BUY

Urban Company

Online home services leader – Density compounding the moat

Emkay Your success is our success

Internet ▸ Initiating Coverage ▸ **August 23, 2026**

CMP (Rs): 159 | TP (Rs): 190

We initiate coverage on Urban Company (UC) with BUY and DCF-based SOTP TP of Rs190 (implying 19.5% upside). UC is the leader of India's online home services market, whose large TAM and highly unorganized nature provide the company with a long growth runway. Increasing demand density in micro-markets is driving consumer satisfaction as well as partner wages, thereby reinforcing the flywheel. This has led to accelerating growth, and we build in 19.8% FY26-29E net transaction value (NTV) CAGR for India consumer services, ex-InstaHelp (ICS). With high operating leverage, we build in 47.4% adjusted EBITDA CAGR over FY26-29E for ICS. While the street is concerned about UC's InstaHelp foray given the upfront cash burn, we believe this is the right playbook to improve platform stickiness and drive cross-sell. UC has the opportunity to capture a large TAM and increase frequency of platform use, which should create a sticky business. Considering the company is incubating InstaHelp and Native, and international business profitability is suboptimal, we expect UC to turn profitable only in FY30. The stock trades at 10.4x/8.3x FY28E/FY29E revenue.

ICS – a hyperlocal network, with a trust layer on top of it

UC operates a two-sided hyperlocal network, with a trust layer built on top, for various services across multiple micro-markets. The network compounds its utility with densification, as it cuts fulfillment times, drives better partner utilization, and increases partners' earnings. This has been demonstrated by rising NTV growth (29.4% in 1QFY27, from 10.3% in 1QFY26) and expanding adjusted EBITDA margin. The trust layer is foundational in the UC business model, wherein the consumer is willing to pay 27.5% take rate to the platform for the peace of mind offered by the verified supplier, training, in-service control, and warranties.

InstaHelp offers large TAM, and will enhance frequency and stickiness

UC is leading in the emerging, highly competitive instant help segment. With product-market fit established, companies in this segment are aggressively expanding to maximize market share, which is accelerating cash burn. While we expect FY28E adjusted EBITDA losses for InstaHelp to increase to Rs9.4bn, and narrow thereafter, we expect the higher frequency of usage to increase the consumer stickiness and aid ICS.

Outlook and valuations: Long growth runway and category leadership

We initiate coverage on UC with BUY and DCF-based SOTP TP of Rs190. We value ICS at Rs167.2bn (Rs107 per share), which implies 57.3x/40.5x FY28E/FY29E adjusted EBITDA. Our valuation for the InstaHelp business is Rs42.9bn (Rs28 per share), which implies 7.1x/3.4x applied to FY28E/FY29E InstaHelp NTV. We value its International, Native, and KSA businesses at Rs66.3bn (Rs42 per share). The remaining value (Rs20.2bn, Rs13 per share) is contributed by cash on books. Key risks: 1) Intense competition in the InstaHelp segment; 2) legal or regulatory changes for service professionals/gig workers; 3) litigation risks; and 4) service partner availability and cost inflation.

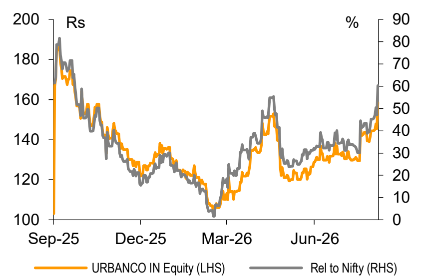
Target Price – 12M	Jun-27
Change in TP (%)	**NA**
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	19.5

Stock Data	**URBANCO IN**
52-week High (Rs)	201
52-week Low (Rs)	96
Shares outstanding (mn)	1,542.2
Market-cap (Rs bn)	245
Market-cap (USD mn)	2,556
Net-debt, FY27E (Rs mn)	(13,996.6)
ADTV-3M (mn shares)	8.8
ADTV-3M (Rs mn)	907.0
ADTV-3M (USD mn)	9.5
Free float (%)	0.2
Nifty-50	24,252.0
INR/USD	95.7
Shareholding,Jun-26	
Promoters (%)	19.0
FPIs/MFs (%)	55.3/11.4

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	18.2	32.7	0.0
Rel. to Nifty	17.9	29.5	0.0

1-Year share price trend (Rs)



Urban Company: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	11,445	15,555	20,821	26,660	33,475
EBITDA	(305)	(1,948)	(6,385)	(7,270)	(2,452)
Adj. PAT	2,408	(2,067)	(4,773)	(5,293)	(1,845)
Adj. EPS (Rs)	4.9	(1.4)	(3.3)	(3.6)	(1.3)
EBITDA margin (%)	(2.7)	(12.5)	(30.7)	(27.3)	(7.3)
EBITDA growth (%)	0	0	0	0	0
Adj. EPS growth (%)	0	0	0	0	0
RoE (%)	15.6	(10.5)	(24.0)	(31.9)	(12.4)
RoIC (%)	754.8	(8,308.1)	(501.8)	(691.0)	(423.4)
P/E (x)	32.4	(98.8)	(48.1)	(43.8)	(125.7)
EV/EBITDA (x)	(704.0)	(109.8)	(33.5)	(29.4)	(87.2)
P/B (x)	4.3	10.8	12.6	15.6	15.5
FCFF yield (%)	0.2	(0.7)	(2.3)	(2.6)	(0.3)

Source: Company, Emkay Research

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Summary

Full stack platform comprehensively addresses consumer needs

UC is a full-stack vertically integrated platform providing a broad spectrum of home and beauty services across Indian and international markets. The company primarily offers beauty and personal care services, cleaning services, handymen, appliance repair at a micro-market level, enabling faster fulfillment for consumers and less travel time/better utilization for service professionals. Currently, the company also offers home renovation and painting services, and direct-to-customer consumer durables across 51 cities. UC also operates InstaHelp - designed to meet daily cleaning and housekeeping needs of households.

The hyperlocal network effect

Network effects for the home services platform are local, with every micro-market and category cell creating a network. Within each cell, a self-reinforcing loop operates: demand density compresses the service radius; radius compression raises professional earnings; higher earnings draw new supply through referrals; and deeper supply improves fulfilment and repeat demand. UC's competitive advantage rests on ~12,000 such hyperlocal network effects.

The loop now runs on its own, on both sides

Over 83% of professionals joining between Apr-22 and Mar-25 came through referrals or word-of-mouth, and onboarding costs fell from 34.2% of ICS revenue in FY23 to 22.8% in FY25 while the professional base grew. On the demand side, over 70% of NTV comes from consumers who joined twelve or more months earlier, and the FY18 cohort reached 1.75x its starting NTV by FY25 as consumers order more often and then add categories. The platform is now growing while spending less to acquire either side.

The trust layer is how UC takes share from the unorganised market

Around 9-10mn people work in this sector, mostly informally, and a household cannot check who any of them are. That is why 90.5% of a Rs5trn market is still unorganised and 99% is still offline. UC has built three-step background checks, NSDC-certified training across 247 classrooms, in-service checklists with photo proof, fixed rate cards for spares, warranties of 10-180 days, and ratings that route weak performers back into training. Standardised processes turn an unverifiable service into a predictable one, and that is what the 27.5% take rate buys. It is also the only mechanism that converts an offline household.

Retention of data voids disintermediation argument

Disintermediation is a permanent feature of every mature services marketplace, and UC's reported economics already contain this. Professionals keep 72% of consumer spend, so going direct saves the pair 28%. If that were eroding UC's proposition, it would show up in retention, and it does not. Repeat professionals were 83.6% of India NTV in FY25, up from 73.2% in FY23, and retained consumers were 83.1% of NTV in FY26, up from 72.1% in FY22. Both sides are staying, and every number the market is pricing is already reported after whatever leakage occurs. The platform's product tether—a supply chain for tools and consumables running through the professional's own app, increasingly under UC's brands—adds a structural brake. Tenets of the trust layer—consumer support and warranties— also disincentivize the leakage.

InstaHelp to boost frequency, stickiness of the platform

Competitors in instant help are building demand, brand, supply and trust from scratch. We believe that expansion of a platform into a low margin but large TAM is positive, especially when some part of the network is reused. UC is adding a service to a base that already has all four, and the biggest gain is frequency: the core is used 3-4 times a year, InstaHelp around three times a month, which builds habit, deepens data, widens cross-sell and spreads acquisition cost over far more transactions. The benefit runs the other way too. Because the rest of the business generates cash, UC can absorb the losses this category demands, which is exactly what a land grab requires and what a standalone challenger has to keep raising for.

Financials: Profitability improvement will track segment scale up

ICS was 69.8% of FY26 revenue, Native 17.2%, International 11.9% and InstaHelp 1.1%. Only ICS is past its investment phase. InstaHelp, Native, International and the KSA JV are all still being set up or scaled.

We build 19.8% NTV CAGR for ICS over FY26-29E, made up of 15.9% ATU growth and 3.4% growth in spend per user, with take rate adding only 40bps to 27.7%. International grows NTV at 36% on 17.2% ATU and 15.7% NTV per user as subscriptions build; Native at 33.3%; InstaHelp from Rs0.79bn to Rs12.5bn on a flat 22.2% take rate. Consolidated revenue grows 29.1% to Rs33.5bn by FY29E, tracking NTV rather than any step-up in monetization.

ICS margin improves steadily on scale, from 4.1% of NTV in FY26 to 7.6% in FY29E, and International and Native both reach breakeven — but none of that is what turns the consolidated number. Consolidated adjusted EBITDA is negative only because InstaHelp is buying the category, and it turns positive in FY30E purely because that loss narrows from a Rs9.4bn peak in FY28E, with InstaHelp itself breaking even in FY31E. The core has been profitable throughout.

Outlook and valuations

We initiate coverage on UC with BUY and a SOTP and DCF-based target price of Rs190. We build in 29.1% revenue CAGR over FY26-29E and expect adjusted EBITDA losses to peak at Rs6bn in FY28E before narrowing to Rs0.96bn in FY29E. We use a three-stage DCF with a beta of 1.25 and a WACC of 14.4%.

ICS contributes Rs167.2bn, or 60.5% of enterprise value, at implied FY28E/FY29E EV/adjusted EBITDA of 57.3x/40.5x. InstaHelp contributes Rs42.9bn (15.5%) at FY28E/FY29E EV/NTV of 7.1x/3.4x. International contributes Rs44.9bn (16.3%) at 3.1x/2.4x FY28E/FY29E EV/NTV, and Native Rs13.9bn (5%) at 2.7x/2.2x FY28E/FY29E, both optically high because each is only just crossing breakeven. KSA contributes the remaining Rs7.5bn (2.7%).

We value UC by discounting its cash flows and use the implied multiples only as a cross-check. We prefer not to assign multiples to internet businesses directly, because a multiple is really a judgement on how defensible the earnings are, and putting a number on that up front is too subjective. On that test ICS screens better than the rest of our internet coverage, where QCom and fintech both face far tougher competition, which is why we are comfortable carrying a higher multiple here.

Investment thesis

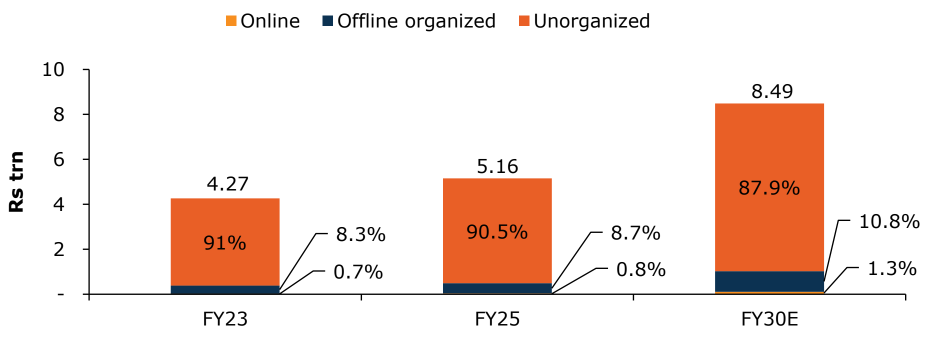
The hyperlocal network effect

Network effects for the home services platform are local, with every micro-market and category cell creating a network. Within each cell, a self-reinforcing loop operates: demand density compresses the service radius; radius compression raises professional earnings; higher earnings draw new supply through referrals; and deeper supply improves fulfillment and repeat demand. UC's competitive advantage rests on ~12,000 such hyperlocal network effects. A challenger must ignite this loop cell by cell, solving thousands of simultaneous cold-start problems against an incumbent whose supply arrives organically and whose density confers the lowest cost position. The flywheel is measurable in the financials: on the supply side, service professionals' onboarding costs declined as a % of India consumer services revenue to 22.8% from 34.2% over FY23-25. On the demand side, advertisement expenses as a % of revenue from operations declined to 15.1% from 29.7% over the same period.

Rs5trn TAM, 90% unorganized, 99% offline

As per Redseer, India's home services TAM was Rs5.1-5.21trn in FY25, up from Rs4.22-4.31trn in FY23 and is projected to reach Rs8.4-8.58trn by FY30, expanding at a 10-11% CAGR. Unorganized local providers service 90.5% of this TAM and organized offline players another 8.7%; the entire online full-stack segment transacted Rs41–43bn in FY25. The supply base comprises 9–10mn semi-skilled professionals working independently, priced informally, and reliant on intermediaries for demand.

Exhibit 1: India home services market – supply-side breakup



Source: Redseer, Emkay Research

UC leads the online segment, which is the market's growth engine. UC saw annual household penetration of 7.8% in India's top 200 cities in FY25, recording consolidated NTV of Rs42.9bn in FY26 across 47 Indian cities and three international markets. Online home services are projected to see 18–22% CAGR through FY30, roughly twice the underlying market. The runway is, therefore, established by market data; the analytical question is why the traffic on it accrues to UC. The answer operates at the level of the individual service micro-market, and the remainder of this section works through it.

The locus of competition is the micro-market × category cell

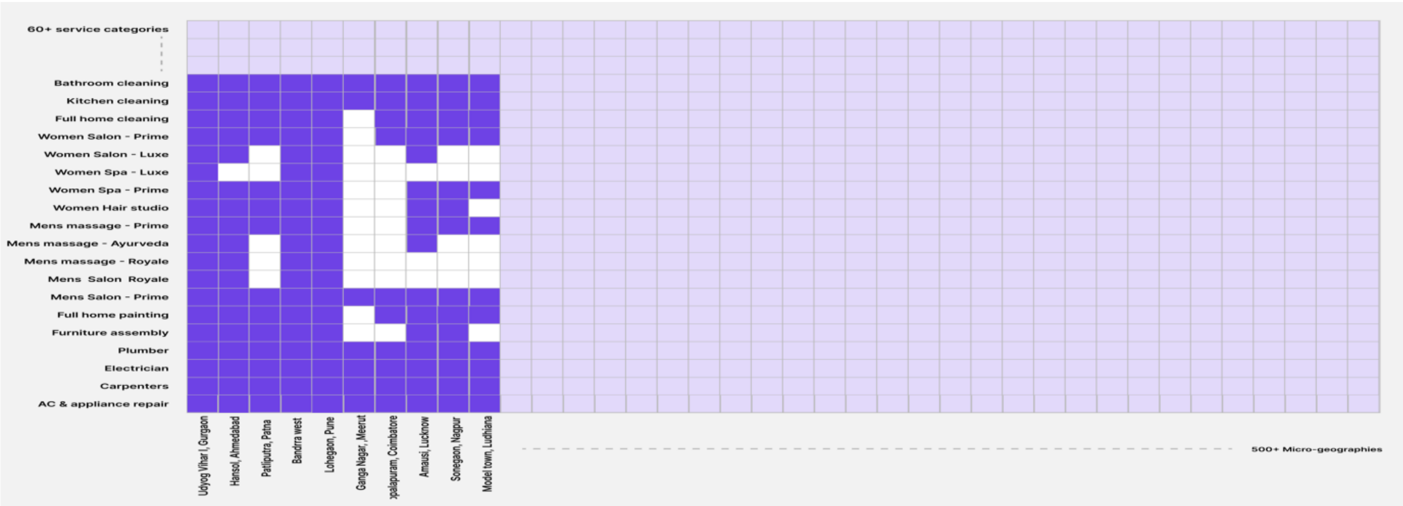
Home services liquidity forms in hyperlocal, category-specific pools. Fulfillment is physical: professionals serve the radius they can travel economically; travel time is unpaid; and skills are trade-specific. Demand and supply, therefore, clear trade by trade within a 1–5 km radius, and each such pool must reach viable liquidity on its own.

UC's Mumbai disclosure makes the granularity concrete. The company operates 17 super-categories in the city; the handyman super-category comprises three trades—plumbers, electricians, carpenters—each mapped to 15 micro-markets, producing 45 distinct liquidity pools for one super-category in one city. Professionals are assigned to micro-markets at the service-category level. Across the platform, UC operated 12,231 service micro-markets as of 30-Jun-25 (10,578 in India), up from 9,959 in Mar-23.

The recent decline in the reported count reflects rising density. The consolidated count fell from 12,515 (Mar-25) to 12,231 (Jun-25) because UC consolidated handyman coverage into hyperlocal high-density hubs, serving the same jobs from tighter geographies. The count is, therefore, best read alongside density metrics: compression of this kind is the flywheel operating as designed.

This granularity multiplies the entry problem. A challenger must build two-sided liquidity separately in each cell it contests: enough local demand to keep professionals earning and enough trained local supply to keep fulfillment reliable, before either side finds the platform useful. Victory in Bandra plumbing secures exactly one cell; Bandra salon services and Powai plumbing each present a fresh cold start. The fragmentation of the network effect multiplies the number of independent battles an entrant must win, and it is the foundation of UC's defensibility.

Exhibit 2: Sample snapshot of service micro markets

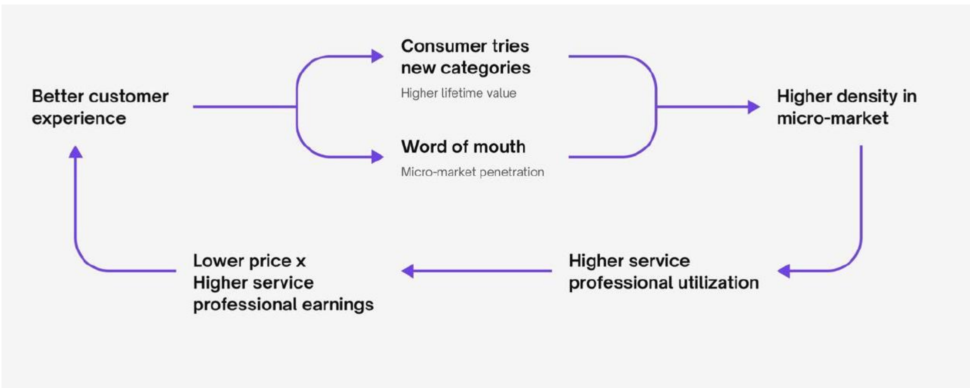


Source: Company, Emkay Research

Density carries physical economics

Radius compression converts demand density into professional earnings. UC launches a category at a 3–5-km radius and compresses it to 1–3 km as penetration deepens; high-frequency categories run compact geographies, while high-value, low-frequency categories, such as painting, run larger ones. A smaller radius cuts travel time and adds billable hours per professional per day. The gains accrue to both sides simultaneously: lower effective prices for consumers, higher earning potential for professionals.

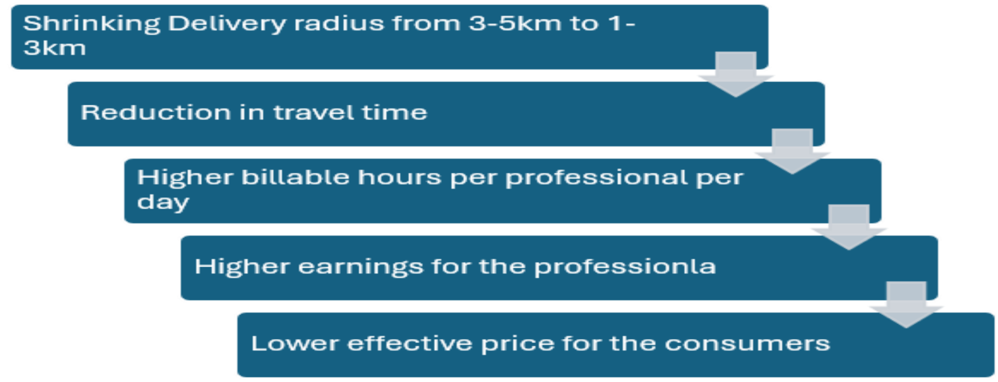
Exhibit 3: Network effect on UC platform



Source: Company, Emkay Research

The earnings data confirms volume as the transmission channel. Net earnings per hour worked are flat across performance tiers, at Rs313; monthly earnings rise with order count, reaching Rs49,719 for professionals completing more than 167 monthly hours against a platform average of Rs26,489 during 9MFY26. Volume is a direct function of local demand density and radius compression. Density is, thus, the single variable that cuts consumer prices and raises professional incomes at the same time – the defining signature of a genuine network effect. The aggregate result is a structural earnings premium. Per Redseer, professionals associated with UC earned 30–40% more than off-platform peers in FY25.

Exhibit 4: Shrinking radius drives higher earnings for professionals



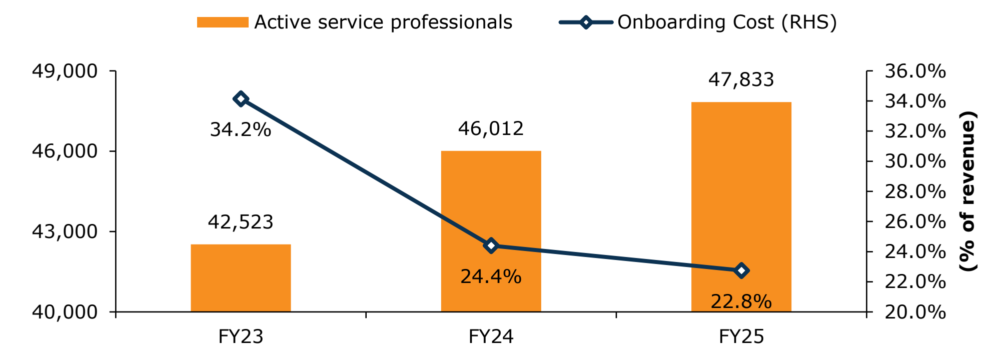
Source: Emkay Research

Supply side is self-acquiring

UC's professional supply now recruits itself. Over 83% of new professionals joining between Apr-22 and Mar-25 arrived through referrals from existing professionals or organic word-of-mouth. The earnings premium is visible within professional communities, and the platform pairs it with benefits the offline market structurally lacks: predictable demand, formal training, documented income that unlocks credit, and insurance coverage.

The acquisition line of the P&L confirms the flywheel. Onboarding costs fell from 34.2% of India consumer services revenue in FY23 to 22.8% in FY25, and professional incentives fell from 7.4% to 6.6% of revenue, while the professional base grew from 42,523 average monthly actives in FY23 to 47,833 in FY25 and 54,347 in 1QFY26. Supply growth on falling acquisition intensity is the financial definition of a self-reinforcing marketplace: network gravity is progressively substituting for spend.

Exhibit 5: Declining onboarding costs as a share of revenue proves the self-reinforcing marketplace



Source: Company, Emkay Research; Note: Service professionals' onboarding costs as a % of India consumer services revenue from operations

Deepening network is improving consumer retention

Consumer cohorts compound with age. More than 70% of NTV comes from consumers onboarded twelve or more months prior, and the FY18 cohort had grown its collective NTV to 1.75x its initial level by FY25, indicating that the oldest consumers on the book spend the most. Category adoption drives the compounding: satisfied consumers raise frequency within a category, then expand across categories, with long-tenured cohorts reaching five-plus super-categories. Each added category raises the household's switching cost, because UC alone offers the full assortment within that household's micro-market; the multi-category and hyperlocal properties reinforce each other.

Exhibit 6: Consumer retention basis the NTV of the business (excluding Native)

Year of acquisition	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
FY18	1.00	1.02	1.19	0.90	1.22	1.54	1.64	1.76
FY19		1.00	1.01	0.70	0.91	1.13	1.21	1.29
FY20			1.00	0.59	0.71	0.82	0.87	0.94
FY21				1.00	0.82	0.78	0.78	0.83
FY22					1.00	0.75	0.70	0.73
FY23						1.00	0.75	0.71
FY24							1.00	0.76
FY25								1.00

Source: Company, Emkay Research

Professional retention is rising in parallel. Repeat professionals accounted for 83% of India NTV in CY25, up from 72.1% in FY22. The professional's accumulated platform position drives this: ratings history, tier progression, training investment, consumables integration (~66% of active professionals purchase products through UC), and financing eligibility built on documented platform income. Reputational capital is valuable and lives on the platform.

