issue price and other terms have not been disclosed yet. Nevertheless, this is a step in the right direction amidst high competitive pressures in the instant house-help segment and anticipation of some of them (Snabbit or Pronto) eventually expanding into UC's core India consumer services categories. A strengthened balance sheet would not only enable UC to respond to any potential escalations in competitive intensity but may also help deter private market investors from funding the competition. While potential equity dilution for existing investors could weigh on the stock in the near term, the development would help UC defend its market position over the long term. **Maintain REDUCE with an unchanged Sep'27 TP of INR 160.**

- **Well-funded competition necessitates larger war chest:** Competitive intensity in the instant house-help segment continues to rise, with emerging players such as Snabbit and Pronto attracting sizeable investments to fund their expansion. Snabbit [raised USD 56mn in Apr'26](#) at a valuation of c. USD 350mn, while Pronto [raised USD 20mn in May'26](#) at a valuation of USD 200mn, following a USD 25mn fundraise in March. Both players have been aggressively scaling operations, which could keep competitive intensity elevated as platforms prioritise customer acquisition, service professional onboarding and network densification. We believe UC needs to remain adequately capitalised to sustain its competitive positioning in this evolving market, particularly as InstaHelp remains in an investment phase.
- **Fundraising from position of strength could also deter incremental competitive investments:** Despite already having a cash balance of c. INR 20bn at FY26-end, we believe UC's decision to explore a fundraise is strategically prudent. The company can take cues from EternaI, which raised INR 85bn through a QIP in Nov'24 despite having a healthy balance sheet, thereby strengthening its ability to invest aggressively in Blinkit amidst rising competition. Similarly, we believe a sizeable fundraise by UC could serve a dual purpose: Providing sufficient financial flexibility to accelerate investments as required while also potentially deterring incremental capital flows into smaller competitors. A well-capitalised market leader with the ability to sustain investments over an extended period could make it increasingly difficult for newer entrants to attract funding and challenge its market position, in our view.
- **Today's newbies can be tomorrow's disruptors:** The food-delivery sector in the 2010s provides a clear precedent: Grubhub in the US and Just Eat in the UK were established, publicly listed leaders in their respective markets, yet they lost substantial ground when well-funded private competitors like DoorDash and Deliveroo weaponised capital to sustain prolonged losses and build scale. A similar dynamic is emerging in the home services ecosystem. Platforms like Snabbit and Pronto currently operate with a clear mandate—and rightly so from their vantage point—to prioritise market-share expansion and differentiated category creation over near-term unit economics. Having raised USD 112mn and USD 60mn, respectively, according to Tracxn data, both challengers possess the institutional financial runway required to aggressively subsidise customer acquisition and service provider incentives. From Urban Company's perspective, these heavily capitalised entrants represent a potent structural threat to its long-term market dominance.
- **Near-term stock pressure likely; maintain REDUCE:** The proposed fundraise is positive from a long-term strategic perspective, but the stock could remain under pressure in the near term, given potential equity dilution and continued cash burn in InstaHelp. Competitive intensity may also keep customer acquisition costs and promotional investments elevated in InstaHelp, delaying the segment's path to sustainable profitability. Nevertheless, strengthening the balance sheet proactively would leave UC better equipped to navigate such challenges over the long term, without being forced to moderate expansion or raise capital under less favourable circumstances. The proposed fundraise is thus a prudent strategic move, although near-term profitability concerns and valuation considerations continue to warrant a cautious stance. **Maintain REDUCE with Sep'27 TP of INR 160.**



Recommendation and Price Target

Current Reco.	REDUCE
Previous Reco.	REDUCE
Current Price Target (12M)	INR160
Upside/(Downside)	-1.8%
Previous Price Target	INR160
Change	0.0%

Key Data – URBANCO IN EQUITY

Current Market Price	INR163
Market cap (bn)	INR252.1/US\$2.6
Free Float (%)	81.0
Shares in issue (mn)	1,542.2
Diluted share (mn)	1,577
3-mon avg daily val (mn)	INR1,613.9/US\$16.9
52-week range	INR184/96
Sensex/Nifty	71,925/22,363
INR/US\$	95.8

Price Performance

%	1M	6M	12M
Absolute	-2.0	21.5	4.3
Relative*	1.9	31.0	19.6

*To the NSE Nifty 50

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Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1: Valuation math

TP Date	Sep-27					
Valuations	Valuation Metric	Target Multiple (x)	Metric	Sep'28 Estimate (INR bn)	Valuation (INR bn)	Per Share (INR)
India Consumer Services	EV/EBITDA	50	Adjusted EBITDA	3.9	194	123
International Consumer Services	EV/EBITDA	35	Adjusted EBITDA	1	34	21
Native	EV/Sales	20	Adjusted EBITDA	0.2	5	3
InstaHelp	EV/NTV	0	NTV	7.5	0	0
Cash (Mar'27)		1	Net Cash	18	18	12
Target Market Cap (INR bn)					250	160
Outstanding shares (billion)					1.58	
TP (INR)					160	

Source: Company, JM Financial

URBANCO – Recommendation history table

Date	Recommendation	Target Price	% Change
6-Oct-26	REDUCE	160	18.5
1-Aug-26	REDUCE	135	0.0
5-Jul-26	REDUCE	135	3.8
10-May-26	REDUCE	130	4.0
11-Apr-26	REDUCE	125	0.2
26-Feb-26	BUY	125	

URBANCO – Recommendation history chart



APPENDIX I

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Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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