The flywheel is demonstrated in segment margins

ICS's adjusted EBITDA margin swung from negative 9.72% of NTV in FY23 to +3.30% in FY25. The composition of the swing carries the evidence: acquisition intensity declined on both sides—onboarding costs down ~11 percentage points of segment revenue, incentives down ~1 percentage point, sales promotion broadly flat—while consolidated NTV grew 57% over two years (from Rs20.8bn to Rs32.7bn) and annual transacting consumers rose from 4.93mn to 6.78mn (9.28mn as of 1QFY27). Growth that accelerates while its cost of generation falls is the financial signature of network effects taking over from spend.

Trust layer on top of a wide and deep network

India's home services market is large and almost entirely offline, and the reason is trust. The sector employs 9-10mn people, most of them informally. A household hiring one of them cannot check who they are, cannot judge the work before it is done, and has nothing to fall back on if anything goes wrong. Hence, most people rely on word of mouth, and a major portion of the market never comes online. UC's answer is to supply the trust the market cannot: it checks who its professionals are, trains and certifies them, controls how the job is done, guarantees the result, and uses ratings to correct itself. That system is what households are paying for. It is now visible in the accounts, where advertising spend fell in absolute terms over FY23-25 while revenue grew ~80% over the same period, because a platform people trust is recommended rather than advertised. This is the reason the company charges 27.5% take rate, wherein the customer is paying a premium for the quality of the supplier and trust on the platform.

Trust is layered on network at scale

About 9-10mn people work in the Indian home services sector as electricians, plumbers, beauticians, cleaners, and carpenters – majority of them informally. They are found by word of mouth. Nobody has checked their identity or their record. Their training, where there is any, came from an apprenticeship with no common standard. They set prices job by job. And once the customer has paid, there is no recourse if the work is unsatisfactory.

This matters more here than in most categories, because the customer is letting a stranger into the house. The decision comes before any question of price or convenience: the household is giving someone physical access to its home, its belongings, and often its family. It is also a decision the customer cannot research. Quality cannot be inspected in advance, and most jobs happen only once, so the worker has little reason to protect a reputation with that particular customer.

Redseer's comparison of the three types of supply shows what is missing. Informal providers offer no background checks, no consistent quality, no formal way to complain, spare parts that may be counterfeit, and no support after the job. Organized offline businesses such as salon chains and manufacturer repair networks fix part of this issue, setting minimum standards and offering basic warranties, but they pay for premises and salaried staff. A seasonal category punishes that cost base and limits offline businesses' scalability. Online full-stack platforms solve these problems comprehensively.

Operational details

UC's trust engine is implemented through five stages:

1) Input screening

Every service professional in India passes a three-step background check executed by third-party agencies—background documentation, criminal record check, and permanent address verification. The screen is applied before a professional ever reaches a consumer's doorstep, and it extends beyond the primary workforce: in categories such as full-home cleaning and painting, where professionals hire additional personnel, 82.3% of all identified additional personnel were covered by third-party background checks in the Jun-25 quarter. The company has rejected professionals whose submitted information failed agency verification – evidence the filter binds rather than decorates.

2) Skill certification

Screened professionals enter a training system that is a core operating capability rather than an onboarding formality. The company ran 247 training classrooms as of Jun-25. The curriculum spans four structured programs: new professional training combining technical and soft skills with mentor shadowing on live jobs; new product launch training when tools such as diagnostic systems are introduced; customized re-training triggered when a professional's ratings fall below thresholds; and upskill training that moves experienced professionals into higher-value offerings. Graduates are certified by the National Skill Development Corporation, converting an informal worker into a credentialed one – a certification the offline market cannot issue.

3) In-service control

Trust is enforced during the job, not assumed after training. Service workflows embed step-by-step delivery checklists in the professional's application, with photo-based proof captured at critical steps; on-site video audits allow real-time quality evaluation; and standardized rate cards for parts and spares remove the fleecing risk that defines the offline repair experience. The consumer's exposure to discretion—the raw material of distrust—is engineered down at each step of delivery.

4) Post-service assurance

Every offering beyond basic installation carries a no-questions-asked warranty of 10, 30, 90, or 180 days depending on category; painting and wall-panel services carry a one-year warranty and a pay-after-satisfaction guarantee. Behind the warranty sits a resolution apparatus that closed 99.06% of the 1.06mn consumer complaints received in FY25, with the originally assigned professional typically directed to remedy defects at no cost to the consumer. The warranty converts a service—intangible, unverifiable in advance—into something closer to a returnable good, which is the psychological threshold at which online adoption of a high-stakes category becomes possible.

5) Feedback loop

The ratings corpus closes the system and makes it self-correcting. Consumers rated jobs at an average of 4.79 in FY26 on a 5-point scale, and the score's integrity strengthened rather than weakened under scrutiny: in FY24, the methodology was loosened to let consumers rate below the maximum without supplying a reason, and the average moved only from 4.83 to 4.81. Ratings do not merely inform the next consumer's choice; they trigger the machine's own maintenance, routing underperforming professionals into customized re-training. The production line, thus, audits and repairs itself, which is the property that lets it hold quality at a scale no supervisory headcount could match.

Disintermediation is managed

Disintermediation is a permanent feature of every mature services marketplace, and UC's reported economics already contain this. The financials the market is pricing—the cohort multiples, the repeat shares on both sides, the margin expansion—are all measured net of any off-platform leakage that occurs. The analytical question is, therefore, not whether consumers and professionals ever transact directly—some do, and always will—but what would shift the rate at which they do. The platform's product tether—a supply chain for tools and consumables running through the professional's own app, increasingly under UC's brands—adds a structural brake. Tenets of the trust layer—consumer support and warranties—also disincentivize the leakage.

The disintermediation reality

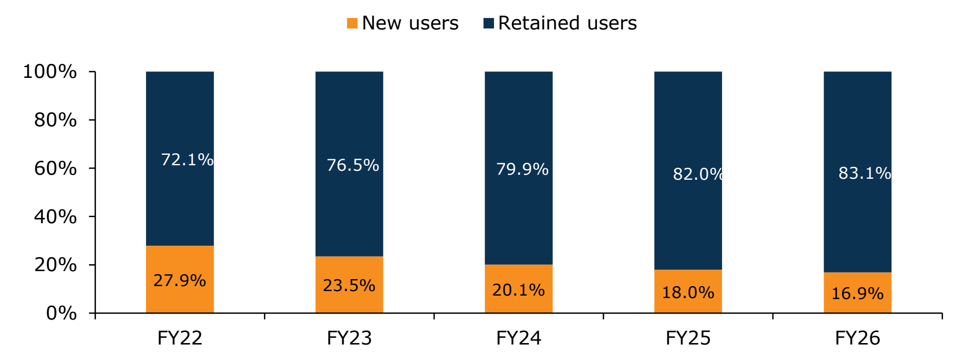
The incentive to circumvent is real, and it is priced into every transaction. Service professionals retained 72% of the amount consumers paid for services in FY26; the remaining ~28% is a standing bounty on any pair willing to transact directly. The vulnerability concentrates in the marketplace's best relationships: a household that books the same beautician monthly has, after a handful of visits, everything it needs—a phone number, a proven service, mutual comfort—to take the relationship private. Recurring, same-professional categories are the classic leakage vector in every services marketplace, and they are among UC's largest.

The company acknowledges that consumers and professionals "may subsequently circumvent our platform," with a detail that the management is not aware of any material or large-scale circumvention efforts. Redseer independently identifies off-platform transactions as a structural threat for the industry, and ties it to a specific trigger: leakage accelerates when the platform's value proposition erodes, for instance, when professional earnings fall or consumer quality assurance weakens. Hence, leakage is governed by the value each side receives, not a binary risk that either materializes or does not.

Baseline is already in the numbers

Every metric in the company report is presented net of leakage. Cohort NTV multiples, demand-line leverage, and segment margin expansion were all recorded, while steady-state circumvention, if any, occurred in the background. The FY18 cohort's spending multiple counts (Exhibit 6) only the transactions that stayed; the repeat professionals' NTV share counts only the volume that ran through the platform. If those numbers describe a compounding business—and they do—they indicate compounding despite the current leakage rate. The chart below shows that existing users continue to drive the incremental share of revenue for the company.

Exhibit 7: Share in NTV from retained users has improved



Source: Company, Emkay Research

The professional's ledger

The professional's 28% levy not only buys a business, but also provides four key benefits over the informal market. 1) Job assurance: For service professionals, a continuous stream of booked, scheduled, and prepaid jobs allocated within their respective micro-market is the solution to the key pain point of independent service work, which is not doing the job, but finding the next one. 2) Cash certainty: Settlement into the professional's bank account is fulfilled within approximately two days of job completion, against an informal market where collection is the professional's own problem and disputes are endemic. 3) Downside protection: For specified categories, UC offers a reimbursement mechanism that tops up earnings when jobs fall short of a defined monthly amount; in disclosed subscription arrangements, UC provides contracts through which it assures subscribed professionals a minimum volume of business over the contract period. 4) The institutional layer: UC offers insurance, platform-routed credit, and a documented income history that functions as a financial identity.

The consumer's ledger

The consumer forfeits the entire trust stack to save a fee they mostly do not perceive. The ~28% is levied economically on the professional's side of the transaction; the consumer sees a service price, not a commission line. Going direct, therefore, offers the household a discount only to the extent the professional passes the saved fee through, while the household gives up, in full: the no-questions-asked warranty, the 99%-resolution complaint apparatus, the genuine-product guarantee, standardized rate cards, and the platform's ability to send a replacement when the regular professional is unavailable, unwell, or has left the trade. The off-platform transaction reproduces the informal market the consumer specifically paid to leave (with the added irony that the professional now standing at the consumer's doorstep was chosen precisely because the platform screened, trained, and warrantied them).

The product tether

UC runs its professionals' supply chain in categories such as beauty, spa, and cleaning, along with purchasing specified tools and consumables through its own application with doorstep delivery—82.64% of product orders in the 12 months to Jun-25 were fulfilled within three days. The catalog is migrating toward products only UC can sell: own and exclusive brands (Native, Elysian, Crave, and exclusives such as Go Tile and Azi-Clean).

Economically, the tether means a professional's cost of goods runs through the platform regardless of where their labor does. Single-use service packs assembled to exact per-job quantities make the platform the most convenient and most price-competitive source of the professional's daily inputs, as products are volume-purchased from OEMs, with a portion of the benefit passed through.

InstaHelp to drive frequency

The market is worried about InstaHelp, as the company that had just delivered its first profitable year is pouring that profit into a low-margin, intensely competitive business with a potentially large TAM and no demonstrated unit economics. Business history says this is a recurring construct. Zomato entered food delivery from profitable listings in 2015; ITC built an FMCG business on cigarette cash flows; Tata Motors launched the Nano; Bajaj Finance scaled EMI financing from its two-wheeler base. Some failed, some succeeded, and some redefined the companies that made them. The spectrum of outcomes is wide, which is precisely why a framework is needed: to identify what separated the successes from the failures, score InstaHelp against those dimensions, and define the evidence to track before the answer is obvious. This section builds that framework. Its conclusion is that InstaHelp matches the successful construct on the dimensions that mattered historically, diverges on two that reshape its terminal economics, and is currently priced as if the pattern has never produced value before.

The market's concerns are serious given the context

The change in trajectory is what the market is concerned about. UC reported adjusted EBITDA of Rs120mn in FY25, which improved dramatically from negative Rs3.0bn in FY23. However, in FY26, adjusted EBITDA dipped to negative Rs1.3bn due to InstaHelp's adjusted EBITDA loss of Rs2.3bn. Also, InstaHelp's losses are increasing at a rapid pace—Rs1.32bn adjusted EBITDA loss in 1QFY27—leading to Rs650mn adjusted EBITDA loss on a consolidated basis. In 1QFY27, InstaHelp's adjusted EBITDA loss per order stood at Rs346. Competitive intensity is rising, with funded entrants in Snabbit and Pronto forcing a market-leadership defense, and the management has declined to guide on the segment's growth or loss trajectory.

The same disclosures establish the strengthening of the core. UC's ICS saw NTV grow 29.4% yoy in 1QFY27—fourth consecutive quarter of acceleration—while adjusted EBITDA margin expanded to 6.9% of NTV from 5.3% a year earlier. The construct is precise: a profitable, accelerating core is deliberately funding a loss-making adjacency, with Rs20.2bn cash available. InstaHelp is an adjacency, not a pivot, which is strengthening the core, and whether the adjacency eventually grows into something larger is an outcome the coming quarters will decide.

Exhibit 8: The variant view

What the consensus thinks	InstaHelp is an unprofitable distraction. The wide adjusted EBITDA loss per order is a warning. UC's core business deserves a multiple; InstaHelp does not. Hence, the implied value of InstaHelp is negligible.
What we think	There have been multiple instances when a profitable business enters an adjacent low-margin business with large TAM. Initial scale-up leads to significant losses. There are many similar successful and unsuccessful forays. Zomato's move from listings to food delivery is the closest match. InstaHelp will aid the frequency and stickiness of the core platform, which is underappreciated.
What to watch out for	TAM and eventual unit economics of the InstaHelp segment will determine the value of the business. While the demand and supply market share capture would dominate the overall adjusted EBITDA of the business, profitability of the early cohort of customers and their churn and repeat rates would signal the TAM and eventual unit economics.

Source: Emkay Research

The pattern library

We look into history to find out how many times profitable companies have expanded into adjacent businesses with large TAM but low margins. Various examples include Zomato's entry in food delivery from being a restaurant listing platform; Info Edge's foray into real estate listing (99acres) and matrimony (Jeevansathi); ITC's FMCG build; Tata's bet on small car, Nano; Reliance's telecom bet through Jio; Zomato's acquisition of Grofers (later Blinkit); Nykaa's foray into Fashion; and AWS by Amazon. While at the core, these are all examples of profitable companies expanding into adjacent businesses, there are nuances which make each foray different.

We believe, Zomato's entry in food delivery from being a restaurant listing platform is the closest match to the InstaHelp foray.

The AWS template of selling internally built capability to external customers carries a different risk profile. Jio's template of capital-led capacity riding an exogenous technology wave is also structurally different. Info Edge's foray in real estate listing (99acres) and matrimony (Jeevansathi) involved acquiring the same customer again, and could not reuse any side of their network. Same is the case with Nykaa Fashion. The InstaHelp foray belongs to the adjacent habit-formation bet wherein a profitable core funds a lower-margin, higher-frequency adjacency into a structurally larger TAM, monetizing an existing demand relationship.

Three successes, each with its structural variation

Blinkit within Eternal is the most instructive recent case and the closest in market memory: a profitable food-delivery core absorbed a deeply loss-making quick-commerce adjacency that the street initially valued at or below zero; within three years, the adjacency became the primary driver of the parent's rerating. Its variations are material: Blinkit was acquired rather than built; the category was pre-validated by Zepto and Instamart; and dark stores gave it a capex-led moat InstaHelp does not have.

Bajaj Finance scaled low-ticket EMI financing of consumer durables from its profitable two-wheeler financing base, converting a high-frequency, thin-margin product into India's most valuable NBFC franchise; it differs from the InstaHelp story, with the engine being cross-sell rather than category creation.

ITC's FMCG foray is the patience anchor: a ~30%-margin cigarette business funded a ~10%-margin packaged-foods build over two decades before the segment reached scale profitability – proof that the construct can work on arcs far longer than platform investors typically underwrite, and a reminder of what the capital markets will tolerate only when the core keeps compounding throughout.

Three failures, each mapped to a specific InstaHelp risk

Tata Nano had the profitable core (Tata Motors' commercial vehicles), the large presumed TAM, and the frequency logic. But it failed on positioning: a product branded by its cheapness acquired a stigma its target customer would not adopt. The mapped risk: an instant-help offering that competes on subsidized price alone can cheapen the category before habit forms; InstaHelp's premium trust framing is the specific antidote, and its erosion the specific warning.

Zomato Quick: The 10-minute food delivery experiment shut within a year. It failed on demand physics: the instant format did not command the density its economics required. There was not enough demand density and the corresponding kitchen infrastructure was not geared for the turn-around-time. This led to a poor customer experience and the experiment was shelved.

The pattern extends beyond platforms

Two consumer-discretionary cases reinforce that this is a recurring corporate construct rather than a platform-era artifact. Tanishq was incubated inside Titan on the cash flows of the watch franchise: a lower-margin, larger-TAM jewelry adjacency that endured years of skepticism before becoming the dominant driver of one of India's great long-duration reratings. Zudio repeated the construct inside Trent: value fashion at a fraction of Westside's realization, scaled on the parent's retail infrastructure into the engine of Trent's rerating.

Neither case involves a transferable digital demand base, so neither enters the scored library. Both demonstrate that Indian markets have repeatedly re-rated a profitable incumbent precisely when its low-margin adjacency proved it could win a larger market. The pattern InstaHelp's skeptics call unprecedented is, in Indian equities, closer to a tradition.

Exhibit 9: Adjacency expansion pattern library

Case	Entry Profile	Structural variation	Outcome
Zomato (2015) – From classifieds to food delivery	Profitable, asset-light listings business enters a contested category (with players like Foodpanda, Swiggy,). Consumer, restaurant base transfers; rider supply built fresh. Multi-year cash burn translate into significantly larger profit pool	Adjacency becomes the pivot	Success; redefined the business scale
Zomato (2022) Quick Commerce (QCom) foray through acquisition	Entered into QCom through acquisition of Grofers; food delivery profits funded the QCom foray, which had even larger profit pool	Entered through acquisition, No part of the network reuse – separate app, separate delivery fleet	Success; primary driver of Eternal's re-rating
Bajaj Finance consumer durables EMI (2010)	Profitable two-wheeler financing base funds low-ticket, high-frequency, consumer durables financing	The adjacency built the base, mortgages and personal loans monetized it	Success; India's most valuable NBFC
ITC's FMCG Foray (2001)	~30%-margin cigarette business funds a ~10%-margin FMCG business	Partial reuse of the distribution; Decadal investments paid off in a very long term	Success, on a long arc
Tata Motors' Nano launch (2009)	Profitable core business entered in a presumed large TAM	Positioning as a value product worked against in aspirational category	Failure; significantly lower demand than forecasted
Zomato Quick (2025)	Ultra-fast food delivery feature that promised to deliver orders in under 15 minutes	Demand density, kitchen infrastructure were not geared for the turn-around-time, which led to a poor customer experience	Failure; shut in less than a year

Source: Company, Emkay Research

The anchor case: Zomato, CY15

No historical case matches UC's setup as closely as Zomato's move from restaurant listings into food delivery. Both companies entered their adjacency from the same position: a profitable, asset-light marketplace with positive unit-level contribution. Both entered categories in the land-grab phase with high competition: Foodpanda had operated since CY12, Swiggy since CY14, and roughly 10 players crowded food delivery by Zomato's CY15 entry. Similarly, Snabbit and Pronto contest instant help at present. Both reused the demand side of their existing network while building supply fresh. Both committed to multi-year, deliberate margin destruction funded by the parent's cash flow. The one difference is retrospective: Zomato's adjacency eventually outgrew its core and became a pivot. That is an outcome, not a blueprint.

The InstaHelp adjacency was outlined in UC's red-herring prospectus and scaled through 2HFY26. Founder Abhiraj Bhal's reasoning maps closely to Goyal's a decade earlier. UC's existing at-home services market—organized demand for scheduled beauty, repair, and cleaning services—is perhaps Rs490-500bn in size in FY25 (Redseer). The Indian domestic help market, by contrast, aggregates to perhaps Rs925-940bn (Redseer) across organized and informal channels, with over 50mn households employing some form of paid help, mostly through informal networks. Capturing even 3–5% of this larger market creates a business of a similar scale as UC's core. The bet's terms are familiar—Rs5-8bn annual burn, a current loss per order of Rs346.

The same two contextual factors apply, with one cutting in UC's favor and the other against. Like Zomato, UC was not first into its adjacent category. Snabbit piloted in Mar-24, followed by InstaHelp in Jan-25; around the same time, Pronto also entered the fray. By the time UC pushed InstaHelp at scale in mid-FY26, the category had multiple committed entrants. The market's skepticism today mirrors that for Zomato in CY15, and for similar reasons. Unlike Zomato, UC inherits a mature digital ecosystem. Smartphone penetration is high and mobile data costs are low. UPI handles billions of transactions monthly. The category UC needs to convert, urban Indians, is already comfortable booking services through apps. The four years of ecosystem maturation that Zomato spent waiting through (CY15-19, roughly) are not what UC has to go through.

Structural shared features

Both cases share six structural features that, taken together, distinguish them from other adjacent-bet analogs in Indian or global corporate history. The features are: i) a profitable, asset-light parent that does not need to expand but chooses to; ii) partial reuse of existing network assets; iii) heavier operational physics in the adjacent than in the core; iv) entry into an already-contested category despite multiple competitors having moved first; v) category creation at the mass-market level even where the niche category pre-existed; and vi) multi-year investments funded by parent cash flow.

The divergences

Two divergences must be noted to the analog, and they are important enough to flag here. First, the network reuse is weaker for UC. Zomato was a three-sided platform—restaurants, riders, customers—and two of those carried over from listings. UC's InstaHelp is two-sided—professionals and customers—and only one of those carries over. UC has built its entire InstaHelp supply pipeline from scratch, with new training, new recruitment economics, and a different professional profile than its existing services business uses.

Second, the two-sidedness itself is a structural constraint on take rates. Two-sided people-marketplaces cannot sustainably extract food-delivery-equivalent take rates because the supplier and customer can transact directly after the first match. Considering high density, we believe that the disintermediation risk can be higher in this model as compared to more infrequent use cases of the core India consumer services business.

InstaHelp frequency is the value driver

We believe that InstaHelp is value-accretive to UC's platform beyond its own standalone economics, because it moves the platform up the frequency curve. Value creation in consumer platform businesses is tied to frequency of use. The relationship is not linear and frequency is not the only determinant, but across categories, it is the most reliable single predictor of terminal enterprise value. Platforms serving needs that arise once in a lifetime are structurally capped. Those serving needs that arise weekly compound.

Matrimony sits at the bottom of the ladder. Real estate above it. Used cars above that. Food delivery and quick commerce at the top. UC's core services business sits well down this ladder, at roughly 3-4 bookings per user per year – closer to the used-car end than the food-delivery end. InstaHelp, at roughly three orders per month, sits near the top.

Exhibit 10: Value creation in consumer platform businesses is tied to frequency of use

Category	Company	Use frequency	PER
Matrimony	Matrimony.com	Once per lifetime	26.3x
Classifieds	Info Edge	Jobs: ~3 years; property: ~5–7 years	40x
Auto marketplace	CarTrade Tech	Once per 3–5 yrs	66.8x
Food delivery + quick commerce	Eternal	Multiple times weekly	110.8x

Source: Company, Bloomberg, Emkay Research

Why frequency creates value

Habit and default behavior: High frequency creates a default. The user stops evaluating alternatives and simply opens the app. Low-frequency platforms are re-evaluated from scratch at each moment of need, competing afresh against search, a neighbor's recommendation, or a residents' instant messaging group. This is the difference between owning demand and bidding for it, and it is why low-frequency platforms like matrimony, real estate listing, and used-car platforms have to consistently spend higher amounts on acquisitions.

Data density and matching quality: More interactions produce more signal on preference, timing, location, and quality tolerance. Better matching improves conversion and satisfaction, which improves retention, which produces more interactions.

Cross-sell surface area: A user who opens the app frequently can be shown adjacent services. For users who open the app only about three times a year, the focus would be on their retention.

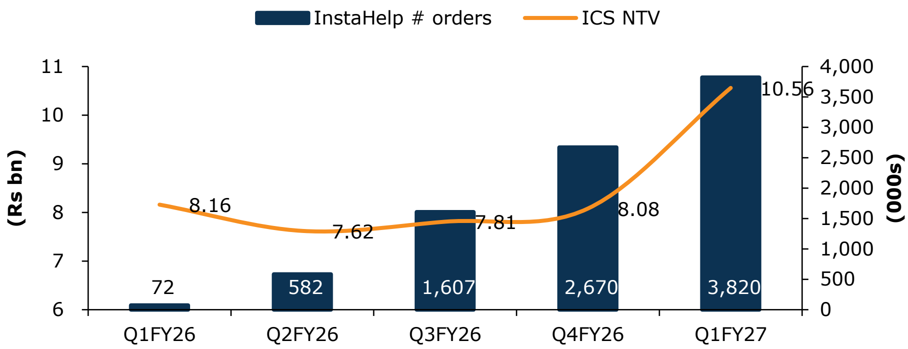
Acquisition cost amortization: Customer acquisition cost is largely fixed per user. A user who transacts 36 times a year amortizes that cost across 36 transactions, whereas a user who transacts only 3 times a year amortizes it across 3. At identical CAC, the high-frequency platform's effective acquisition cost per transaction is an order of magnitude lower.

Multiple expansion: All the above factors create higher stickiness for a platform, which results in higher earnings as frequency rises. Cash flows from high-frequency platforms are durable, and growth is more visible, which the market rewards with higher multiples.

What this means for UC

We believe that InstaHelp is likely to create a stronger value proposition to consumers, which will lead to more stickiness and lower CAC for the platform as a whole. There is also evidence of growth acceleration in ICS after the launch of InstaHelp. The management attributed acceleration to densification, quality improvement, and partner productivity, leading to three consumer-facing tenets: faster (ICS scaling across categories and micro-markets, cutting fulfillment times), cheaper (better partner utilization and AI-led efficiency, reducing cost to serve), and better (wider assortment delivered by higher-earning, more experienced partners). While the management does not give credit for this to InstaHelp, we believe that InstaHelp would have played at least a partial role in this scale up due to higher stickiness of the consumers.

Exhibit 11: ICS NTV growth acceleration has coincided with InstaHelp scale up



Source: Company, Emkay Research

Business overview

UC is a full-stack vertically integrated platform providing a broad spectrum of home and beauty services across Indian and international markets. The company primarily offers beauty and personal care services, cleaning services, handymen, appliance repair at a micro-market level, enabling faster fulfillment for consumers and less travel time/better utilization for service professionals. Currently, the company also offers home renovation and painting services, and direct-to-customer consumer durables across 51 cities. UC also operates InstaHelp - designed to meet daily cleaning and housekeeping needs of households.

Founded in 2014 as UrbanClap Technologies India in Gurugram by Abhiraj Singh Bhal, Varun Khaitan, and Raghav Chandra, the company began as a lead-generation business, connecting customers with service providers for a matchmaking fee. However, as founders did hands-on research shadowing technicians (riding along on AC repair jobs), they realized that listing alone did not fix the problems of unprofessional services, lack of training, and price transparency issues. Only matching the demand with supply did not create real value.

The founders consequently pivoted to a technology-led, full-stack home services marketplace, taking ownership of the entire journey to standardize quality, training, and pricing in an otherwise fragmented sector. After successfully deploying this platform in India, the company expanded to international geographies by foraying in the UAE (CY18), Australia (early-CY20), Singapore (CY20), the US (CY21) and Kingdom of Saudi Arabia (KSA; CY21). UC pulled back from Australia in CY22 and the US in CY24, and fully restructured the KSA operations into a JV with Saudi Manpower Solutions Company (SMASCO) in early-CY25 as part of a broader strategy to optimize the company's structure and focus on its core profitable markets.

UC controls the entire service journey, instead of merely listing the supply. As an online full-stack platform, it provides standardized rate cards, in-house training, NSDC certification, SOP-driven delivery, proprietary tools and consumables, technology-led quality monitoring, and rapid payment settlement, which have helped convert a fragmented, largely offline market (90% fragmented, as per Redseer) into a branded, repeatable service experience. UC monetizes the pain point between the demand and supply sides by solving problems of poor discovery, opaque pricing, and inconsistent quality that consumers face while aiding service professionals in combating erratic demand and sub-optimal earnings.

UC has scaled to become the clear leader in India's online home services market. Annual transacting users (ATU) grew from 4.93mn in FY23 to 8.43mn in FY26 (19.6% CAGR) and 9.3mn in 1QFY27, while NTV expanded faster at 27.3% CAGR over FY23-26 to Rs42.9bn and orders saw 28.7% CAGR to 33.6mn over FY24-26, demonstrating deepening frequency and wallet share. Supply scaled at a much slower pace to 59,473 monthly active professionals as of FY26 (11.8% CAGR over FY23-26), meaning each professional and micro-market is doing progressively more business as the network densifies.

Exhibit 12: Scaling operational benchmarks across categories

	Unit	FY23	FY24	FY25	FY26	*CAGR*	1QFY27
ATU (mn)	mn	4.93	5.77	6.79	8.43	*19.6%*	9.3
NTV (bn)	Rs bn	20.78	25.64	32.71	42.90	*27.3%*	14.65
Service professionals		42,523	46,012	47,833	59,473	*11.8%*	78,824*
Number of orders	mn		20.27	24.49	33.57	*28.7%*	13.2

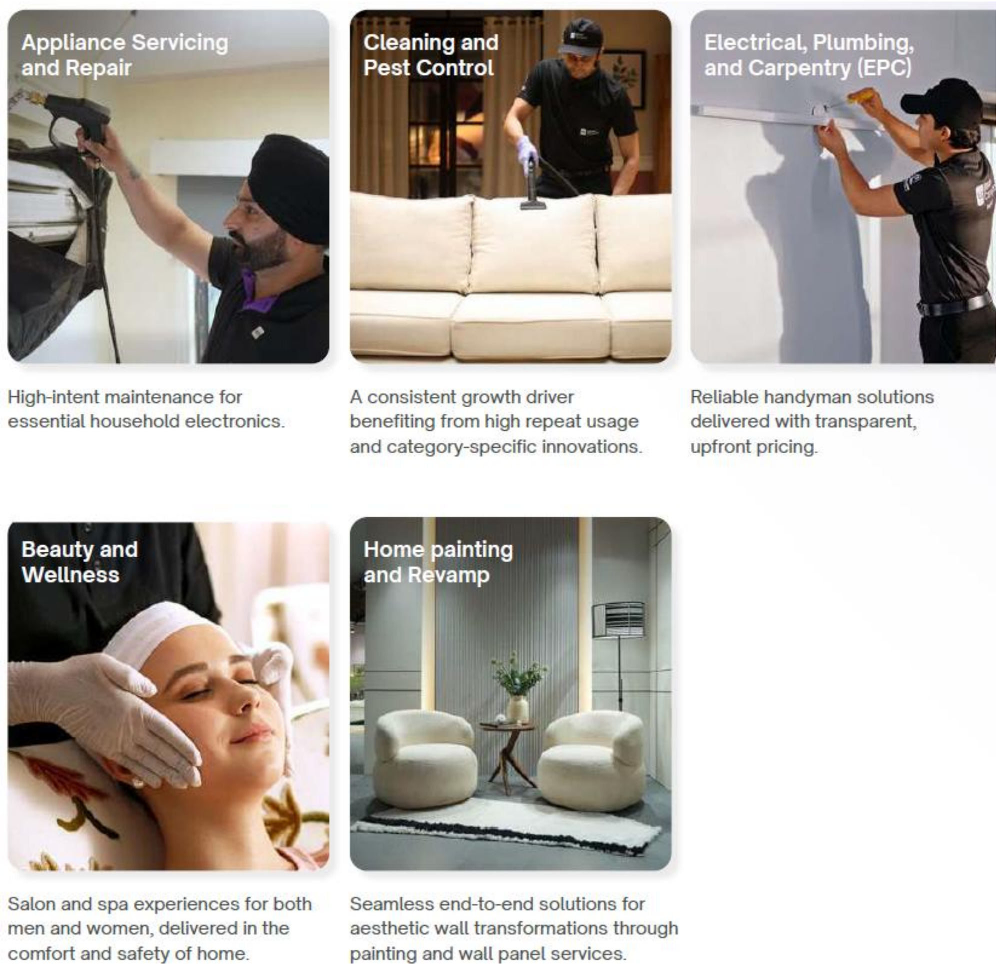
Source: Company, Emkay Research; Note: Service professional supernormal growth on account of onboarding of InstaHelp service professionals

UC has 4 business segments: 1) Indian consumer services (ex-InstaHelp) (ICS), through which the consumer can access services across home, beauty, and wellness, such as cleaning, pest control, skincare, massage, appliance repair, handyman, on-demand home-help, painting, and wall décor; 2) InstaHelp – the instant services platform; 3) International – a platform for home and beauty services in the UAE and Singapore; 4) Native – to sell water purifiers and electronic locks manufactured by third-party manufacturers. UC also provides home and beauty services through its JV with SMASCO in KSA.

ICS: The cash flow anchor

UC's ICS is the full-stack service platform that connects customers with skilled service professionals. It aims to deliver quality, reliability, and convenience to consumers, while providing service professionals with access to demand, formalization, and social security. The ICS segment enables customers to access services across home (cleaning, pest control, appliance servicing and repair, electrical, plumbing and carpentry, painting and wall décor), beauty (women's skincare and hair grooming, men's grooming, massage therapy), and wellness services. The platform connects the customer (consumer-side) with professionals equipped with the training and required products to execute the task.

Exhibit 13: ICS offerings



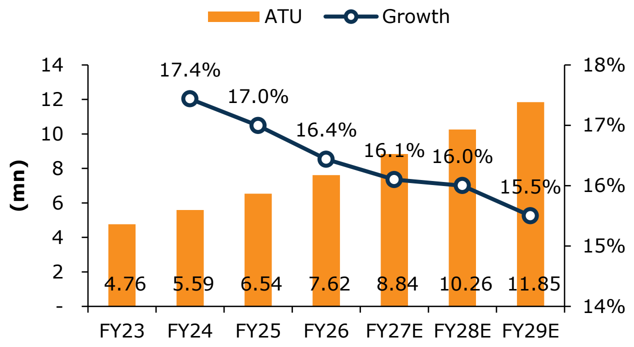
Source: Company, Emkay Research

The UC platform seeks to deliver convenient, reliable, high-quality, and timely services to consumers while securing steady income for workers in the unorganized sector. Simultaneously, the company safeguards consumers against damage incurred and allows consumers to avail remedial services during the warranty period.

Accelerating NTV growth with increasing adoption

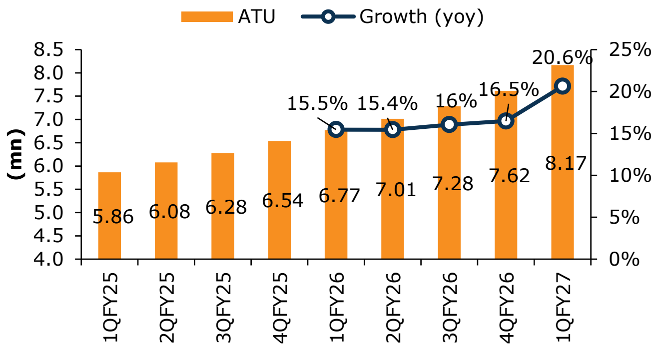
ICS ATU has expanded at 17.0% CAGR over FY23-26 to 7.62mn, aided by growth in service micro-markets in the 47 Indian cities it is active in. Since 1QFY26, we are seeing acceleration in ATU growth, with 20.6% yoy growth logged in 1QFY27, partly attributed to a favorable base (as 1QFY26 was impacted by unseasonal rains). We also believe that higher frequency of usage in InstaHelp would help cross-sell across categories. We model in 15.9% ATU CAGR over FY26-29E, as the company focuses on improving density in various super-categories before expanding into newer cities.

Exhibit 14: ATU growth rate



Source: Company, Emkay Research

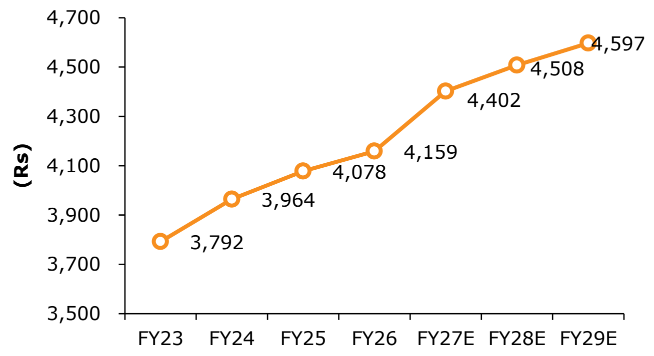
Exhibit 15: ATU growth picking up momentum across quarters



Source: Company, Emkay Research

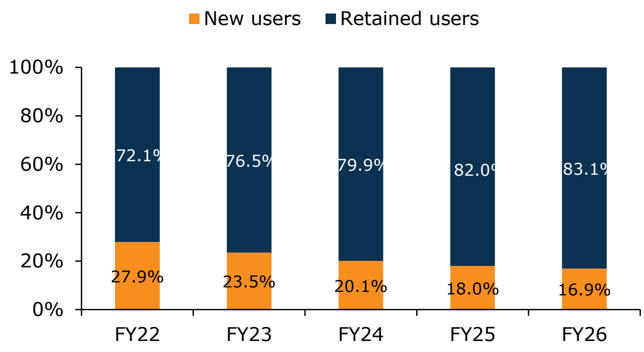
In FY26, ICS reported an NTV of Rs31.7bn, expanding at 20.6% CAGR over FY23-26. NTV represents the monetary value paid by consumers toward services availed on the platform which is gross of taxes and net of discounts, cancellations, and tips. NTV also includes the value of products to be used during service delivery. As the segment matures, net spends per user, calculated by dividing the NTV for the year by the ATU, have steadily been rising despite an improvement in the absolute number of new ATUs. Net spend per user has increased at 3.1% CAGR from Rs3,792 in FY23 to Rs4,159 in FY26. In 1QFY27, net spend per user logged in at Rs5,173, signaling cross-adoption by cohorts, across various categories. We model a 3.4% CAGR in net spend per user over FY26-29E.

Exhibit 16: NTV per ATU improving despite strong ATU increase



Source: Company, Emkay Research

Exhibit 17: Share in NTV from retained users improves

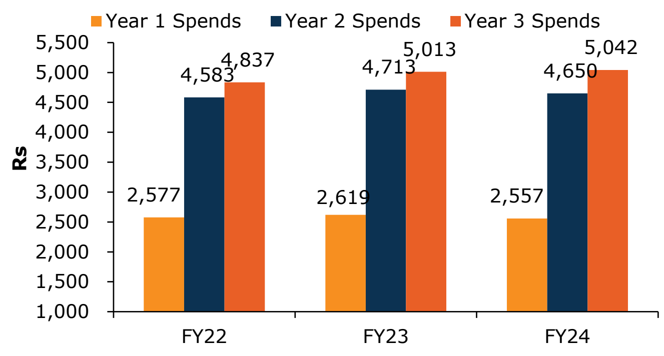


Source: Company, Emkay Research

The cohort data shows that the consumers' spends on the platform increase as the consumer matures. Each cohort represents consumers (ex-Native consumers) who place their first order on the platform in a fiscal. For example, the cohort for FY22 includes all consumers that placed their first order on the platform in FY22. FY22 cohorts had spent Rs2,577 in the year of acquisition, which increased to Rs4,583/Rs4,837 in their second/third year of transacting (note that NTV includes InstaHelp, UAE, and Singapore, but ICS NTV was 73.8% of the consolidated NTV in FY26). The cohort analysis indicates that retained users demonstrate increasing spending on the platform. In almost all the years, all first-year cohorts have seen a 0.8% CAGR in spend per user over FY22-25, while cohorts in their second year have improved spend per user at a 3.5% CAGR over the same period, demonstrating retention of high-value, price-agnostic customers.

The cohort analysis also shows that retained customers show a consistent pattern of expanding service category use and engagement as they spend more time on the platform. Almost all cohorts show that the customers eventually avail more than 3 service categories on average as they stay on the platform for 3 years (Exhibit 19).

Exhibit 18: Service spends per retained user



Source: Company, Emkay Research

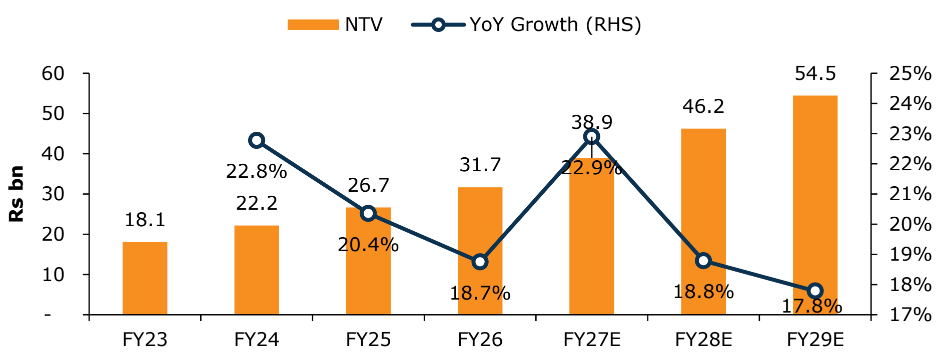
Exhibit 19: Service category additions by cohorts

Fiscal	2018	2019	2020	2021	2022	2023	2024	2025
2019		1.31	2.47	3.32	3.84	4.28	4.70	5.07
2020			1.36	2.60	3.18	3.64	4.07	4.44
2021				1.37	2.55	3.20	3.69	4.08
2022					1.36	2.50	3.06	3.51
2023						1.34	2.44	2.97
2024							1.33	2.38
2025								1.31

Source: Company, Emkay Research

Increasing new user acquisition, improving consumer retention, and rising spend per user driven by the retention of an attractive mix of consumers have resulted in a 23.9% NTV CAGR over FY23-26. Maintaining the pace, we pencil in 19.8% NTV CAGR over FY26-29E, as densification in existing markets improves, while the company expands in newer cities.

Exhibit 20: Expect 19.8% NTV CAGR over FY26-29E

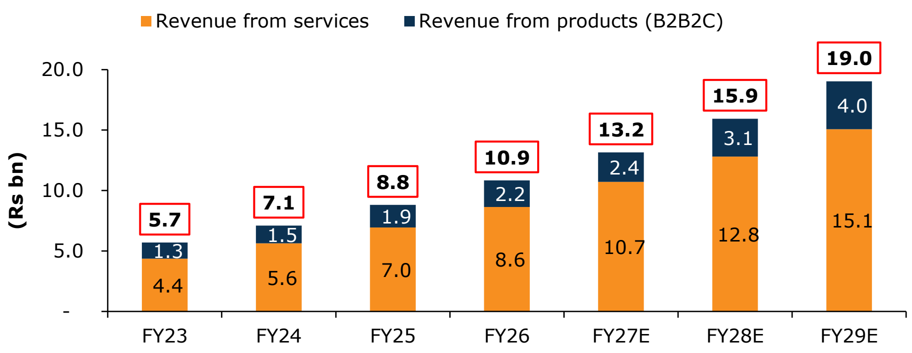


Source: Company, Emkay Research

Revenue growth to follow NTV growth

Revenue from operations, including from both services and products, has seen 23.9% CAGR over FY23-26, as compared to 20.6% NTV CAGR over this period. Higher revenue growth is a function of higher take rates in the services business. ICS records net commission from services rendered after deducting all other outflows. To ensure standardization across services rendered, ICS also provides service professionals with the option to order products, tools, and consumables from UC, which are then delivered at the doorstep of the service professional. We model in 20.6% CAGR over FY26-29E for revenue from operations, on the back of 19.8% NTV CAGR.

Exhibit 21: We model in a 20.6% CAGR in ICS revenue over FY26-29E



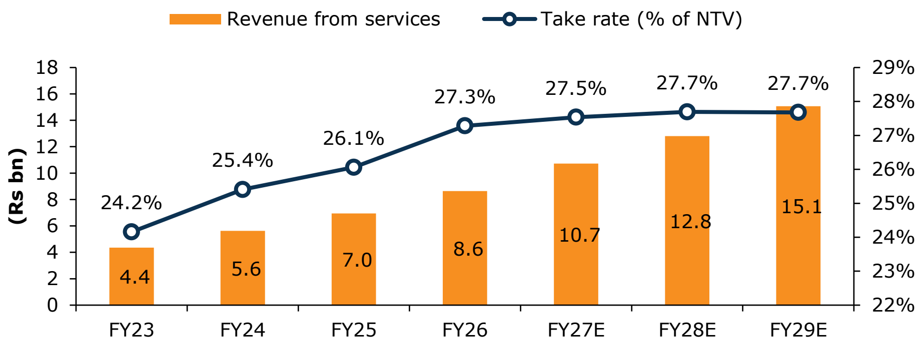
Source: Company, Emkay Research

Revenue from services

ICS records net commission (platform related fees, fees from service professionals including fees for using the platform, and membership and subscription fees) from services rendered, as revenue from services after deducting all other outflows such as service professional earnings, products costs, travel costs, indirect taxes, etc. To the extent service professionals purchase subscriptions from the platform and pay facilitation fees and other charges, the professionals are also considered customers of the platform and revenue from the same is recorded under 'revenue from services'.

UC provides only pest control and Revamp (wall panels offering with lighting and woodwork) services on a principal basis; hence, these services are recorded on a gross basis and not as a commission. Expenses incurred for these pest control and Revamp services are deducted from the revenue under 'cost of services'.

Exhibit 22: Take rate improvement driven by densification



Source: Company, Emkay Research

Growth in revenue from services has outpaced NTV growth—25.6% CAGR over FY23-26 vs 20.6% NTV CAGR—as take rate (as a % of NTV) has improved by 310bps to 27.3% in FY26 from 24.2% in FY23. Driven by continued densification, we project take rate to expand by 40bps to 27.7% by FY29E. The improvement in take rate can be attributed to the following:

- **Improved densification:** As densification in existing micro-markets increases, leading to better service professional utilization, more of the transaction value flows to the platform efficiently.
- **Rapid growth in pest control and Revamp services:** The company acts as a principal service provider in case of pest control and Revamp (home painting and wall panel services), wherein almost the entire NTV (net of taxes) is recorded as revenue. The company also records costs associated with this in the cost of services. As the category mix has shifted toward these services, the cost of services (as a % of NTV) has also increased from 0.8% in FY23 to 1.9% in FY26.

Revenue from goods

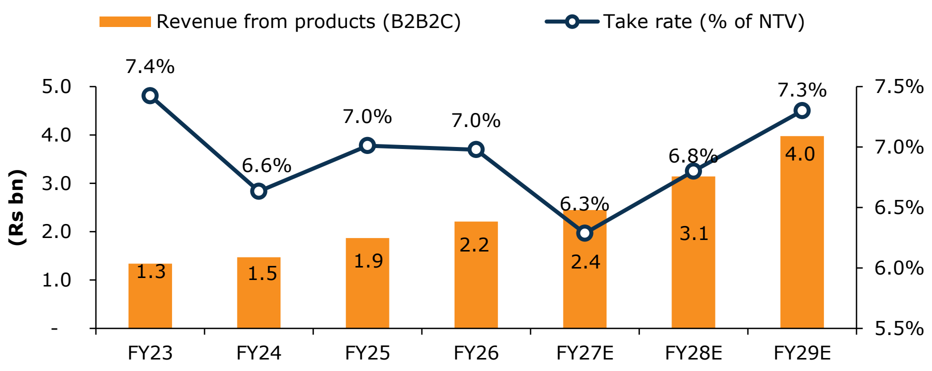
To ensure standardization in the quality of the services provided and authenticity of the products used, ICS provides service professionals the option to purchase products, tools, consumables, and spare parts from the company's platform which are then delivered to the service professional's doorstep. UC operates six central warehouses and manages all last-mile operations internally to ensure a three-day delivery turnaround time in top-10 cities. It uses onsite barcode scanning to establish authenticity. To estimate demand accurately, the company leverages its historical booking data.

The product portfolio includes both third-party products sourced from OEMs and authorized distributors, alongside an expanding selection of the company's own brand of products and brands with whom the company has entered exclusive arrangements.

ICS categorizes product offerings into Tools and Consumables. Tools are standardized for each service category and procured by the service professional at the time of onboarding, and on a need basis thereafter. For several consumable products, ICS collaborates with OEMs to create a single serve pack to avoid cross-contamination. The company has reported high adoption (>60%) of products purchased among active service professionals.

Revenue generated from sale of products to service professionals has been at 6.6-7.4% of NTV, with fluctuations that can be attributed to seasonality (more revenue from beauty consumables during Diwali and the wedding season). Conservatively, we forecast revenue realized from products at 6.3-7.3% of NTV over FY27-29.

Exhibit 23: Revenue from products to stabilize at 7% of NTV

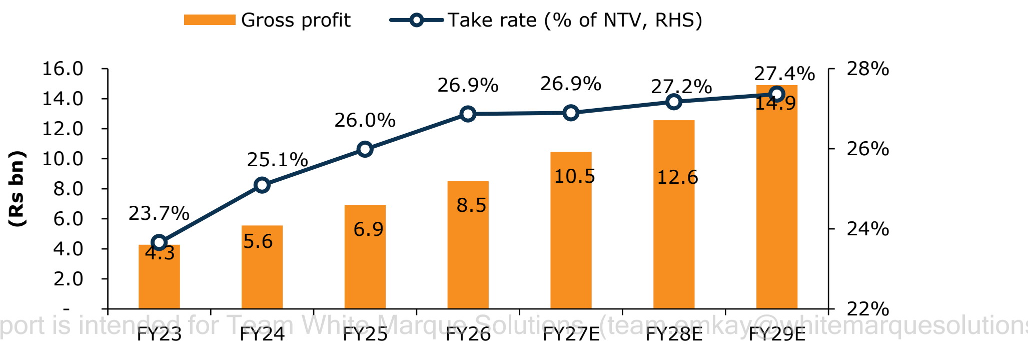


Source: Company, Emkay Research

Increased monetization driving gross profit margin

Gross profit margin (as a % of NTV) has risen by 3.2ppt over FY23-26 to 26.9%, largely on account of 2.7ppt improvement in monetization. Absolute gross profit has doubled over FY23-26 to Rs8.5bn, at a CAGR of 25.8%. ICS is in the monetization phase, having established its product-market fit across several categories. We model 20.5% gross profit CAGR over FY26-29E, with gross margin of 27.4% of NTV by FY29E.

Exhibit 24: Gross profit rose on improved monetization and direct-cost optimization



Source: Company, Emkay Research

Direct expenses incurred by the company can be classified as:

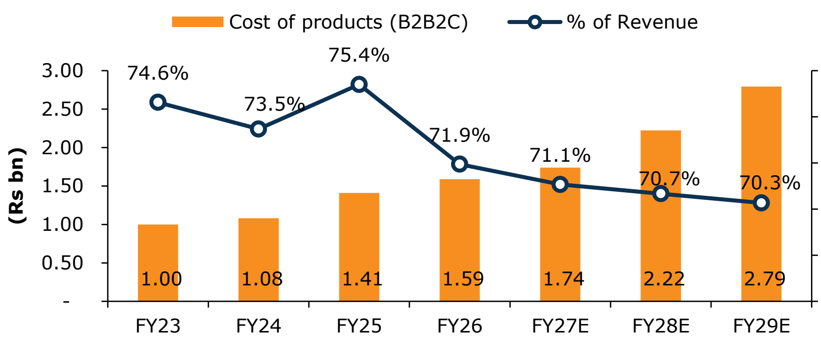
Cost of services

Since ICS provides pest control and Revamp services on a principal basis, costs pertaining to these are incurred under this head. Cost of services, albeit minuscule, has been outpacing NTV growth, demonstrating increased adoption. However, as both services have lower frequency in comparison to services such as beauty or plumbing, we restrict NTV share of cost of these services to 2-2.1% over FY27E-29E.

Cost of products (B2B2C)

Product portfolio spans third-party OEM lines, proprietary brands, and exclusive partner brands. With economies of scale, cost of products (as a % of revenue from products) has declined by 270bps to 71.9% over FY23-26. We expect cost of products to further decline to 70.3% in FY29E.

Exhibit 25: Cost of products (% of revenue from products) to improve due to operating leverage



Source: Company, Emkay Research

Other direct expenses

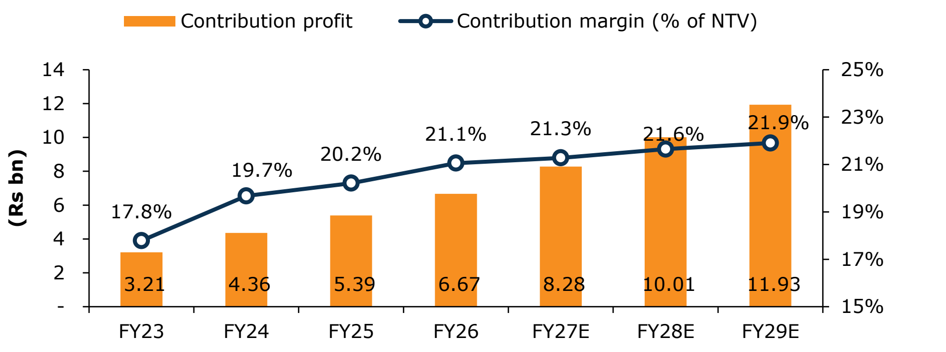
Other direct expenses in the ICS business include expenses such as payment gateway charges, call masking and communication costs, and background verification expenses. These expenses have declined from 1.55% of the NTV in FY23 to 0.51% of the NTV in FY26.

Contribution profit continues to grow in line with gross profit

ICS incurs costs toward customer and partner support as well as other semi-variable expenses, which are in the range of 5.8-5.9% of NTV for FY23-26. Hence, contribution margin gain of 3.3ppt over FY23-26 to 21.1% was largely driven by 320bps gross-margin improvement. This resulted in 27.6% contribution profit CAGR over FY23-26. Over FY26-29E, we build in 21.4% contribution profit CAGR with 80bps expansion in contribution margin to 21.9%.

'CX and PX support costs and refunds' are costs payable to third-party entities who handle professionals and customer queries and complaints. Goodwill refunds given by the company to customers, to the extent not netted off by revenue, are also included under this head. Historically, these costs have hovered between 3.0% and 3.4% of NTV, and we project these to remain within this range across FY27–29E. Other semi-variable expenses include cloud hosting and bandwidth charges, partner incentives, warehousing and logistics costs, and damages. These costs have remained tightly bound at 2.4-2.6% of NTV, and we expect these to be stable through FY27–29E.

Exhibit 26: Contribution margin to mirror gross margin trajectory

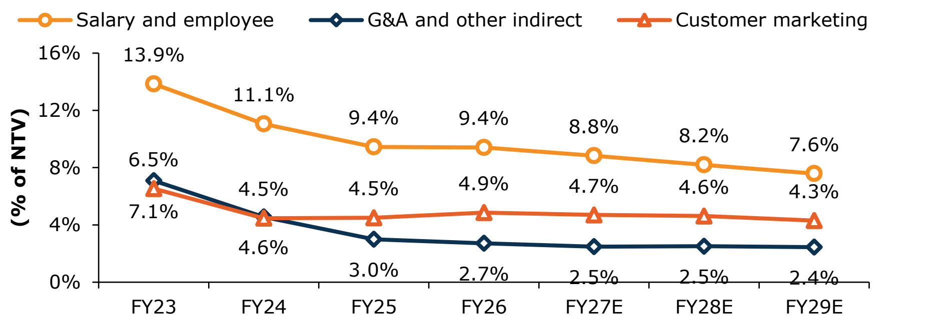


Source: Company, Emkay Research

Growth in indirect expenses to lag NTV/revenue growth

Indirect expenses primarily comprise: 1) salaries and employee benefits; 2) customer marketing; and 3) general and administrative costs (G&A) and other indirect expenses. Demonstrating high operating leverage, indirect expenses have grown at only 2.7% CAGR over FY23-26. We build in 13.2% indirect cost CAGR over FY26-29E.

Exhibit 27: Scale to improve indirect expenditure (% of NTV)



Source: Company, Emkay Research

Employee costs, expanding at only a 6% CAGR over FY23-26, reflected UC's high operating leverage. Meanwhile, employee costs as a % of NTV shrank from 13.9% in FY23 to 9.4% in FY26. We estimate an 11.5% CAGR in employee costs over FY26-29 to 7.6% of NTV.

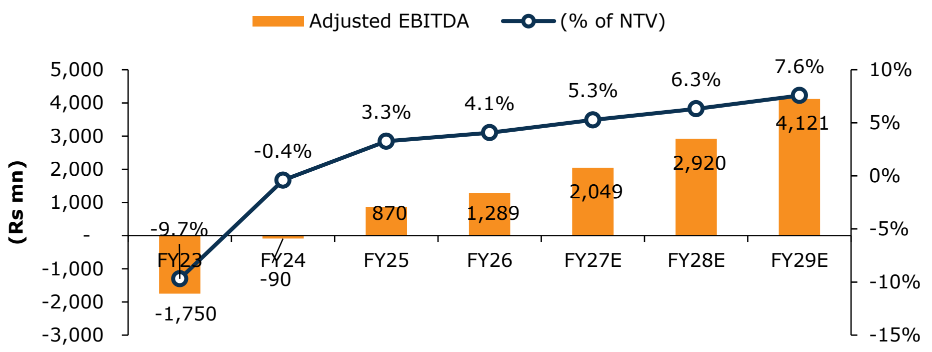
Customer and marketing expenses have declined not only as a share of NTV but also on an absolute basis – another indicator of the self-reinforcing flywheel of strong local network effects demonstrated by ICS. These expenses had declined from Rs1.28bn in FY23 to Rs0.86bn in FY26, at 2.7% of NTV. We conservatively build in marketing expenses at 2.5% of NTV, growing in line with NTV at a CAGR of 15.7% over FY26-29E.

G&A and other indirect costs include expenses such as lease rentals (for training centers and offices), travel costs, legal and professional expenses, software costs, bad debts, and other indirect expenses. G&A has seen 9.3% CAGR over FY23-26 to 4.9% of NTV. We build in 15% CAGR in G&A expenses over FY26-29E.

Adjusted EBITDA growth driven by operating leverage

The adjusted EBITDA of ICS stands at 4.1% of NTV in FY26 from -9.7% of NTV in FY23, an improvement of 13.8ppt, demonstrating operating leverage. As the product-market fit has been established and adoption has increased, ICS has become a cash cow for the company. We build in 47.4% adjusted EBITDA CAGR over FY26-29E, further driving up margin from 5.3% in FY27E to 7.6% in FY29E, resulting from both better monetization and operating leverage. The ICS segment serves as the company's central cash-flow engine, generating the capital needed to fund earlier-stage, cash-burning growth initiatives across other verticals such as InstaHelp and Native.

Exhibit 28: Adjusted EBITDA growth bolstered by operating leverage



Source: Company, Emkay Research

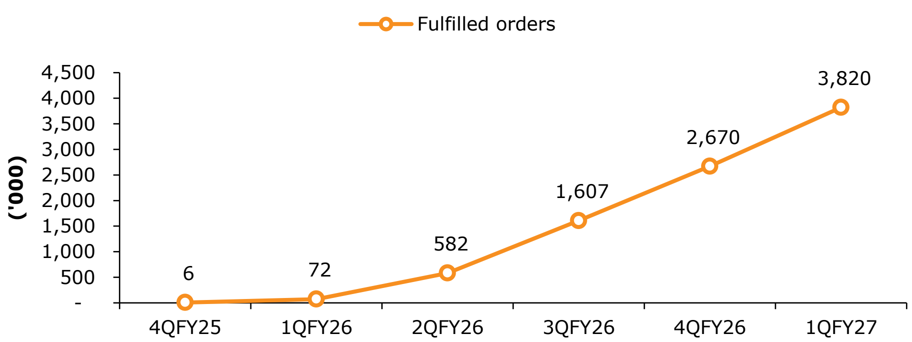
InstaHelp

In Jan-25, UC launched InstaHelp, a quick-service platform designed to meet daily cleaning and housekeeping needs of households. Service professionals render services like cleaning, mopping, laundry, and basic meal preparation across Mumbai, Bengaluru, Delhi NCR, Hyderabad, and Pune. Service professionals are available as quickly as 15 minutes from the time of a consumer's booking on the platform. As of 1QFY27, the company has onboarded 18,321 service professionals across its micro-markets in 5 cities. InstaHelp targets the largely unorganized and underserved broader household-help market to build a supply of service professionals across major cities to fulfill demand.

The instant services landscape is currently in an aggressive land-grab mode, with fulfilled orders of InstaHelp climbing from ~72k in 1QFY26 to 3.8mn in 1QFY27. As of Aug-26, InstaHelp has breached a daily order volume of 100k. Meanwhile, Jul-26 order volume for Snabbit, which operates in the same cities, was 1.85mn. Pronto, another quick-service platform with presence in more than 8 cities, is operating at a monthly cadence of 0.95mn orders as of Jun-26.

UC is uniquely positioned to dominate this category by leveraging its proven brand equity, technology stack, and operational infrastructure. Further, the rapid adoption of InstaHelp acts as a powerful growth catalyst for ICS's broader ecosystem.

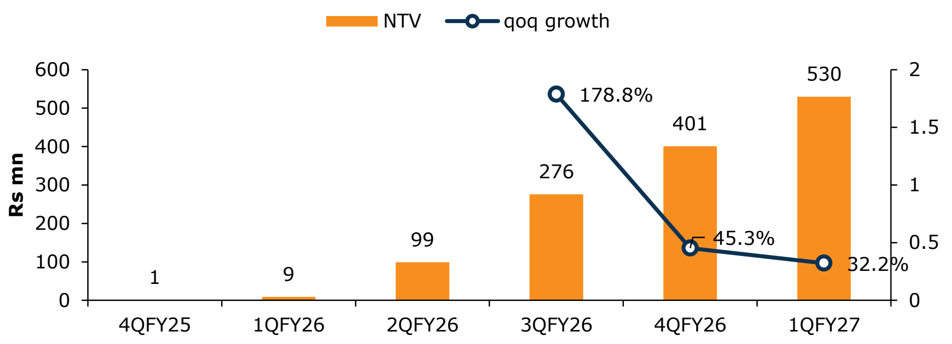
Exhibit 29: Fulfilled orders growing – a testament of product market fit



Source: Company, Emkay Research

Although the industry is in the nascent stage, the order volume growth is a testament to the product market fit/habit formation. The company disclosed in 4QFY26 that top 10% InstaHelp users placed 8 orders a month and top 1% placed 21 orders a month. This suggests high ordering frequency and high perceived utility to consumers – key criteria to ensure product-market fit and a structural demand formation. While 1QFY27 order volume grew by 43.1% qoq, NTV growth lagged at 32.2% owing to aggressive discounting in the market in the land-grab phase. NTV per order declined to Rs139 in 1QFY27 from Rs150 in 4QFY26.

Exhibit 30: InstaHelp NTV growth



Source: Company, Emkay Research

Unit economics

All entities engaged in a two-sided marketplace (full-stack service tech platforms like UC) face the cold-start problem: Platform users will not join without service professionals, and service professionals will not join without platform users – and neither side wants to be first because the platform has no value until both are active. UC (like other competitors in the industry) is solving this problem by incentivizing both supply and demand sides. InstaHelp is engaged in deep discounting of services for new users to ensure habit formation builds demand, while offering incentives to service professionals to join the platform and meet demand.

InstaHelp is also providing incentives to active service professionals to ensure even occasional demand arising in currently sparse areas is fulfilled. These incentives are in addition to the portion of the NTV that is paid directly to service professionals (InstaHelp has maintained a take rate of 22%, implying that service professionals' payout from NTV stands at 78% of the NTV). Incentives to service professionals in FY26 stood at Rs1,813.8mn as per standalone financials vs Rs600.2mn in FY25 (InstaHelp was established in Jan-25). We estimate Rs800mn incentives attributable to ICS, largely in line with ICS NTV growth and the rest for InstaHelp (Rs1bn).

We provide detailed current and steady state unit economics of InstaHelp, assuming an average service time of 1.5 hours per order and AOV of Rs300 per order. To encourage service professionals, the platform will have to ensure that average service professional payouts remain over Rs22,000-25,000 per month, 40% higher than the earnings in the unorganized sector. This is in line with the ICS remuneration premium paid to service professionals vs professionals working in the unorganized sector.

At steady state, we assume that service professionals, on average, fulfill 4 orders of 1.5 hours each per day, taking their total average working hours to 8 hours, inclusive of travel time. Accordingly, we present the 4QFY26 and steady-state unit economics. Notably, once adoption of the services improves across tier-1 cities such that AOVs graduate to Rs300, InstaHelp would not be required to provide any incentive or may provide minimal incentives to service professionals over payouts forming part of the NTV. The trend mirrors the trajectory previously observed in case of ICS, wherein 49,619 service professionals were paid incentives of Rs600mn (ie only ~Rs1,100 per service professional per month) in FY25.

Exhibit 31: Unit economics: Current vs steady state

(Rs/order)	1QFY27	Steady state
NTV	139	300
Payout to service professionals from NTV	110	234
Payout to service professionals from incentives (Rs1bn in FY26*)	145	-
Other expenses (excl incentives)	229	55
Adj EBITDA per order	**-346**	**11**
Adj EBITDA margin	***-249.1%***	***3.7%***

*Source: Company, Emkay Research; Note: On our estimates, steady state economics are realized in FY34; *1QFY27 incentive is our estimate*

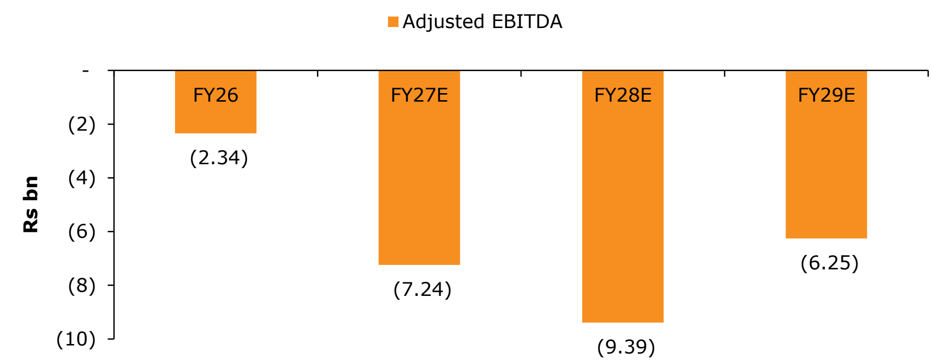
Exhibit 32: Service professionals' monthly payout

	1QFY27	Steady state
Orders/day	3.19	4.79
NTV/order (Rs)	139	300
Orders/month	80	120
NTV per month (Rs)	11,063	35,890
Payout from NTV (Rs)	8,767	27,994
Incentives required (Rs)	10,071	-
Total payout (Rs)	**18,838**	**27,994**

Source: Company, Emkay Research

The deliberate focus on customer and service acquisition and retention during the ongoing land-grab phase by providing discounts has exerted downward pressure on NTV per order. Combined with heightened absolute spends, this has weighed on EBITDA per order in the near term.

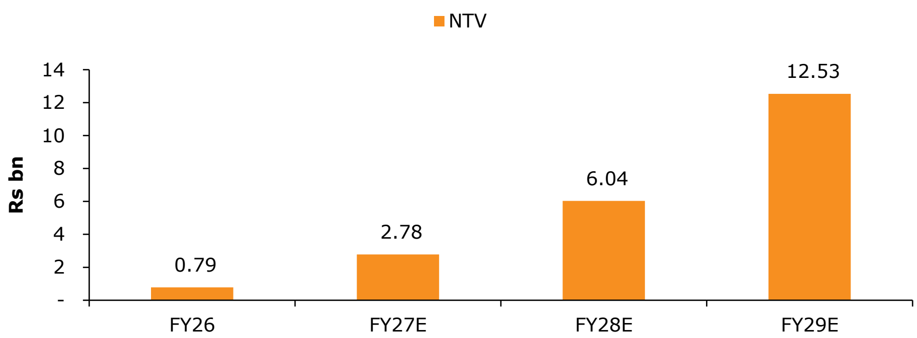
Exhibit 33: Elevated expenses exert pressure on adjusted EBITDA



Source: Company, Emkay Research

We estimate competitive intensity to remain high in the coming quarters. However, improved penetration would help reduce adjusted EBITDA loss per order. We model NTV to grow from Rs785mn in FY26 to Rs12.5bn in FY29E and a stable take rate of 22.2% on the back of the product-market fit and industry-leading position of InstaHelp. However, with the industry in a competitive land-grab phase, we expect losses to increase to Rs9.4bn in FY28 and then start narrowing. We expect adjusted EBITDA breakeven in FY31.

Exhibit 34: NTV growth with increasing adoption



Source: Company, Emkay Research

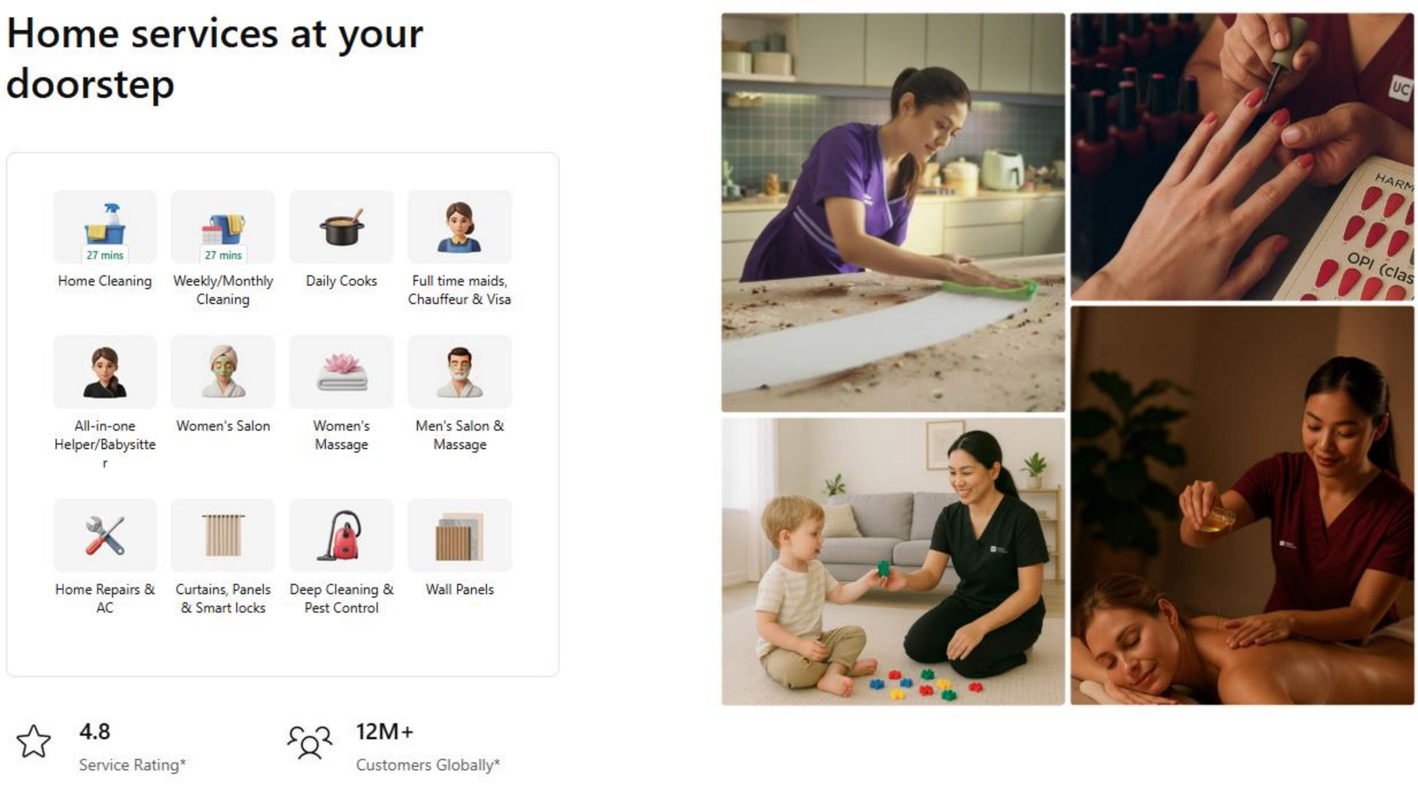
International (UAE and Singapore)

Singapore and the UAE mirror India on demand density, supply dynamics, and consumer behavior, making them a natural structural fit for UC. Both feature a 'do it for me' culture among affluent consumers, a large Indian diaspora that lowers CAC, and fragmented informal supply with opaque pricing and inconsistent quality – precisely the gap UC's standardized, full-stack model is built to close.

UC entered the UAE in FY19 (Dubai, Abu Dhabi, Sharjah) and Singapore in FY21, operating via local subsidiaries across cleaning, beauty, men's grooming, spa, electrical, plumbing, handyman, painting, and AC repair. Distribution is increasingly partner-led: the full suite is integrated into Noon, giving UC a consistently performing acquisition channel; tie-ups with Emirates NBD and Fazaa extend reach across cardholders and government employees; and a Jan-25 JV—Yammak—established in KSA. The international network now runs 3,879 active gig workers.

Category mix supports the push. Cooking plus beauty and wellness account for ~60% of the home services market, and beauty, wellness, and part-time maids together account for ~85-90%. Hence, Cook Services and Subscriptions were launched. In-home services are trust-sensitive, so affluent households default to familiar, reliable providers; demand is habitual rather than price-elastic, which is why the subscription model has already gained traction.

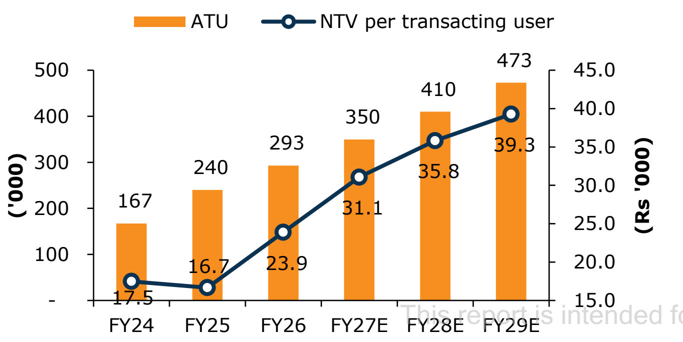
Exhibit 35: UC services offerings in the UAE



Source: Company, Emkay Research

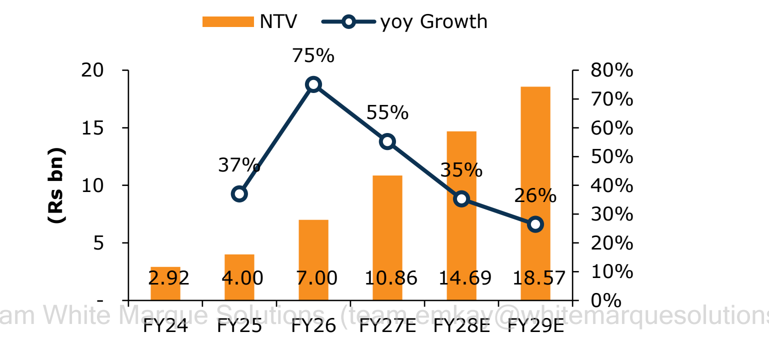
International ATUs grew 1.75x, from 167k in FY24 to 293k in FY26, with NTV per transacting user compounding 16.9% to Rs23,857. We forecast FY26-29E CAGR of 17.3% for ATU and 18% for NTV/user, driving 38.4% NTV CAGR, as the shift to subscriptions makes the business annuity-like.

Exhibit 36: We expect UC's traction in international markets to…



Source: Company, Emkay Research

Exhibit 37: … increase with a higher NTV growth clip than ICS

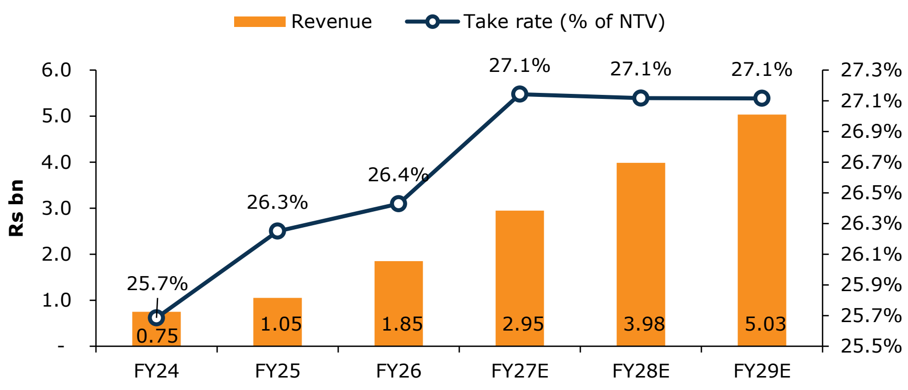


Source: Company, Emkay Research

International revenue outperforms ICS

Currently, UC's International segment demonstrates higher growth potential as it benefits from a wealthier, higher-willingness-to-pay market in comparison to ICS. The segment has, therefore, achieved a high take rate of 26.4% within 5-7 years of establishment vs the 10 years it took ICS. Take rates have shown a gradual upward trajectory over the past years, though quarterly figures remain subject to variability, driven by the inherent seasonality of the business. We, hence, model a take rate of 27.1% over FY27-29E, resulting in a revenue CAGR of 39.6% over FY26-29E.

Exhibit 38: Rising take rates in International segment due to affluent demographic

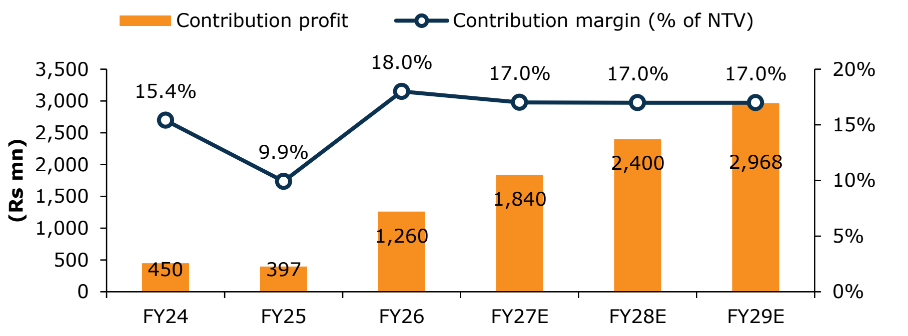


Source: Company, Emkay Research

Contribution profit

Direct costs are costs associated with service delivery and product sales. We assume direct costs of 10.1% of NTV for FY27-29E, resulting in a CAGR of 47.2% over FY26-29E. As a result of a range-bound take rate and stable direct-cost forecasts, we model a flat contribution margin of 17% (of NTV), resulting in a contribution CAGR of 35.8% over FY26-29E.

Exhibit 39: Contribution margin to remain flat

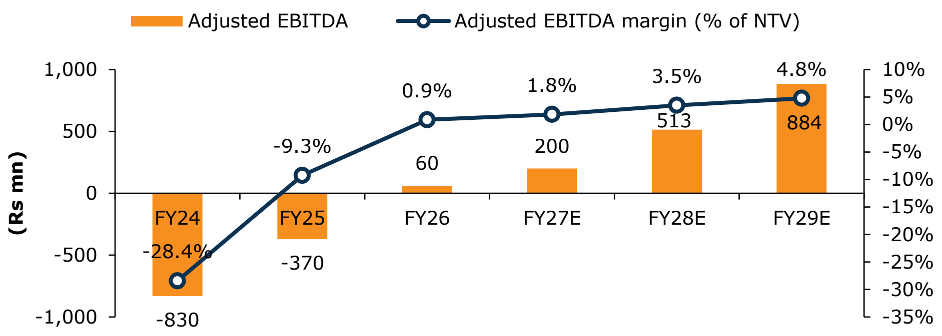


Source: Company, Emkay Research

Adjusted EBITDA

Indirect costs encompass key fixed overheads, including lease rentals, salaries, employee benefits, and marketing expenses. Indirect expenses as a percentage of NTV have moderated sharply from 43.8% in FY24 to 17.0% in FY26. We model indirect costs to moderate from 17.1% of NTV in FY26 to 12.2% of NTV in FY29E. We model adjusted EBITDA to grow from Rs60mn to Rs884mn between FY26 and FY29E, expanding by 3.9ppt to 4.8% of NTV by FY29E.

Exhibit 40: Adjusted EBITDA to increase to 4.8% of NTV



Source: Company, Emkay Research

JV in KSA

UC launched services in KSA in Apr-21. Operations were originally handled by a step-down subsidiary. However, seeking local expertise to capture market share, the company established a 50:50 JV (Yammak) with SMASCO, a leading publicly listed manpower firm, with transition fully effective from 1-Jan-25. The KSA JV has entered into an IP licensing agreement, under which the JV has the right to use UC's brand and technology stack for which it must pay the higher of 2% of annual net revenue or $400k.

Following the transition, KSA revenues are no longer recorded in the consolidated profit and loss. Instead, the JV is accounted for using the equity method, with UC recognizing only its 50% share of the net profit or loss.

KSA has also entered into a tie-up with Noon, integrating the full service suite directly into the Noon mobile application in the UAE. The tie-up aims to improve awareness and discovery of the UC platform in KSA by targeting relevant customers on the Noon app.

NTV in KSA operations has grown from Rs280mn in FY25 to Rs1.75bn in FY26. NTV grew 32.8% yoy in 1QFY27 – a seasonally strong quarter on account of high temperatures and the festival of Ramadan and Eid-al-Fitr. Due to the low base and high market potential, we model NTV to grow to Rs12bn by FY29E, at a 128% CAGR.

As revenue is recognized on a principal basis, the entire NTV, net of discounts, incentives, and rebates, is recognized as revenue, resulting in higher take rates in comparison to ICS or International business. Revenue take rate has improved by 220bps from 84.8% in 1QFY26 to 87% in 1QFY27. We forecast a constant take rate of 87% given the nascent stage of the company, requiring it to provide discounts.

EBITDA losses have demonstrated a declining trend despite improvement in operations. Margins have improved by ~40ppt from -51.5% in 1QFY26 to -11.7% in 1QFY27. Following the sharp trend of decline in EBITDA losses and increase in EBITDA margin, we forecast EBITDA margin to improve from -7.7% of NTV in FY27E to 1.9% in FY29E.

Exhibit 41: KSA projected to breakeven in FY29

Rs mn	FY25	FY26	FY27E	FY28E	FY29E
NTV	280	1,750	4,098	7,545	11,950
Growth yoy	*195%*	*525%*	*134%*	*84.1%*	*58.4%*
Revenue from operations	240	1,520	3,576	6,580	10,423
Take rate	*85.7%*	*86.9%*	*87.2%*	*87.2%*	*87.2%*
Adjusted EBITDA	-170	-620	-315	-16	228
Adjusted EBITDA margin	*-60.7%*	*-35.4%*	*-7.7%*	*-0.2%*	*1.9%*
Share of profit/(loss) from JV	-90	-315	-158	-8	114

Source: Company, Emkay Research

Native (electric locks and water purifiers)

UC expanded its offerings into home solutions with the launch of RO water purifiers, followed by electronic door locks, with the aim to extend the company's service DNA into hardware. Native provides a natural adjacency to the existing business, based on the core operations in appliance installation and servicing. UC applied three principles for the products: a) identifying a clear market opportunity; b) ability to launch differentiated offerings; and c) maintaining connectedness with the UC app to own the consumer journey throughout the product's usage lifecycle.

The water purifier lineup, first launched in FY23, is structured across four tiers: M0, M1 (and Pro), M2 Pro, and the recently launched M3 (and Pro). The water purifiers are positioned around a compelling value proposition: the lowest total cost of ownership in its category. Unlike conventional purifiers that require servicing every 6-12 months, UC's filters are engineered to deliver up to 12,000 liters of purified water before needing replacement – roughly two years of typical household consumption, with M3 being the first-ever RO with a 3-year filter life. This significantly reduces servicing frequency, translating into meaningful savings on both maintenance costs and purchase price over a five-year lifecycle.

UC entered the smart security space in FY24 with the launch of electronic door locks featuring integrated cameras. A key differentiator is their seamless integration with the UC platform, offering users a unified and connected experience within the company's existing ecosystem.

NTV from Native represents the monetary value of Native products paid by consumers across the UC consumer application, mobile website, third-party e-commerce sites, and third-party retail stores. The price of products sold on third-party e-commerce sites and third-party retail stores is assumed to be same as on the UC consumer app (gross of taxes across the UC consumer app, mobile website, third-party e-commerce sites, and third-party retail stores, net of order cancellations/returns and discounts, gross of channel commissions).

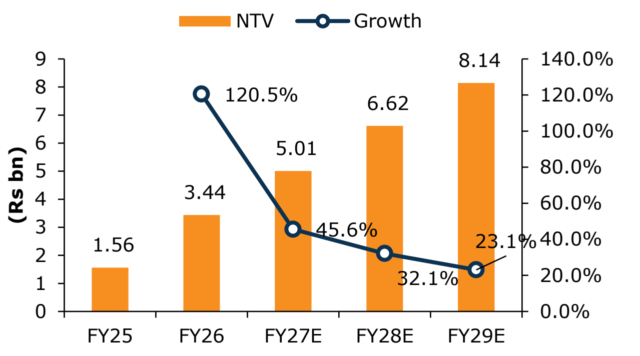
Using customer reviews as a proxy for actual purchases, water purifiers account for the remaining significant portion of the NTV. Within the water purifier segment, revenue is predominantly driven by M1 and M2 Pro variants, as the recently launched M0 and M3 variants are still at early stages of gaining traction.

Multifold NTV and revenue growth

Native NTV has doubled from Rs1.56bn in FY25 to Rs3.44bn in FY26. Per Redseer, the TAM for water purifiers in India stood at Rs47–50bn as of FY25, with Native holding a penetration of ~3%, up from 0.13% in FY23 (also as per Redseer). Electronic locks' TAM stood at ~Rs3.9bn in FY25, with Native's penetration at ~7%. Given the rapid adoption across categories and >50% yoy growth in 1QFY27, we build in a 33.3% NTV CAGR over FY26-29E.

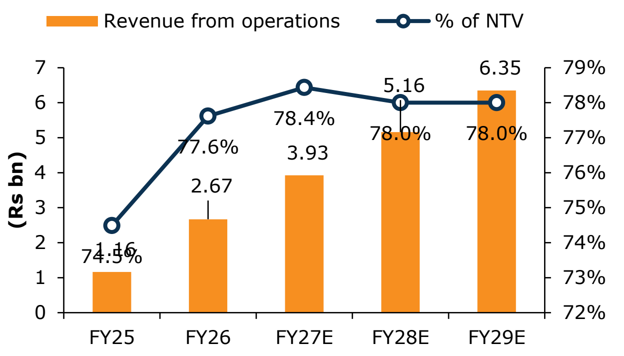
Revenue from operations—defined as NTV, net of third-party fees and commissions—grew to Rs2.67bn in FY26 from Rs1.16bn in FY25, with take rate improving by 310bps to 77.6% in FY26. This take rate expansion was driven by improved channel partner terms and initial water purifier cohorts attaining maturity by completing their two-year lifecycle – a 75% attach rate for filter replacements (refresh kits). Going forward, we model a 78.0% take rate over FY27-29E, leading to 33.5% revenue CAGR over FY26-29E.

Exhibit 42: We expect NTV CAGR of 33.3% over FY26-29E



Source: Company, Emkay Research

Exhibit 43: Revenue take rate to stabilize at 78%

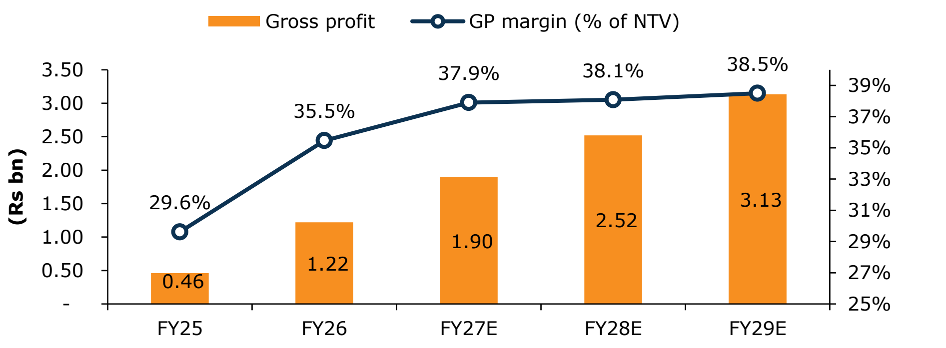


Source: Company, Emkay Research

Improving gross profit

With economies of scale kicking in and price increases across the water purifier portfolio, cost of products as a % of NTV has declined from 44.9% in FY25 to 42.2% in FY26. We estimate this to narrow further by 2.6ppt to 39.5% over FY26-29E. Gross profit margin, therefore, should improve by 3.0ppt to 38.5% of NTV over FY26-29E.

Exhibit 44: We model moderate improvements in gross margins on account of scale benefits



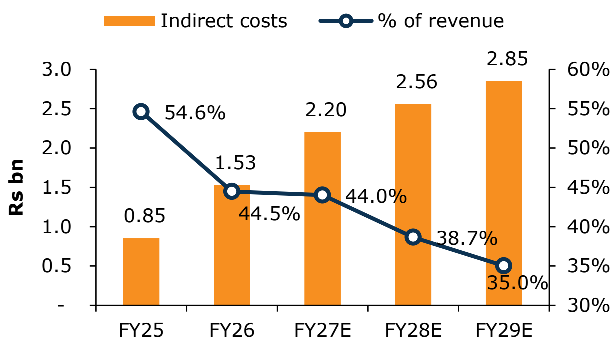
Source: Company, Emkay Research

R&D expenses weigh on profitability

The management is investing in R&D, which is dragging down the profitability of the company. In FY26, indirect costs increased 79.6% yoy. UC has indicated an interest in expanding into only one more category of consumer durables. Hence, we build in elevated R&D costs in the next few quarters, driving up indirect costs. We build in 23.1% CAGR in indirect costs over FY26-29, resulting in indirect costs as a % of NTV falling to 35.0% from 44.5% in FY26.

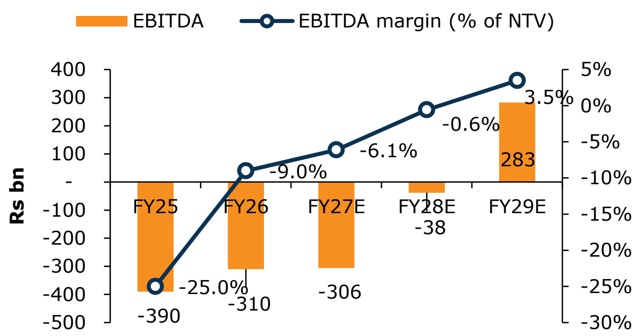
EBITDA margins (as a % of NTV) have improved by 22.0ppt from FY25 to FY26, driven by both an improvement in gross margin and operating leverage. UC's strategy to expand its consumer durables footprint will drive elevated R&D expenditure in the near term, continuing to pressure adjusted EBITDA margin. Consequently, we model an adjusted EBITDA margin of -6.1% for FY27E. However, as product adoption scales, expanding gross profit is expected to better absorb indirect operating costs, leading to adjusted EBITDA breakeven in FY29E with 3.5% margin.

Exhibit 45: Indirect cost to increase at 23% CAGR over FY26-29



Source: Company, Emkay Research

Exhibit 46: We expect adjusted EBITDA to break even in FY29E



Source: Company, Emkay Research

Financial analysis

Revenue from operations

Three revenue streams, four business segments

UC reports revenue across three streams, which should not be confused with its four operating segments. The streams describe *how* revenue is recognized; the segments describe *where* it comes from.

- **Revenue from services (A):** This includes platform and assorted fees charged to consumers, fees charged to service professionals, and consumer membership income. This is net revenue, pegged to NTV and the applicable take rate, and it spans the India consumer services, International, and InstaHelp segments.
- **Revenue from products, B2B2C (B):** This includes revenue from sale of tools, spares, and consumables by UC to service professionals operating on the platform. This is gross-booked. Note that this sits entirely outside NTV, as the amount charged to the consumer already embeds the cost of products used during service delivery.
- **Revenue from products, Native (C):** This includes revenue from sale of Native-branded water purifiers and electronic door locks, recognized net of channel commissions on third-party marketplaces and retail. This is also gross-booked.

Recognition basis, along with monetization, drives headline take rate

The blended take rate—revenue from operations as a percentage of NTV—rose from 30.6% in FY23 to 36.3% in FY26, and we estimate it to hold near 35–36% thereafter. Increase in take rate is largely a function of Native business growing faster along with minor improvements in monetization. Native books ~78% of its own NTV as revenue, against a services take rate of ~27%, while B2B2C product sales add revenue against nil NTV. Native has grown faster than services. Stripping the gross-booked streams out, the underlying core services' take rate has improved only 310bps, up from 24.2% in FY23. Hence, albeit the expansion in take rate largely flows directly to the margin in case of services, the revenue take rate improvement stems predominantly from a pickup in Native and only fractionally from services take rate improvement.

Exhibit 47: Blended take rate expansion is a mix artifact; service monetization to plateau soon

(%)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Blended take rate (revenue/NTV)	30.6%	32.3%	35.0%	36.3%	36.2%	36.2%	35.7%
Services take rate (services revenue/services NTV)	24.2%	25.4%	26.1%	27.0%	27.2%	27.1%	26.8%
Core India services take rate	24.2%	25.4%	26.1%	27.3%	27.5%	27.7%	27.7%

Source: Company, Emkay Research

Revenue from operations compounded at 34.7% over FY23–26, reaching Rs15.6bn. We forecast a 29.1% CAGR over FY26–29E to Rs33.5bn– a controlled deceleration that tracks NTV CAGR of 29.8% over FY26–29E rather than any assumed take-rate expansion.

Growth is broadly balanced across streams in the forecast period, in contrast to the historical period where Native distorted the picture entirely.

Exhibit 48: Historical CAGR and implied CAGR from our forecasts

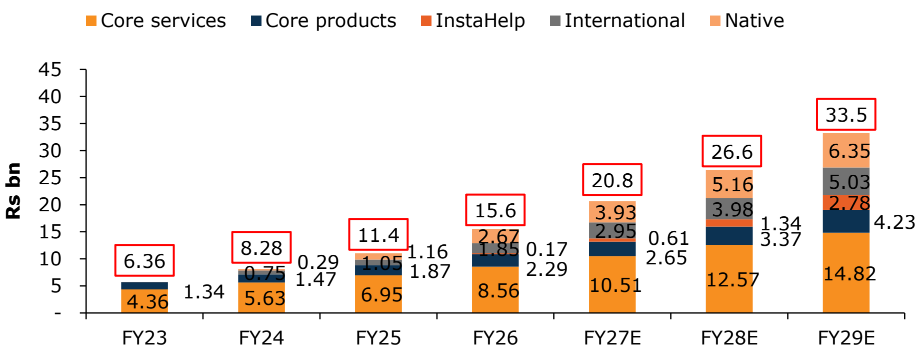
CAGR (%)	FY23-26	FY26-29E
Revenue from services	28.8	29.3
Products (B2B2C)	19.0	22.7
Products (Native)	305.6	33.5
Total revenue	**34.7**	**29.1**

Source: Company, Emkay Research

Revenue mix evolution

By revenue stream, the notable shift has already happened. Native went from 0.6% of revenue in FY23 to 17.2% in FY26 as it scaled from a near-zero base; we model Native's contribution to consolidated revenue to peak at 19.4% in FY28E before easing to 16.6% by FY31E as growth decelerates from 130% in FY26 to 10.6% in FY31E. Revenue contribution from services should remain in a tight range of 67%-70% with revenue from products contributing the rest.

Exhibit 49: Revenue to expand at 29.1% CAGR



Source: Company, Emkay Research

By segment, InstaHelp is the next growth story. Core India remains the anchor, compounding at 20.6% over FY26–29E, but its share of consolidated revenue falls from 69.7% in FY26 to 55.1% by FY31E, purely on the arithmetic of faster-growing adjacencies. We expect InstaHelp to scale from Rs173mn to Rs6.0bn over FY26–31E—from 1.1% to 12.2% of the mix—and International to compound at 32.8% over FY26–31E, with its share in consolidated revenue rising from 11.9% in FY26 to 15.5% in FY29E.

EBITDA losses to increase in FY27 due to InstaHelp

Two items separate adjusted EBITDA from GAAP EBITDA

Reported EBITDA tracks adjusted EBITDA closely, with the gap explained by exactly two structural items, along with two one-offs in FY26. The first is lease treatment, and it works in a direction contrary to most investors' expectations. Our adjusted EBITDA metric charges lease payments above the line as an operating cost. Under IndAS 116, those leases are capitalized as right-of-use (ROU) assets, and the cost appears below the EBITDA line as ROU depreciation and lease interest. Moving rent below the line, therefore, makes GAAP EBITDA higher than adjusted EBITDA—by Rs382mn in FY26, equivalent to just 0.9% of NTV.

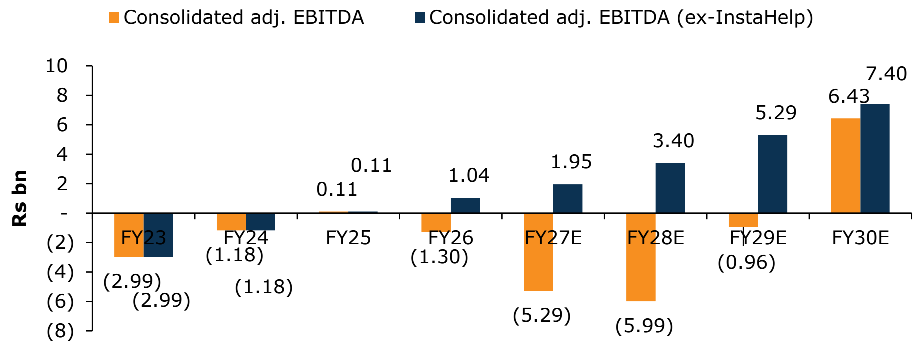
The second is share-based compensation, which works the other way. ESOP charges sit above the line as employee expenses under GAAP, and are excluded from our adjusted EBITDA. At Rs1,030mn in FY26, this item is 2.7x the size of the lease add-back, and the ratio widens sharply from here.

Exhibit 50: Adjusted EBITDA to reported EBITDA and PBT reconciliation

(Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Adjusted EBITDA	-2,980	-1,190	120	-1,290	-5,290	-5,994	-962	6,427
Less: Listing expenses	0	0	-10	-190				
Less: Inventory loss on account of fire	0	0	0	-90				
Add: Payment of lease liabilities	270	290	299	375	478	519	549	570
Consolidated Segment Results	**-2,710**	**-900**	**409**	**-1,195**	**-4,812**	**-5,475**	**-413**	**6,997**
Less: Share based compensation	-930	-570	-730	-1,030	-1,566	-1,795	-2,038	-2,293
EBITDA	**-3,640**	**-1,470**	**-321**	**-2,225**	**-6,378**	**-7,270**	**-2,452**	**4,704**
Less: Depreciation & Amortization	-310	-370	-369	-451	-742	-792	-830	-864
Less: Share of Loss in Joint Venture	0	0	-90	-310	-158	-8	114	245
Less: Finance Costs	-70	-90	-105	-120	-136	-147	-155	-161
Add: Other Income	900	1,000	1,162	1,370	1,411	1,162	825	803
Profit/[Loss) Before Tax	**-3,120**	**-930**	**278**	**-1,736**	**-6,002**	**-7,055**	**-2,498**	**4,728**

Source: Company, Emkay Research

Exhibit 51: InstaHelp to drag adjusted EBITDA



Source: Company, Emkay Research

Inverse of the rental-heavy playbook

UC lease liabilities of Rs1.36bn are a negligible share of a Rs27.0bn balance sheet, and the operating model does not require a recurring rental footprint that scales with volume. The lease wedge is, therefore, small and, on our estimates, static. With share-based compensation being the larger item by some distance, reported GAAP EBITDA trails adjusted EBITDA across our entire forecast horizon – the opposite of the quick commerce pattern.

ESOP: Stable historically; rising through the investment phase

Share-based compensation settled into a narrow band of 6.6–7.0% of revenue over FY24–26, after a distorted 14.6% in FY23 on a much smaller revenue base. We forecast the charge to compound at 25.5% over FY26–29E to Rs2bn, taking it from 6.7% to 6.1% of revenue, marginally behind revenue growth – a reasonable expectation for a newly listed platform competing for engineering and category talent against well-funded private challengers during a land-grab phase.

Capex, D&A, and EBIT

Depreciation is predominantly a lease charge, not an asset charge

Nearly three quarters of UC's depreciation expense relates to ROU assets rather than owned equipment. Of the Rs452.1mn D&A charge in FY26, Rs326.4mn (72%) was ROU depreciation. The FY25 split was Rs264.8mn of Rs370mn (72%). What is booked below the EBITDA line as depreciation is, in substance, the rent on training classrooms, offices, and warehousing – capitalized under IndAS 116 rather than expensed.

Within the small owned-asset block, leasehold improvements dominate. These accounted for Rs50.7mn of the Rs103.8mn tangible depreciation charge in FY25 (49%), with gross leasehold improvements rising from Rs82.4mn in FY24 to Rs160.8mn in FY25.

Capex is fit-out spend on training network

Capex has been immaterial by any standard, running at 1.1–2.6% of revenue and below 1.1% of NTV across FY23–26. The spend is overwhelmingly directed at training infrastructure—classroom fit-outs, tooling, and periodic refurbishment of training equipment—consistent with a network that expanded from 224 classrooms in FY23 to 226 in FY25 and 247 by 1QFY26. There is no fulfillment network, no owned real estate, and no manufacturing base to fund.

FY26 marked a visible step-up, with additions of Rs408.4mn against Rs121.4mn in FY25, lifting gross block by 86% yoy to Rs867.9mn. We read this as a catch-up on deferred refurbishment alongside InstaHelp-related training capacity, rather than a change in the capital intensity of the model. We forecast capex of Rs400mn/Rs420mn/Rs437mn over FY27–29E, which on a revenue base compounding at 28.8% translates into capex-to-sales declining from 1.9% to 1.6% to 1.3%, and to 1.1% by FY30E.

Exhibit 52: Capex and depreciation remain immaterial as revenue compounds

Rs mn	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Capex	150	90	121	408	400	420	437	454
Capex as a % of revenue	2.4%	1.1%	1.1%	2.6%	1.9%	1.6%	1.3%	1.1%
D&A (reported)	307	368	370	452	358	320	336	353
D&A as a % of revenue	5	4.5	3.4	2.9	1.7	1.2	1	0.9
Gross block	373	417	467	770	1,170	1,590	2,026	2,481
Net block	203	174	150	362	362	362	362	362

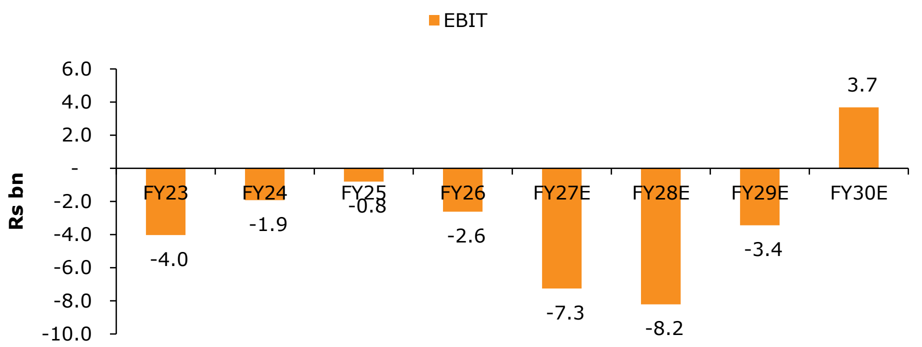
Source: Company, Emkay Research

With a net block of Rs362mn at FY26-end, absolute depreciation has been range-bound at Rs0.31–0.45bn across FY23–26. We forecast this to stay within Rs0.32–0.45bn all the way through FY35E—essentially flat in rupee terms for a decade. Against a revenue base that more than doubles by FY30E, D&A, therefore, falls from 2.9% of revenue in FY26 to 0.9% by FY30E.

EBIT breakeven in FY30E, alongside EBITDA and PAT

We forecast EBIT to turn positive in FY30E at Rs3.7bn, from a loss of Rs3.4bn in FY29E, as InstaHelp transitions from land grab to consolidation. The notable structural point is that all three breakevens—adjusted EBITDA, EBIT, and PAT—land in the same year. For asset-heavy consumer platforms, rising depreciation on fulfillment infrastructure typically pushes EBIT breakeven a year or more behind EBITDA breakeven. UC carries no such drag. With depreciation at 1.4-3.3% of revenue as a result of an asset-light business, and profitability arrives at every level of the P&L simultaneously.

Exhibit 53: EBIT breakeven in FY30E



Source: Company, Emkay Research

PAT

Four lines separate EBIT from PAT

Between EBIT and reported PAT, UC's income statement carries finance costs, other income, share of profit/(loss) of JV KSA, exceptional items, and income tax. Two of these are consequential—other income and tax—as share of profit from the JV becomes consequential only late in our forecasts.

Exhibit 54: EBIT to PAT bridge

Rs mn	FY25	FY26	FY27E	FY28E	FY29E	FY30E
EBIT	-675	-2,400	-7,069	-8,062	-3,282	3,841
Finance costs	105	120	136	147	155	161
Other income	1,162	1,367	1,410	1,162	825	803
PBT before exceptionals	382	-1,153	-5,795	-7,047	-2,612	4,483
Share of profit from JVs	-87	-312	-160	-8	114	245
Total tax expense/(credit)	2,112	-602	1,182	1,762	653	-1,121
PAT before exceptionals	-2,408	2,067	4,773	5,293	1,845	-3,607
Exceptional items	10	281	53	-	-	-
PAT	2,398	-2,348	-4,826	-5,293	-1,845	3,607

Source: Company, Emkay Research

Finance costs are negligible

With no borrowings on the balance sheet, the entire interest charge relates to lease liabilities under IndAS 116. The magnitude is trivial: Rs104.7mn in FY25 and Rs120mn in FY26, against gross lease obligations of Rs1.36bn. This is a direct consequence of the asset-light model—UC leases offices and warehousing, not a fulfillment network—and we expect no change in character over the forecast period.

Other income is substantial, but pro-cyclical with the burn

Cash, bank balances, and investments of Rs21.7bn at FY26-end—80% of the balance sheet—generated other income of Rs1.37bn, an implied yield of 6.3%. This is a material P&L line: in FY26 it offset 52% of the EBIT loss; across FY27–29E, it will contribute a cumulative Rs3.4bn.

We model a constant ~6.5% yield throughout; a sustained fall in domestic rates would compress this line further at the point of maximum operating loss.

KSA JV to stay small for a long time

UC's international operations in the UAE and Singapore are wholly owned and consolidated line by line. KSA is structured differently: operations were migrated from 1-Jan-25 into Waed Khadmat Al-Munzal for Marketing Co., a 50:50 joint venture with SMASCO (Saudi Manpower Solutions Company), a listed KSA manpower business that contributes local market access and labor sourcing against UC's technology, training, and marketing. The JV is held through Urban Home Experts Pte, and is accounted for under the equity method, so it appears only as a single below-PBT line—50% of the JV's contribution.

Growth is currently rapid. 1QFY27 NTV grew 133% yoy to Rs770mn. We model KSA NTV compounding to Rs 16.9bn over FY26–30E, with growth tapering by FY32E. The constraint is not growth but margin: we build KSA JV’s adjusted EBITDA margin at just 2.9% of NTV in FY30E, improving to 7.9% by FY35E. The share of JV profit, therefore, turns positive only in FY30E, and at Rs490mn, vs a Rs3.6bn PAT line. The share crosses Rs1bn for the first time in FY32E. We believe investors should treat the KSA JV as a long-dated option rather than a driver of the near-term P&L.

PAT turns positive in FY30E on the InstaHelp inflection

We forecast reported PAT breakeven in FY30E at Rs3.61bn, a Rs5.45bn swing from the FY29E loss of Rs1.84bn. InstaHelp accounts for a significant portion of the underlying operating swing on its own: segment adjusted EBITDA loss should narrow from a peak of Rs9.39bn in

FY28E to Rs6.25bn in FY29E and Rs0.98bn in FY30E, before turning positive in FY31E. Core ICS should contribute Rs1.37bn to incremental adjusted EBITDA over FY29E-30E.

Three mechanics drive the InstaHelp correction, and none of them require cutting service professional earnings: AOV normalization, utilization and incentive roll-off.

Combined, these should take adjusted EBITDA per order from negative Rs475 per order in FY26 to negative Rs98 in FY29E, negative Rs12, in FY30E and Rs11 in FY31E, with take rate held flat at 22.2% of NTV throughout.

Cash balance

Five drivers, of which two matter

UC's cash balance is driven by adjusted EBITDA, treasury income, capex, working capital movement, and external capital raised. In practice, only the first two carry weight; the asset-light model renders capex and working capital close to immaterial. Treasury income is substantial. Cash, bank balances, and investments totaled Rs21.7bn at FY26-end—80% of a Rs27.0bn balance sheet—generating other income of Rs1.37bn on an accrual basis and Rs1.15bn of cash actually received – an implied yield of 6.3%. This is a meaningful second engine: over FY27E–30E, we model cumulative treasury income of Rs4.2bn, equivalent to roughly a third of the core ICS segment's cumulative adjusted EBITDA over the same window.

Capex has run at Rs0.4bn or below in every year of the reported history, and we model Rs0.4–0.5bn annually through FY30E, tracking down from 2.6% of revenue in FY26 to 1.1% by FY30E. Working capital is a modest and consistent *source* of cash rather than a drain, given the negative cycle: Rs50–220mn per year over FY23–26, rising to Rs0.2–0.3bn annually across FY27–30E as scale builds. Neither line is capable of moving cash balance by more than a few hundred million rupees in any single year.

Exhibit 55: Breakup of cash balance of consolidated business with our estimates

Rs bn	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Adjusted EBITDA	-2.98	-1.19	0.12	-1.29	-5.29	-5.99	-0.96	6.43
Add: Treasury income received	0.82	0.83	1.08	1.15	1.41	1.16	0.82	0.80
Less: Capital expenditure incurred	-0.15	-0.09	-0.11	-0.40	-0.40	-0.42	-0.44	-0.45
Add: (Increase)/ Decrease in working capital	0.22	0.05	0.10	0.05	0.20	0.29	0.30	0.29
Less: Investment in JV	-	-	-0.03	-0.20	-	-	-	-
Add: Other items	-0.31	-0.02	0.05	-0.11	-	-	-	-
Cash (burn)/surplus	-2.40	-0.42	1.21	-0.80	-4.08	-4.96	-0.28	7.06
Add: Primary capital raised (net of issue expenses)	-	-	1.92	4.72	-	-	-	-
Change in cash and cash equivalents	-2.40	-0.42	3.13	3.92	-4.08	-4.96	-0.28	7.06
Opening cash balance	15.96	13.58	13.16	16.30	20.21	16.13	11.17	10.90
Closing cash balance	13.58	13.16	16.30	20.21	16.13	11.17	10.90	17.96

Source: Company, Emkay Research

Core business is the shock absorber

InstaHelp sits in the land-grab phase of a new category. Operators are burning capital to acquire a first-time customer base, build usage habit around a service households have historically sourced informally, and establish product-market fit across every dimension simultaneously—supply acquisition, customer acquisition, utilization management, and price discovery. This experiment is expensive by construction. We expect service professional incentives at InstaHelp to scale from Rs1.1bn in FY26 to a peak of Rs4.6bn in FY28E, and adjusted EBITDA burn per order to compress only gradually, from Rs475 in FY26 to Rs305 in FY27E and Rs212 in FY28E, before reaching Rs12 by FY30E and turning positive in FY31E.

Being well capitalized is, therefore, a baseline requirement; this is where UC's position differs structurally from the challengers. The ICS business is a maturing cash generator running alongside the investment: NTV compounding at 18–23% annually through FY29E with adjusted EBITDA margin expanding from 4.1% of NTV in FY26 to 7.6% in FY29E, and segment adjusted EBITDA rising from Rs1.3bn to Rs4.1bn over the same period. Cumulatively over

FY26–30E, ICS should generate Rs14.6bn, International and Native should add a further Rs3.4bn, and treasury should contribute a further Rs4.2bn – against cumulative InstaHelp burn of Rs26.2bn. The category investment is largely self-funded off the existing franchise.

At the peak year, FY28E, InstaHelp's Rs9.4bn adjusted EBITDA loss should be met by Rs2.9bn from ICS, Rs0.5bn from International, and Rs1.2bn of treasury income, containing consolidated cash burn to Rs5.0bn against an opening balance of Rs16.1bn.

Trough in FY29E, recovery by FY31E

Cash balance moves almost mechanically with adjusted EBITDA. We model cumulative cash burn of Rs9.3bn across FY27–29E, taking the balance from Rs20.2bn at FY26-end to a trough of Rs10.9bn in FY29E – a drawdown of 46%, with no external capital raise assumed at any point in the forecast. Consolidated adjusted EBITDA should turn positive in FY30E at Rs6.4bn, and the cash balance should rebuild to Rs18bn that year and to Rs31bn in FY31E. The FY26-end position is, therefore, fully restored within two years of the trough, and in the same year, InstaHelp should reach segment breakeven.

Return profiles

Asset-light balance sheet to translate to superior steady-state returns

UC is an asset-light, opex-driven business, and the balance sheet makes this unusually plain. Consolidated balance sheet size at FY26-end was Rs27.0bn, of which non-current assets accounted for just Rs7.5bn. Operating fixed assets—property, plant, and equipment of Rs362mn and ROU assets of Rs1.2bn—together constitute only 21% of non-current assets and 5.9% of the total balance sheet. The remaining Rs19.5bn sits in current assets, where inventory is a modest Rs737mn and cash, bank balances, and investments account for Rs14.4bn, or 74% of the pool.

The funding side mirrors this. The business is entirely equity-funded, with shareholders' equity of Rs21.4bn representing 79% of the balance sheet and no borrowings. Non-current liabilities of Rs1.3bn are almost wholly lease obligations, while current liabilities of Rs4.3bn are working-capital-related financial liabilities. UC operates on a negative working capital cycle: consumers pay at the point of transaction (receivable days of ~9 in FY26), while service professional payouts and vendor settlements run on a scheduled lag (payable days of ~176). Working capital has consequently been a modest source of cash rather than a drag, releasing Rs50–220mn per year over FY23–26.

Invested capital hovers near zero

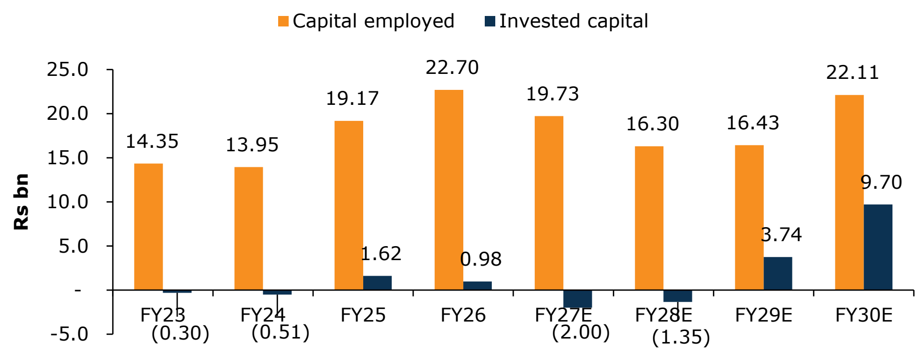
The clearest demonstration of capital lightness is the gap between capital employed and invested capital. Against capital employed of Rs22.7bn in FY26, invested capital—capital employed less cash, investments, and other non-operating financial assets—was Rs1.0bn, and has ranged between -Rs0.5bn and +Rs1.6bn over FY23–26. On our estimates, it remains at or below zero through FY35E. In effect, the business needs no invested capital at all: growth is funded through the P&L, not the balance sheet.

Exhibit 56: Capital employed and invested capital calculations

Rs mn	FY23	FY24	FY25	FY26	FY30E
Total assets	16,312	16,386	22,006	27,023	28,653
Less: current liabilities	1,967	2,441	2,834	4,322	6,538
Capital employed	**14,345**	**13,946**	**19,172**	**22,701**	**22,115**
Less: cash, investments, and other non-operating financial assets	14,647	14,460	17,554	21,726	12,410
Invested capital	**-302**	**-515**	**1,618**	**975**	**9,704**

Source: Company, Emkay Research

Exhibit 57: Asset-light profile leads to low capital employed and invested capital



Source: Company, Emkay Research

The land grab is fought through P&L, not the balance sheet

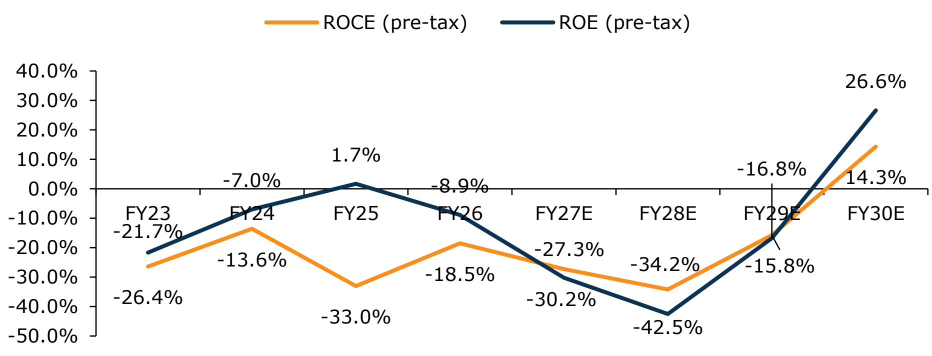
Like food delivery or online mobility before it, the household services category demands heavy investment in its set-up phase. The critical distinction is that for UC, this investment is opex, not capex. The InstaHelp build-out is being funded through demand and supply-side subsidies: service professional incentives should rise from Rs1.1bn in FY26 to a peak of Rs4.6bn in FY28E, while consolidated customer marketing should expand from Rs2.3bn (5.3% of NTV) to Rs9.6bn (10.3% of NTV) over the same period. There is no dark store, warehouse, or fleet to depreciate – the cost of taking share from less-capitalized competition lands directly on the income statement.

The corollary is that the near-term return profile is negative by construction. With InstaHelp in land-grab mode and consolidated EBIT loss widening to Rs8.1bn in FY28E, pre-tax ROCE should trough at -45.6% and ROE at -42.5% in FY28E. We view this as an investment-phase artifact rather than a signal on the underlying franchise; the core ICS business has already generated positive adjusted EBITDA of Rs1.3bn in FY26, at a 4.1% NTV margin.

Inflection from FY30E

We estimate consolidated adjusted EBITDA to turn positive in FY30E, with InstaHelp reaching segment breakeven in FY31E. Return ratios inflect alongside EBIT breakeven in FY30E, at pre-tax ROCE of 19.1% and ROE of 26.6%, before peaking in FY31E at 32.7% and 41.3%, respectively. Across the FY31–34E steady-state band, we estimate pre-tax ROCE of over 25% and ROE of over 30%.

Exhibit 58: Pre-tax return profiles of the business will hit an inflection point on EBIT breakeven



Source: Company, Emkay Research

We would flag that the modest drift in reported ratios beyond FY31E reflects denominator inflation rather than any operating deterioration. With invested capital at zero and no distribution assumed in our estimates, cash accumulates on the balance sheet and dilutes the reported return. Measured against the capital the business deploys, returns continue to improve throughout the forecast period which, in our view, makes capital allocation the more relevant question for UC from FY31E onward than incremental margin.

Outlook and valuations

We initiate coverage on UC with BUY and SOTP and DCF-based target price of Rs190. The target price implies an FY28E EV/NTV and EV/Revenue of 3.8x and 10.4x, respectively. We build in 29.1% revenue CAGR over FY26-29E. We expect adjusted EBITDA losses to peak at Rs5.99bn in FY28E, before plummeting to Rs0.96bn in FY29E.

We value the company based on DCF methodology, applying a beta of 1.25 to arrive at a WACC of 14.4% (revenue growth and margin assumptions as detailed in the Financial Analysis section above).

Conservatively, we anticipate adjusted EBITDA to breakeven in 1QFY30E, against the management guidance of 3QFY28E. Our valuation framework is a three-stage DCF model, comprising an 8-year forecast period through to FY35, a 10-year mid-stage period assuming varying growth levels for the various businesses (Exhibit 60), and a terminal stage with a 5% perpetual growth rate (KSA JV assumed at 3%). Terminal value contributes 41.6% to the total value of the company.

In our mid-stage (years 9-19) forecasts, we assume varying growth rates on account of the characteristics of the markets. We see higher growth potential in Indian markets for both consumer durables (Native) and ICS on account of an increasing shift in consumer preferences toward a 'do it for me' model, driving higher demand for end-to-end service execution. Therefore, we expect 15% growth for Stage 1 of both segments. As InstaHelp is in the nascent stage and we see a longer growth runway, we factor in 20% growth for the business. As International (both Singapore and UAE) as well as KSA markets are affluent developed markets, we factor in 10% and 3% growth, respectively.

Exhibit 59: Global DCF assumptions

Parameters	Value
Beta	1.25
Risk Free Rate (Rf)	6.9%
Market return (km)	12.9%
Risk Premium	6.0%
Required Rate of Return (Cost of Equity)	14.4%
Cost of Debt	10.0%
Tax Rate	25.0%
After-tax Cost of Debt	7.5%
Total Debt	0.0%
Shareholders' Funds	100.0%
WACC	**14.4%**

Source: Emkay Research

Exhibit 60: Our SOTP-based DCF valuation framework

(Rs bn)	PV of stage 0 (i)	Growth of Stage 1	PV of Stage 1 (ii)	Terminal growth rate	PV of terminal stage (iii)	EV (i+ii+iii)	*EV (Rs per share)*
ICS	37.2	15.0%	65.0	5.0%	65.0	167.2	*107*
InstaHelp	-8.7	20.0%	23.5	5.0%	28.2	42.9	*27*
Native	3.3	15.0%	5.3	5.0%	5.3	13.9	*9*
International	11.5	10.0%	18.4	5.0%	15.0	44.9	*29*
KSA	2.5	3.0%	3.3	3.0%	1.6	7.5	*5*
Total	**45.8**		**115.6**		**115.1**	**276.5**	***177***
Net cash						20.2	*13*
Target M-Cap						**296.7**	***190***

Source: Emkay Research; Note: Duration of Stage 0 and Stage 1 is 8 years and 10 years, respectively

Based on this approach, we initiate coverage on UC with BUY and SOTP and DCF-based of Rs190, which implies an upside of 19.5% from the CMP. Our target price implies an FY28E EV/NTV of 3.8x and EV/Revenue of 10.4x. At current levels, we believe that valuations are attractive, given growth tailwinds in the ICS business and rerating potential of InstaHelp.

UC currently trades at 8.3x/6.6x FY28E/FY29E EV/Revenue. As the company is still unprofitable at the EBITDA level on a consolidated basis, we are looking at valuations on a segmental basis.

Exhibit 61: Consolidated valuation multiples

(x)	FY27E	FY28E	FY29E	FY30E
EV/NTV	4.8	3.8	2.9	2.4
EV/Revenue	13.3	10.4	8.3	6.8
EV/Adj EBITDA	-57.4	-50.5	-668.8	39.5
EV/EBIT	-38.1	-33.7	-80.4	75.1

Source: Emkay Research

Exhibit 62: Segmental valuation multiples

Segment	Valuation methodology	FY27E	FY28E	FY29E	FY30E
Core	EV/Adj EBITDA	81.6	57.3	40.5	30.4
InstaHelp	EV/NTV	15.4	7.1	3.4	2.1
Native	EV/Revenue	3.5	2.7	2.2	1.9
International	EV/Revenue	15.2	11.3	8.9	7.2

Source: Emkay Research

Industry section

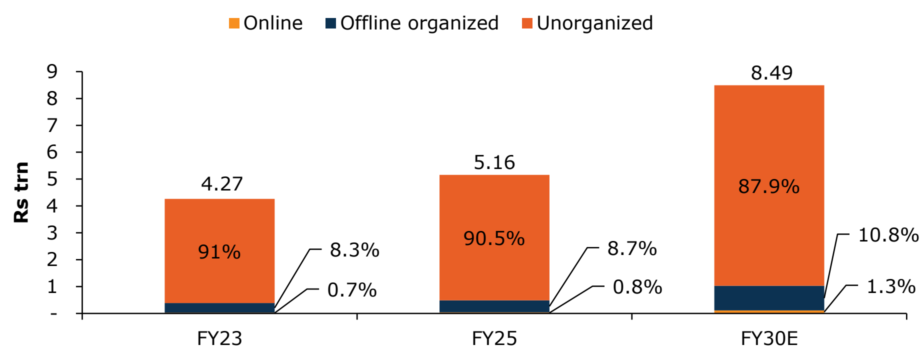
India home services market

Redseer has sized the Indian home services market with a category-wise split and an FY30 projection for each category. We set out those findings below, and run our own sanity checks on the market size and on how much of each category is realistically capturable.

Market is 90.5% unorganized; online channel is a rounding error

The home services TAM was Rs5.1-5.21trn in FY25, up from Rs4.22-4.31trn in FY23, and is projected to reach Rs8.4-8.58trn by FY30, at a 10-11% CAGR. Supply is split across three channel types. 1) Unorganized local players held 90.5% of FY25 value: these include mom-and-pop setups and individual professionals—local salons, electricians, and plumbers, local contractors, cleaners, gardeners—operating on their own. Offline organized players held 8.7%, an order of magnitude lower: these include salon and spa chains, OEMs with local dealerships for appliance servicing and repair, painting majors operating through dealerships, and agencies providing deep and high-frequency cleaning. Online full-stack platforms held 0.8%, or Rs41-43bn, another order of magnitude below.

Exhibit 63: India home services market – supply-side breakup



Source: Redseer, Emkay Research

As discussed in the previous section, the ubiquitous internet helped realize the gig economy, along with a pan-India home services platform. What the last decade also established is which model works in India. Hundreds of online players have failed to scale non-vertically-integrated, pure-marketplace models. The proof of concept that survives is the full-stack platform, where the platform controls training, pricing, scheduling, and quality, and where standardization is the product. Lead-generation models that hand the customer to an offline professional reproduce the unorganized experience with a booking screen on top.

Fragmentation is the setup for consolidation

Redseer projects online channel to compound at 18-22% to Rs105-110bn over FY25-30, offline organized channel at 12-15%, and unorganized channel at 9-10%, against the market growing 10-11%. Taken at midpoints, those projections imply that the market will add Rs3.34trn over five years, with the unorganized channel likely to capture 84%, offline organized channel 14%, and online channel 2%, with online penetration moving from 0.8% to 1.3%. The implied channel CAGRs on midpoint TAM—9.9%, 15.4%, and 21.8%, for the unorganized, offline organized, and online channel, respectively—sit at or above the top of Redseer's own stated bands, so this is not an artifact of conservative inputs. The base case, in short, is that the unorganized channel takes five-sixths of incremental spend and the category stays broadly as it is.

We think this understates the pace of consolidation. The 90.5% unorganized share is not a competitor in any strategic sense. It comprises millions of individual professionals and mom-and-pop setups, none of whom can standardize a service specification, hold a price, guarantee availability on a given morning, or operate beyond one neighborhood. Every input that determines whether a household rebooks—training, SOPs, scheduling, quality audit, post-service support—is a scale function, and none of them are available to a local operator at any price. Such fragmentation is the precondition for consolidation, not a defense against it.

The offline organized channel is more exposed than its 12-15% projected growth suggests, because a full-stack platform attacks it on cost rather than only on convenience. Salon chains carry store rent, maintenance, and salaried staff; the platform carries none of it, and can, therefore, pay the professional more while pricing at or below the chain. Redseer's own numbers show the gap: an offline beauty professional earns Rs12,000-21,000 a month for 8-10 hours a day, six days a week, against 60-70% higher earnings on a platform for fewer hours. Where the organized incumbent's cost stack is fixed and store-linked, the platform's is variable and micro-market-linked.

This difference also governs the pace of expansion. The platform's unit of growth is a micro-market rather than a store, and adding a category costs training and an SOP rather than capex. This is how UC reached 60+ categories across ~12,000 micro-markets by Mar-26 while operating in only 47 of its 200 addressable cities. Neither channel it competes against can add a category or a city on those terms: unorganized professionals cannot scale beyond themselves, and an organized chain scales one lease at a time. In our view, this is what compounds share from both channels simultaneously, and a 50bps penetration gain over five years does not reflect it.

The precedent is instructive. QCom moved from 0.01% of India retail in FY20 to 0.6% in FY25, at a 140% CAGR, exceeding the bull case of CY22 scenario forecasts by 136%. Home services is a far-lower-frequency category, and will not replicate that rate. However, the online home services segment already sits at 0.8% of its market—ahead of where QCom stood after five years of compounding—and is projected to add only 50bps over the next five years, in a category where ~2% of Indian households have transacted online against ~21% in China and over 50% in the US, and where per-capita spend of Rs3,485 per month compares with Rs17,000 in China and Rs161,500 in the US. Among Indian households earning Rs0.5-2mn pa, per-capita spend is Rs6,375-7,650 per month, roughly 2x the national average and still under half of China's. Where a full-stack operator consolidates fragmented local supply, the direction of forecast error has consistently been one-way.

Organized penetration will differ by category

No public source disaggregates the 90.5%/8.7%/0.8% channel split by category, and we would treat any single-source category-level estimate with caution. What can be established is the direction. Our framework holds that a category's organized share is a function of five factors, each of which operates through a specific mechanism.

i) How standardizable the job is: This determines whether a firm can add anything over an individual. A firm organizes labor by writing a specification, training to it, and checking against it. Where the job cannot be specified, none of the three is possible: the firm carries the cost of organizing without being able to guarantee an outcome, and the individual professional keeps the customer. Redseer's own contrast is on this axis – unorganized supply learns on the job with no formal training or certification, while organized offline supply offers a minimum quality backed by post-service warranties.

ii) Ticket size relative to the cost of establishing trust: Organizing carries a fixed cost per job: brand, training, supervision, and warranty reserve. That cost has to be recovered from the ticket. Large tickets also raise the customer's loss from a bad outcome, so willingness to pay for assurance rises with ticket size. Small tickets fail on both counts—no room to recover the cost and no reason for the household to insure against a Rs200 loss.

iii) Frequency: Frequency cuts both ways, and the direction depends on whether it is concentrated on one household or spread across many. Episodic demand repeated across many households gives an organizer the density that fills a professional's day and justifies the fixed cost. Frequency concentrated on a single household does the opposite: it builds a direct relationship that disintermediates the organizer entirely. Daily help is the limiting case.

iv) Whether a branded channel already exists for an adjacent reason: Some categories have organized supply as a by-product of another business. OEMs built service networks to honor warranties, not to sell services; paint companies built applicator networks to sell paint. Where such a channel exists, organized share starts from a non-zero base and the household is already habituated to booking a brand. Where it does not, an organizer has to build the demand habit and the supply base simultaneously.

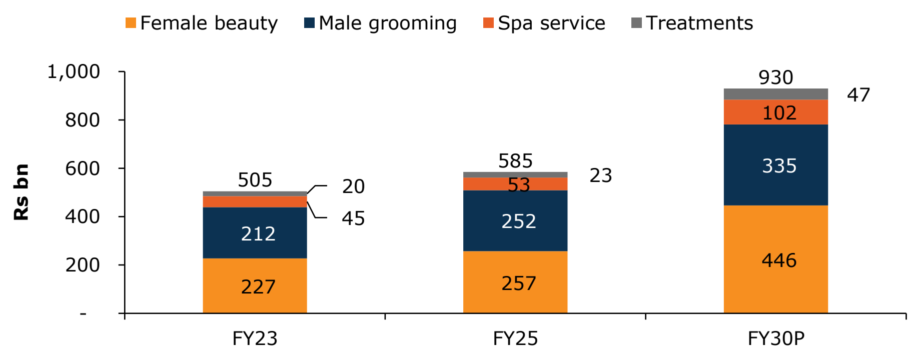
v) Whether the incumbent is a transactional vendor or a resident relationship: This sets the switching cost. A vendor called when something breaks is switchable at the next call, and an organizer only needs to win one transaction. A professional who comes to the house daily holds keys, routine, and household knowledge, so switching costs are practical and personal rather than economic.

Two disclosures in the Redseer report do most of the evidentiary work. First, its definition of the offline organized channel is category-specific: salon and spa chains, appliance OEMs with local dealerships, painting majors with dealerships, and agencies providing deep cleaning and high-frequency cleaning. Four categories are named; handymen, cooks, care at home, home renovation, and daily cleaning are not. Second, Redseer describes how professionals are engaged. In beauty, most are salaried. In appliance repair, the majority are engaged with OEMs on fixed salaries. By contrast, in cleaning, handymen, painting, cooking, childcare, and elderly care, professionals rely on local leads, with inconsistent utilization and variable monthly income. Read together, these two disclosures rank the categories without requiring us to estimate a split.

- **Beauty is organized through chains, and is the other category where the organizer employs the professional:** Redseer names salon and spa chains in the organized channel and states that most beauty professionals are salaried. Factors (i) and (iii) both favor it: the service is specifiable, and it repeats across many households rather than within one, which is what produces density. Factor (iv) is present. Factor (ii) is the weak link – Redseer notes that organized chains publish rate cards but vary them by locality and through the year, so the price signal a brand normally provides is not standardized. The category was Rs575-600bn in FY25, growing at 9-10%, split across female beauty (Rs250-260bn), male grooming (Rs245-255bn, 11-13%), spa (Rs54-56bn, 12-14%), and treatments (Rs25-27bn, 14-16%). Hair care is ~69% of female beauty, hair and beard is ~95% of men's grooming, and nails is the fastest sub-segment at 15-16%.

  Spa is the clearest case of the online channel expanding a category rather than taking share within it. It is the smallest meaningful segment at ~9% of beauty and wellness, and Redseer describes its frequency as ranging from monthly for regular users to annual for occasional indulgence—the profile of a premium, venue-based purchase. UC's catalog prices it as routine. Across 82 spa and massage services carrying 1.94mn reviews, the median listed price is Rs669 and the review-weighted average is Rs1,179, with standalone massages from Rs549 and four-session packages at Rs1,300-1,800, or roughly Rs330-450 per session. At those price points, delivered at home, a spa service competes with a haircut rather than with a hotel spa. Redseer projects spa growing at 12-14% against 9-10% for beauty and wellness overall; in our view, that gap is the category being extended down the income curve, not redistributed within it.

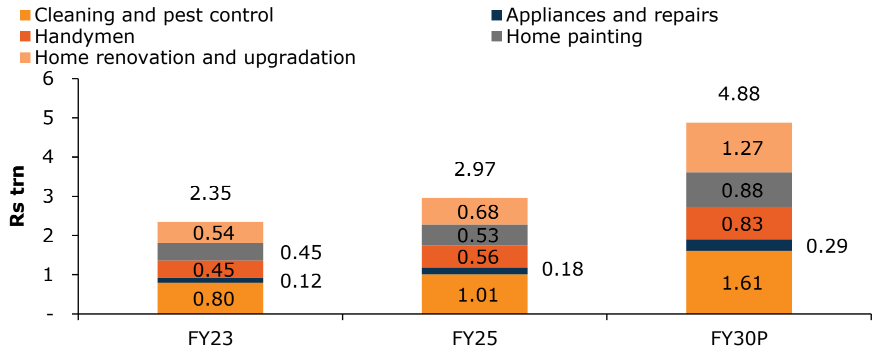
Exhibit 64: Breakup of beauty services market



Source: Company, Emkay Research

- **Appliance repair is the only category where Redseer describes organized employment as the majority:** It states that most professionals in the category are engaged with OEMs on fixed salaries, and names OEM dealerships as a component of the organized channel. Factor (iv) is the reason: the network was built to honor warranties, and the service channel is a by-product. Factor (i) supports it – Redseer contrasts platform-based diagnosis and standardized spare-part rate cards against local technicians who diagnose from experience and do not price spares to a standard. Factor (ii) reinforces it, as Redseer flags counterfeit or substandard spares with no post-service warranty in the unorganized channel, which is precisely the risk a brand is paid to remove. Factor (v) is favorable: the technician is a transactional vendor. The category was Rs165-170bn in FY25, growing at 12-13%, the fastest within home repair and maintenance. One caveat matters: organized *employment* of professionals is not the same as organized *share of spend*, and Redseer publishes only the former. Even in the most organized category, unorganized share will remain the larger part.

Exhibit 65: Breakup of home repair and maintenance service market



Source: Company, Emkay Research

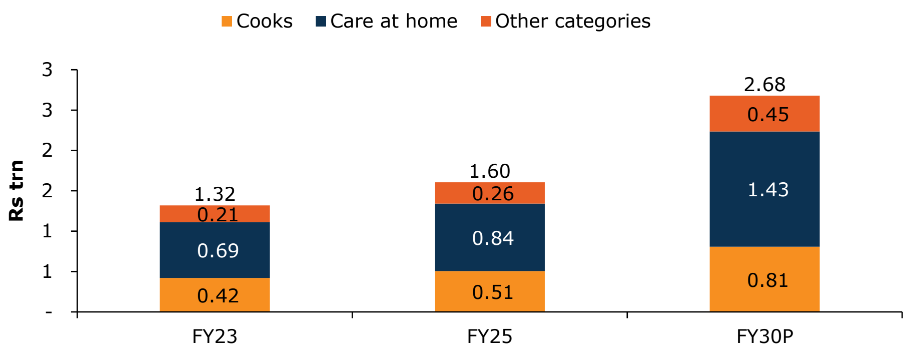
- **Painting is organized at the brand layer and unorganized at the labor layer:** Redseer names painting majors with dealerships in the organized channel, and separately lists painting among the categories where professionals rely on local leads. Both hold: the paint company organizes demand and warranty, while the painter remains an independent operator. Factor (iv) is present and factor (ii) is favorable – Redseer's frequency and spend mapping places painting among the once-every-few-years categories with high spend per household, which is the ticket size that supports a brand. Factors (i) and (iii) work against it: the job is a project rather than a unit, and the frequency is too low to build density. TAM is Rs540-550bn against a top-200-city SAM of Rs310-320bn.

- **Cleaning is two markets, and Redseer organizes only one of them:** Redseer's organized channel definition covers agencies providing deep and high-frequency cleaning; daily cleaning is absent, and cleaning appears in the lead-dependent list. Redseer splits the category into daily, high-frequency, and professional cleaning, and places daily cleaning at daily frequency in its frequency and spend mapping. Professional cleaning is episodic and specifiable, and factors (i), (ii), and (v) all favor organization. Daily cleaning fails factor (v) outright, as the incumbent is resident rather than transactional, and fails factor (ii) at an incumbent price of Rs80-120 per hour, as set out in the InstaHelp section. The Rs930-945bn cleaning market is dominated by the second, which is why the largest TAM in home services is also among the hardest to formalize.

- **Handymen have no organized channels and depend on leads:** Redseer identifies no organized participants in this category and lists handymen as lead-dependent. Every factor points the same way: demand is unplanned and emergency-led, so frequency produces no density; tickets are small; no adjacent branded channel exists; and scope is only known after inspection, so the job resists specification. The category was Rs560-570bn in FY25, growing 8-9%, the slowest within home repair and maintenance.

- **Cooks and care at home are resident relationships with no organized channel:** Neither appears in Redseer's organized channel definition, and cooking, childcare, and elderly care all appear in the lead-dependent list. Factor (v) binds: the household is buying a specific person with access to the home, not a service specification. Redseer's mapping places cooks at daily frequency and childcare among the highest annual spend per household. Cooks were a Rs500-510bn market in FY25; care at home stood at Rs830-845bn, growing 11-12%.

Exhibit 66: Breakup of other service categories outside UC's current portfolio



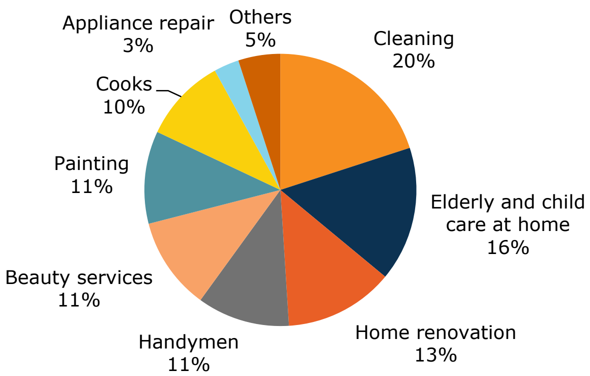
Source: Company, Emkay Research

The readthrough is that the 0.8% aggregate online share is an average across categories whose organizable ceilings differ materially, and Redseer does not publish that dispersion. Where an organized channel already exists, the platform competes against a branded incumbent for a household already habituated to paying for assurance. Where none exists, it has no incumbent to displace but must build the habit itself. UC's own capture data, set out below, tracks this ranking closely: the two categories in which Redseer identifies organized employment—beauty and appliance repair—are the two where UC has captured the most of its SAM—at 10.8% and 1.6%, respectively—while capture in the categories with no organized channel is near zero, at 0.32% for cleaning and 0.08% for handymen. On our reading, the online channel has so far converted the household that was already buying a branded service, rather than creating the habit where none existed.

TAM, SAM, and the status of capture

TAM is calculated for the entire country; SAM is calculated for India's top-200 cities, on the assumption that cities beyond the top-200 ones do not offer the demand density needed to build viable micro-markets. As of FY25, Redseer puts SAM at Rs1.77-1.85trn, 35-36% of TAM, covering 53mn households with annual income above Rs500k; we work with Rs2trn. UC was present in 47 of those 200 cities as of Mar-25 and operated ~12,000 micro-markets across 60+ categories as of Mar-26.

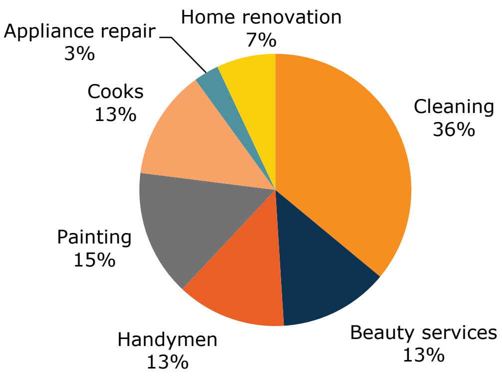
Exhibit 67: Category-wise breakup of Indian home services TAM of Rs5trn



Source: Company, Emkay Research

Two sanity checks on SAM: Spread across Redseer's 53mn SAM households, Rs2trn implies Rs3,145 of monthly home services spend per household. Spread across the narrower base of 21.44mn households our own adoption rates produce—60% of higher-income and 40% of upper-middle-income households—it implies Rs7,773 a month. The first is plausible as an average across all SAM households; the second is the number to test against, as it describes the households that actually transact.

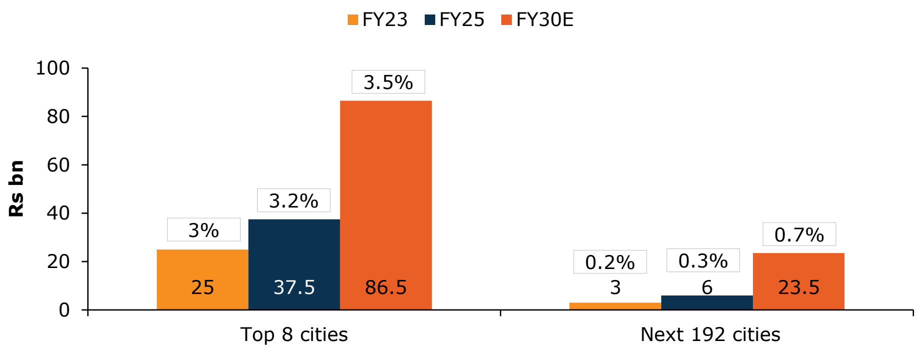
Exhibit 68: Category-wise breakup of Indian home services SAM of Rs2trn



Source: Company, Emkay Research

Against this, market capture is early. Roughly 5.5-5.6mn households used online home services in FY25, of which ~4mn used UC, putting UC's annual household penetration in the top-200 cities at ~7.8% and its share of the Rs41-43bn online market at Rs27-29bn, or ~66%.

Exhibit 69: Online home services market size across top-200 cities



Source: Company, Emkay Research; Note: Online penetration given in boxes on top of bars (online home services market size/total home services market size)

An NTV proxy from the UC service catalog

To locate capture by category, we built a database of every terminal service listed on the UC app, capturing listed price, average rating, and cumulative review count for each. The catalog runs to 1,924 services, excluding Native products. We use listed fee (ex-discounts) multiplied by cumulative reviews as a proxy for NTV by service, and scale the total to UC's reported FY26 ICS (ex-InstaHelp) NTV of Rs31.7bn.

Three caveats: Reviews are cumulative rather than annual, so the proxy measures capture-to-date rather than run-rate. Listed price excludes discounts. Also, review propensity may vary across categories. The first two biases are directionally consistent across categories, so relative contribution is considerably more reliable than any absolute figure.

Exhibit 70: TAM, SAM, and proxy NTV breakup for Urban Company

Categories	TAM (Rs bn)	SAM (Rs bn)	Monthly household spend implied by SAM (Rs)*	# of Services	NTV per reviews and price listings on UC app (Rs mn)	NTV contribution	NTV-to-SAM
Beauty services	550	260	1,011	504	27,325	86.3%	10.5%
Cleaning	1,000	720	2,799	172	2,252	7.1%	0.3%
Handymen	550	260	1,011	640	247	0.8%	0.1%
Appliance repair	150	60	233	168	1,652	5.2%	2.8%
Home renovation	650	140	544	440	194	0.6%	0.1%
Elderly and childcare at home	800						
Painting	550	300	1,166				
Cooks	500	260	1,011				
Others	250						
Total	**5,000**	**2,000**	**7,773**	**1,924**	**31,670**		**1.6%**

*Source: Company, Emkay Research; Note: *Monthly household spend is calculated with 60%/40% adoption rates in high income/upper middle income households of Serviceable Obtainable Market of 21.44mn households, to provide an intuition of the size of the market*

Highlights from the above data analysis

- Capture is 1.6% of SAM and almost entirely for one category. Beauty is 88.9% of the NTV proxy against 13% of SAM, and is the only category where capture reaches double-digits at 10.8% of its own SAM. Appliance repair is second at 1.6%. Cleaning, the largest SAM at Rs720bn, sits at 0.32%.
- Listing breadth is not a capture. Handymen and home renovation account for 1,080 of the 1,924 listings—56% of the catalog—and together contribute 0.7% to the NTV proxy. Both categories are extensively built out on the app and effectively dormant in throughput terms.
- The catalog is severely Pareto-distributed. The top 10 services account for 82% of the NTV proxy and the top 50 account for 91%, while 735 listings—38% of the catalog—carry no reviews at all. It argues for reading UC as a small number of high-throughput services with a long tail of optionality, rather than as a 60-category platform.
- AOV, not order count, drives the concentration. Beauty is 71% of reviews but 89% of proxy NTV, on a review-weighted average listed price of Rs1,978. Handymen are 6% of reviews and 0.7% of NTV, at an average price of Rs181. The 11x AOV spread between the two is what separates review distribution from value distribution, and it is the reason category mix matters more here than transaction growth.

Service quality is the moat, and it is measurable

The review-weighted average rating across 63.2mn reviews on the UC catalog is 4.83 out of 5. Rating distribution matters more than the average: 99.6% of rated services carry 4.5 or above; 82% of all reviews sit on services rated 4.8 or above; and the lowest-rated service in a catalog of 1,924 listings is 4.18. A rating floor that high across a catalog that broad is not an artifact of self-selection in who leaves reviews; it is the output of a managed system.

That system is what a full-stack model buys. Professionals are onboarded with structured training against category SOPs rather than hired on a lead-generation basis, hand-held through initial jobs, and pulled back into remedial training when their ratings decay. UC reports auditing service jobs in real time using AI image analysis against those SOPs. As a result, the variable the unorganized channel cannot control—whether this particular professional on this particular day does the job to standard—becomes a managed distribution rather than a lottery. This is the entire value proposition: customers are not buying a lower price; they are buying the elimination of variance.

The same standardization underwrites the supply side. Redseer puts net monthly earnings at Rs10,000-15,000 for unorganized professionals, Rs15,000-25,000 for offline organized professionals, and Rs24,000-35,000 on online full-stack platforms. For instance, an offline beauty professional earning Rs12,000-21,000 for 8-10 hours a day six days a week earns 60-70% more on a platform while working fewer hours, and a cleaning professional moves from Rs15,000-20,000 to Rs25,000-30,000.

Full-stack not a strategic choice, but the only model that worked

The Indian home services problem was never discovery. A household could always find a plumber. What it could not do was predict whether they would arrive, what they would charge, or whether the work would hold. The binding constraint was the absence of a quality floor.

Marketplace and lead-generation models did not address this. They routed the customer to the same unorganized professional and charged for the introduction. The platform sat above the transaction and passed the variance straight through to the customer – it outsourced the labor, and with it the reliability problem, rather than solving it. Discovery was solved, but nothing in the model set a standard, trained anyone to it, or bore the cost of missing it.

This is precisely why the marketplace model works in Western markets and not in India. In the US or Australia, supply is already organized: licensed trades, incorporated firms, insurance, and established price norms. The quality floor exists before the platform arrives, so the marketplace only has to solve matching – and matching is a software problem. In India, there is no floor to lean on, and no amount of software creates one. The platform has to manufacture it: recruit, train, certify, equip, price, schedule, and audit. That is the full-stack model, and it is capital- and management-intensive, precisely because it is doing work the market has not already done.

The constraint shows up in what can be sold. Standardizable services, for instance, a facial, an AC service, or a plumbing repair, can be specified, taught, and audited. Non-standardizable ones cannot. UC discontinued the latter early on, at the cost of roughly half its revenue at the time by the management's own account, and has re-entered categories such as painting only after learning to decompose multi-day, multi-person jobs into specifiable units.

Model travels by market structure, not by income

If the full-stack model exists to manufacture a missing quality floor, its addressable geography is defined by whether that floor is missing, not by how rich the market is. UC's international record maps onto this exactly.

It works in labor-abundant markets with a 'do it for me' culture, unorganized supply, and dense urban demand. KSA, UAE, and Singapore all qualify, with CY24 home services TAM of ~$15bn, ~$5bn, and ~$4bn, growing at 10-11%, 6-7%, and 7-8%, respectively.

The supply playbook is the same in all three, and it is not the India playbook. UC does not build the supply base itself. Skilled local supply is limited in each market, so professionals are sourced from foreign jurisdictions through local aggregators that contract them, carry them on their own payrolls, and take responsibility for visas and lodging. UC supplies demand, standards, training, and technology; the partner sources and sponsors the labor. In the UAE, the aggregators also handle transport and assist onboarding; in Singapore, the same structure applies, with UC engaging local professionals directly in some instances.

KSA adds an equity layer on top of that. Having launched in FY22, UC concluded that it needed a local partner to capitalize on the market, formed a 50:50 joint venture with SMASCO—a listed manpower management company—in Oct-24, and migrated its operations into it from 1-Jan-25, operating as Yammak. UC has now deconsolidated the business and contributes strategic guidance and technology. In the UAE and Singapore, it retains its own operating subsidiaries and contracts with aggregators commercially rather than through equity. Separately, and not to be confused with the supply layer, UC has built distribution partnerships in the region: its full service suite is integrated into the Noon app in both the UAE and KSA, alongside loyalty and payment tie-ups with Emirates NBD and the Fazaa program.

The trade-off is a genuine supply dependency. UC flags that disruption to aggregator operations, or a change in visa policy in the jurisdictions it sources from, could leave it short of professionals. That is the cost of not owning the labor relationship, and it applies to every international market it operates in.

The results support the fit. International NTV was Rs7bn in FY26 at an adjusted EBITDA of Rs60mn, against an adjusted EBITDA loss of Rs1.21bn in FY23. Professionals completed 2.55mn service orders in the UAE and 0.74mn in Singapore between FY23 and 1QFY26.

UC failed in the US and Australia. It entered Australia shortly after the UAE and wound up the market after three years, and pulled back from the US, citing inconsistent partner supply and an inability to hold flat pricing. Both US and Australia are organized-supply markets, and in our reading, the failure is structural rather than executional. Two things break: i) The untrained band of labor that the model recruits from in India is too thin to build a supply layer on. ii) Trained professionals—the only ones who could deliver the standard—already have organized demand channels, price-setting power, and no reason to accept platform terms. A model built to create a quality floor has nothing to sell in a market that already has one.

The screen for the runway ahead is, therefore, structural, not economic: unorganized supply, labor abundance, 'do it for me' demand, and urban density. Where those four hold, the model transfers, and the FY19-26 international record is the evidence in both directions.

House-help service category

India's consumption class employs daily blue-collar labor at home. It is a staple feature of higher-income and upper-middle-income households, and the scope of work is manual and narrow—sweeping and mopping floors, dusting, wiping down exposed items and surfaces, and dishwashing—with laundry, ironing, and cooking support added at the margin. Wages are low in any global comparison. Our primary surveys put the typical arrangement at Rs2,000 per month per household for 0.75 hours a day across 25 days, ie Rs80 per session and ~Rs107 per worked hour. Six such households give the professional Rs12,000 a month against 4.5 worked hours and 1 transit hour a day; transit is unpaid, so realization on committed hours is in UC's disclosed range for offline help of Rs80-120 per hour.

Exhibit 71: Status quo of monthly earnings estimate for house-help professionals

Monthly compensation (Rs)	2,000	# of houses worked	6
Days worked per month	25	# of hours worked per house	0.75
Per session (Rs)	80	Total utilized hours per day	4.5
Total monthly compensation (Rs)	12,000	Transit hours per day	1

Source: Emkay Research

Redseer's market sizing for the cleaning and pest-control category uses a broader definition that includes specialized deep cleaning as well as pest control. We instead guesstimate the market for like-for-like cleaning services delivered by house-helps.

Can the online instant house-help market substitute the incumbent house-help regime? Is it even a like-for-like substitute? We argue no, and our reasoning is economic rather than behavioral. Two numbers settle it: what the platform must pay to the service professionals to build supply, and the resulting price the household has to pay.

Formalizing supply costs ~2x the informal wage

The online model starts by creating a supply of quality labor, which means onboarding professionals and training them. For the professional, the choice between the informal channel and the formalized one has to be a no-brainer—both at this stage of platform set-up and in steady state. Against informal earnings of Rs12,000 a month, we assume platforms guarantee a minimum monthly payout of Rs22,000 for 7 hours of daily availability, ie 210 committed hours a month. Utilization is the share of those hours actually deployed: at 50% utilization, the professional works 3.5 hours a day and still earns Rs22,000.

UC has already run this supply-onboarding playbook in core services, where the average professional earned ~Rs28,000 in 3QFY26 (per management presentation), roughly double the average informal earnings, with average hours worked per month improving every quarter on demand densification and gradual habit-building on the consumer side. UC's net earnings in core services have plateaued at Rs313 per worked hour. InstaHelp will not clear that bar—it is a lower-AOV, higher-churn category by the management's own description—and we assume a floor of Rs150 per worked hour, which is what supply onboarding at scale requires.

Exhibit 72: UC professionals in India earned Rs28.3k net per month, roughly double the average informal earnings

Details	Unit	All professionals	Partners with > 30 services in a month	Top 20% partners	Top 10% partners	Top 5% partners
% monthly active partners	%	100%	65%	20%	10%	5%
Gross earnings (average)[2]	In INR per month	55,244	66,383	82,026	91,193	98,341
UC commissions & fee%[3]	%	28.3%	27.9%	28.2%	28.3%	28.3%
Indirect taxes	In INR per month	589	710	829	934	1,041
Travel costs[4]	In INR per month	2,662	3,264	4,047	4,442	4,701
Product costs[5]	In INR per month	8,061	8,223	11,575	12,581	13,141
Net average earnings	**In ₹ per month**	**28,322**	**35,637**	**42,418**	**47,471**	**51,673**
Hours spent on the platform	Hours per month	91	114	137	152	167
Net Earnings per hour	**In ₹ per hour**	**313**	**313**	**311**	**312**	**310**
Net average earnings (9MFY25)	**In ₹ per month**	**26,489**	**33,962**	**41,292**	**46,815**	**49,719**

Source: Company, Emkay Research

A steady-state NAOV of Rs200 supports a take rate of 13-25%

From the customer's side, one hour of a professional's service corresponds to one order. Pricing today is nowhere near steady state. InstaHelp's realized AOV was Rs138 in 1QFY27, down from Rs172 in 3QFY26. On the management's calculation of 1.5-hour average job duration, this translates to ~Rs92 per worked hour – below the ~Rs107 the informal channel already charges. The platform is currently priced beneath the channel it is meant to be a premium alternative to, which is the clearest available measure of how much of the current price is subsidy. Adjusted EBITDA loss per order has narrowed from Rs1,374 in 1QFY26 to Rs346 in 1QFY27, but the category is still in its set-up phase on both sides of the market: customers have to be onboarded and a usage habit created; professionals have to be sourced, screened, and trained to a standardized service experience; and the platform funds two-sided subsidies alongside acquisition spend throughout.

Take rate—NAOV less professional payout, over NAOV—is set by two independent variables: NAOV and utilization. The mechanics of the second are worth spelling out, because the payout behaves differently on either side of a threshold.

Below ~70% utilization, the Rs22,000 guarantee binds. The platform pays it in full irrespective of hours actually deployed, so it is a fixed monthly cost spread across however many orders the professional serves, and per-order payout moves inversely with utilization: Rs262 at 40% utilization, Rs210 at 50%, and Rs175 at 60%. Idle hours are borne entirely by the platform. Above ~70%, the Rs150 per worked hour floor binds instead. Per-order payout plateaus at Rs150 and incremental orders accrue to the professional's monthly earnings—Rs25,200 at 80% utilization—rather than to the platform's cost per order.

Exhibit 73: Take rate calculation at a micro-market level

Utilization	40%	50%	60%	67%	70%	80%
Hours worked per day	78.4	98	117.6	131	137.2	156.8
Implied daily # of orders	78.4	98	117.6	131	137.2	156.8
Implied daily # of orders per professional	2.8	3.5	4.2	4.7	4.9	5.6
Implied monthly # of orders per professional	84	105	126	141	147	168
Daily NTV (Rs)	15,680	19,600	23,520	26,264	27,440	31,360
Daily payout to professionals (Rs)	20,533	20,533	20,533	20,533	20,580	23,520
Monthly payout per professional (Rs)	22,000	22,000	22,000	22,000	22,050	25,200
Payout per order (Rs)	262	210	175	156	150	150
Daily revenue (Rs)	-4,853	-933	2,987	5,731	6,860	7,840
Take rate	*-31.0%*	*-4.8%*	*12.7%*	*21.8%*	*25.0%*	*25.0%*

Source: Company, Emkay Research; Note: Assumptions – 7-hour daily commitment for 30 days of the month; serving 1 order takes 1 hour; minimum monthly payout of Rs22k, with minimum order payout of Rs150

The readthrough is that utilization, not price, does the early work. Moving from 40% to 70% utilization cuts per-order payout by 43% and, at an NAOV of Rs200, swings take rate by ~56ppt, with no change in what the customer pays. Past ~70%, the lever stops working: per-order payout is flat, and only NAOV moves take rate from there. Supply labor management—rostering against demand density, pacing onboarding to demand rather than ahead of it, and containing churn—is, therefore, the first-order determinant of the cost stack. Once utilization is optimized and NAOV corrected for, a sustainable take rate follows. Exhibit 74 sets out the sensitivity on this framework.

Exhibit 74: Sensitivity table for InstaHelp take rates with respect to inputs (NAOV and professional utilization rates)

		NAOV (Rs)						
		150	**175**	**200**	**225**	**250**	**275**	**300**
Utilization (%)	**40%**	-74.6%	-49.7%	-31.0%	-16.4%	-4.8%	4.8%	12.7%
	50%	-39.7%	-19.7%	-4.8%	6.9%	16.2%	23.8%	30.2%
	60%	-16.4%	0.2%	12.7%	22.4%	30.2%	36.5%	41.8%
	70%	0.0%	14.3%	25.0%	33.3%	40.0%	45.5%	50.0%
	80%	0.0%	14.3%	25.0%	33.3%	40.0%	45.5%	50.0%

Source: Emkay Research

Utilization of 90% is not achievable. Most service professionals are secondary earners in their households and absorb domestic emergencies as they arise; the informal channel itself runs at 25 of 30 days – an attendance rate of 83%. Seasonality compresses it further; the management expects to carry capacity through lean stretches to serve festive peaks, which caps annualized utilization well below what a peak week would suggest. We, therefore, work with steady-state utilization of 60-70%, ie right up to the threshold and no further. Across that band, the model turns take-rate positive at an NAOV of Rs175 at 60% utilization and Rs150 at 70%. At an NAOV of Rs200—the ceiling management anchors to, given the offline rate of Rs80-120 per hour—take rate runs at 12.7% at 60% utilization, 21.8% at 67%, and 25% at 70%. We use an NAOV of Rs200 and a take rate of 15-20% as the steady state.

Online house-help is priced as an emergency fill-in, not a substitute

This settles the question we set out to answer. A household paying Rs2,000 a month is buying 18.75 worked hours. The same 18.75 hours at an NAOV of Rs200 costs Rs3,750, 1.9x the incumbent bill, and the gap cannot be closed from either end: NAOV below Rs175 breaks the take rate at realizable utilization, and the payout floor beneath it is what holds supply on the platform at all. Online house-help is, therefore, a premiumized offering and an emergency fill-in for the daily arrangement, not a like-for-like replacement of it. Subscription plans are the clear counter-argument, but they run into the same two floors. The management's own framing is that the service will remain a backup rather than a daily default for most households, and that pricing is the reason.

Frequency should track food delivery, not ECom or QCom

ECom and QCom substitute a planned purchase occasion. Food delivery substitutes an everyday in-home service—home cooking—and is consumed episodically, on occasions when service is unavailable or inconvenient. Online house-help sits in the second category: it substitutes an everyday in-home service on occasions the incumbent arrangement fails. We, therefore, benchmark frequency to food-delivery aggregators rather than to ECom or QCom, and assume 4.5 orders per household per month.

The management's disclosure supports this level. UC reports 30-40 transactions per household per year in its mature micro-markets, or ~3 per month, which at an average job duration of 1.5 hours is 3.8-5.0 hours a month. On our definition of one order as one hour, 4.5 orders a month sits inside that range. The two frameworks differ in unit, not in substance.

Two behavioral readthroughs follow. First, order contribution should be steeply Pareto-distributed, with a small high-frequency cohort driving a disproportionate share of orders. Average frequency will, therefore, understate the top cohort and overstate the median user, and cohort-level economics will matter more than blended NAOV. Second, demand should be materially more seasonal than QCom's, peaking around Diwali and through the festive season. The peak is sharpened by a coincident supply shock—informal help is most likely to be absent precisely when festive demand is at its highest—which is the emergency fill-in use case in its purest form, and which the management cites as the first of three reasons InstaHelp margins will sit structurally below the rest of its consumer services portfolio.

Demand and supply dynamics at the micro-market level

We limit the serviceable market to the top 15 cities of India, which the management has guided as target markets for the near-to-medium term. In our QCom sector report (link), we assessed unit economics at the dark-store level; the equivalent unit of analysis here is the micro-market, and we build it up in the same sequence.

Defining the micro-market

We define a micro-market as a circle of 0.5km radius, or a circle of 0.79 sqkm area, and work with the assumption that all demand generated within a micro-market is served exclusively by professionals drawn from that micro-market. The radius is set by the fulfillment model rather than chosen: the management describes a walking-based model that works best in dense residential clusters where a professional can serve multiple homes within a short walking radius. Applying the population-weighted density of the top 15 cities of 31.5k per sqkm gives a population of 24.8k per micro-market, or 6.19k households at 4.0 members per household.

Sizing demand within a micro-market

The online house-help MTU mirrors the time-scarce, convenience-maximizing rather than the value-maximizing customer. To hold that profile, we map it onto India's household income distribution and apply the adoption rates back-calculated in our QCom MTU estimation (link)—60% of higher-income households (>Rs1.1mn pa) and 30% of upper-middle-income households (Rs0.8-1.1mn pa). These cohorts are 12.2% and 20.1% of the household base respectively, giving 826 ordering households per micro-market, or 13.3% of households. At 4.5 orders per household per month, this yields 3.7k monthly orders and 124 orders per day (Exhibit 75).

Exhibit 75: Demand side estimates at micro-market level

Parameters	Value
PWD of top 50 cities (per sqkm)	31,536
Radius (km)	0.5
Micro-market area (sqkm)	0.8
Population (#)	24,756
# of households	6,189
Share of higher-income segment (Rs1.1mn+ pa; %)	12.2%
Adoption rate (%)	*60%*
Share of upper-middle-income segment (Rs0.8-1.1mn pa; %)	20.1%
Adoption rate (%)	*30%*
# of ordering households	826
# of orders per household per month	4.5
# of monthly orders	3,716
# of orders per day	**124**
Households per professional ratio	221.0
User households per professional ratio	29.5
Orders per day per professional ratio	4.42

Source: Emkay Research; Note: The adoption rates that were back-calculated from Blinkit's MTU base calculation were 30% and 15%, respectively, for the higher-income and upper-middle-income consumer segments (link). Assuming a 50% market share for Blinkit yields the same adoption rates as used above.

Back-solving the supply required

We then size the professional base needed to fulfill that demand at realizable utilization. A supply of 28 professionals working 7 hours a day puts 196 hours a day into the micro-market; 124 orders against that supply implies 63% utilization, inside our 60-70% band and consistent with the take rate we have assumed. This works out to one professional per 221 households, one per 29 ordering households, and 4.4 orders per professional per day (Exhibit 75).

Exhibit 76: Supply side estimates on a micro-market level

Supply side parameters on a micro-market level						**Values**
Professionals (#)						28
Daily working hours per professional						7
Daily hours in supply						196
Minimum monthly payout of a professional (Rs)						22,000
Minimum daily payout to professionals (Rs)						20,533
Minimum payout per order (Rs)						150
NAOV (Rs)						200
Utilization rate	**40%**	**50%**	**60%**	**67%**	**70%**	**80%**
Hours worked per day (hrs)	78.4	98	117.6	131	137.2	156.8
Implied daily # of orders	**78.4**	**98**	**117.6**	**131**	**137.2**	**156.8**
Implied daily # of orders per professional	2.8	3.5	4.2	4.7	4.9	5.6
Implied monthly # of orders per professional	84	105	126	141	147	168
Daily NTV (Rs)	15,680	19,600	23,520	26,264	27,440	31,360
Daily payout to professionals (Rs)	20,533	20,533	20,533	20,533	20,580	23,520
Monthly payout per professional (Rs)	22,000	22,000	22,000	22,000	22,050	25,200
Payout per order (Rs)	262	210	175	156	150	150
Daily revenue (Rs)	-4,853	-933	2,987	5,731	6,860	7,840
Take rate	***-31.0%***	***-4.8%***	***12.7%***	***21.8%***	***25.0%***	***25.0%***

Source: Emkay Research; Note: From Exhibit 75, demand side estimate screens the 'orders per day' metric at 124 orders, which can be matched on the supply side with a professional supply of 28 professionals at a utilization rate of 63%

Scaling to a serviceable addressable market

As every input above is an average, we hold the micro-market constant and assume standard penetration across the footprint. The implied serviceable area is 399sqkm per city, or 509 micro-markets, giving 7,633 micro-markets across the top 15 cities. This translates to 6.30mn adopting households, 340mn orders a year, and a professional base of 214k at full penetration. At an NAOV of Rs200, annual NOV is Rs68.1bn; the sizing is linear in NAOV, at Rs51.1bn on Rs150 and Rs85.1bn on Rs250 (Exhibit 77).

Exhibit 77: Sensitivity table of annual NOV of online house-help service platforms to platform footprint in terms of # of cities and NAOV

	(Rs mn)	# of cities					
		5	8	11	14	17	20
NAOV (Rs bn)	150	17.0	27.2	37.4	47.7	57.9	68.1
	175	19.9	31.8	43.7	55.6	67.5	79.4
	200	22.7	36.3	49.9	63.5	77.2	90.8
	225	25.5	40.8	56.2	71.5	86.8	102.1
	250	28.4	45.4	62.4	79.4	96.4	113.5

Source: Emkay Research; Note: Above numbers assume a monthly order frequency of 4.5x for the average MTU; for monthly order frequency of 9x, above numbers will have 2x multiplier effect

The build clears a sanity check against the management's own TAM. UC sizes the long-term opportunity across the same top 15 cities at Rs70-80bn of annual NTV in its base case, on 7-8mn addressable households in high-density pockets spending ~Rs10,000 a year each, and Rs100-120bn in a bull case that extends into medium-density pockets. Our Rs68.1bn sits just below the base case, and the two routes agree on almost every input: the management's Rs300 AOV is our Rs200 NAOV at a 1.5-hour job, and its ~Rs10,000 of annual household spend is our Rs10,800. The entire difference is the household base—6.30mn on our income-cohort adoption rates against 7-8mn on the management's dense-cluster count—which is the gap we would expect from routing through income rather than geography. On this basis, the category is at ~3% penetration of its own steady state: InstaHelp's 1QFY27 NTV annualizes to Rs2.1bn. Assuming a 33% market share, the penetration of the industry is at ~10% of its own steady state.

Based on a readthrough of our own build, the disclosed range is a statement about adoption. The top 15 cities hold 47.2mn households on our density assumptions, of which the two cohorts we model account for 32.3%. Holding NAOV, frequency, and the 2:1 ratio between the two cohort adoption rates constant, the management's base case of Rs70-80bn requires adoption of 62-71% of higher-income and 31-35% of upper-middle-income households, against the 60%/30% we carry – which is why our Rs68.1bn sits just beneath it. The bull case of Rs100-120bn requires 88-106% of higher-income and 44-53% of upper-middle-income households. The top of that range is unattainable at any adoption rate, so the bull case cannot be reached by deepening adoption within the households we model; it needs households from below the Rs0.8mn income band. This is consistent with the management framing the bull case as a geographic extension into medium-density pockets rather than a deeper cut of the same base.

Key risks

Intense competitive intensity in InstaHelp segment

In the instant services industry, apart from the unorganized local market, UC faces competitive pressure from incumbents Snabbit and Pronto. Considering the market is in the land grab phase, we see the risk of overspending by competitors. Competitive intensity manifests in elevated spends toward service professional incentives, promotional burn to create demand, and ad spends to attract customers. This makes it difficult to improve margins without risking market-share loss. Any incremental pricing power is constrained by the presence of startups with funding raised as a war chest for cash burn. While the company has sufficient cash and additional support from cash generated from ICS, sustained competitive intensity can lead to higher losses and potentially market-share loss.

Regulatory and compliance risks across multiple evolving frameworks

UC is subject to various overlapping regulatory regimes: DPDPA for data privacy, requirement for category-specific licenses (eg pest control), and gig worker welfare legislation rules. Any adverse regulatory development, particularly around gig worker classification, platform fees, unionization by gig-workers association, or data localization, could increase operating costs or restrict business-model flexibility in ways that are hard to offset through pricing.

Litigation risks across multiple evolving frameworks

UC is facing an intellectual property suit before the Delhi High Court involving the Kent RO system, which alleges patent infringement regarding Native M1 and M2 water purifiers. As water purifiers constitute a significant portion of Native, the outcome of the suit could have a material impact on Native's operations, and thereby, the consolidated entity.

Availability and cost of gig workers

UC's ICS and InstaHelp business models depend on a large, adaptable network of localized service professionals, making partner payouts the primary component of NTV. In the Indian market, cultural perception and social stigma around home-services gig labor create structural friction in partner acquisition, narrowing recruitment yield among workers with alternative employment opportunities. Further, the high concentration of migrant workers within this supply pool leads to periodic seasonal departures during harvesting and festive periods. This dynamic generates severe localized labor shortages during high-demand windows, which in turn inflates partner payout rates and strains overall unit economics.

Urban Company: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**11,445**	**15,555**	**20,821**	**26,660**	**33,475**
Revenue growth (%)	0	35.9	33.8	28.0	25.6
EBITDA	**(305)**	**(1,948)**	**(6,385)**	**(7,270)**	**(2,452)**
EBITDA growth (%)	0	0	0	0	0
Depreciation & Amortization	370	452	684	792	830
EBIT	**(675)**	**(2,400)**	**(7,069)**	**(8,062)**	**(3,282)**
EBIT growth (%)	0	0	0	0	0
Other operating income	-	-	-	-	-
Other income	1,162	1,367	1,410	1,162	825
Financial expense	105	120	136	147	155
PBT	**382**	**(1,153)**	**(5,795)**	**(7,047)**	**(2,612)**
Extraordinary items	(10)	(281)	(53)	0	0
Taxes	(2,112)	602	(1,182)	(1,762)	(653)
Minority interest	-	-	-	-	-
Income from JV/Associates	(87)	(312)	(160)	(8)	114
Reported PAT	**2,398**	**(2,348)**	**(4,826)**	**(5,293)**	**(1,845)**
PAT growth (%)	0	0	0	0	0
Adjusted PAT	**2,408**	**(2,067)**	**(4,773)**	**(5,293)**	**(1,845)**
Diluted EPS (Rs)	**4.9**	**(1.4)**	**(3.3)**	**(3.6)**	**(1.3)**
Diluted EPS growth (%)	0	0	0	0	0
DPS (Rs)	**0**	**0**	**0**	**0**	**0**
Dividend payout (%)	**0**	**0**	**0**	**0**	**0**
EBITDA margin (%)	(2.7)	(12.5)	(30.7)	(27.3)	(7.3)
EBIT margin (%)	(5.9)	(15.4)	(34.0)	(30.2)	(9.8)
Effective tax rate (%)	(552.9)	(52.2)	20.4	25.0	25.0
NOPLAT (pre-IndAS)	**(4,410)**	**(3,653)**	**(5,626)**	**(6,047)**	**(2,462)**
Shares outstanding (mn)	490	1,462	1,462	1,462	1,462

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	490	1,462	1,462	1,462	1,462
Reserves & Surplus	17,468	19,974	16,876	13,386	13,465
Net worth	**17,958**	**21,436**	**18,338**	**14,848**	**14,927**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	(2,117)	(1,515)	(2,697)	(4,459)	(5,112)
Total debt	**0**	**0**	**0**	**0**	**0**
Total liabilities & equity	**17,040**	**21,279**	**17,108**	**11,934**	**11,416**
Net tangible fixed assets	-	-	-	-	-
Net intangible assets	-	-	-	-	-
Net ROU assets	1,119	1,223	1,331	1,409	1,465
Capital WIP	-	-	-	-	-
Goodwill	-	-	-	-	-
Investments [JV/Associates]	-	-	-	-	-
Cash & equivalents	**16,907**	**18,073**	**13,997**	**9,034**	**8,758**
Current assets (ex-cash)	1,563	5,090	5,344	5,643	5,939
Current Liab. & Prov.	2,849	4,229	4,686	5,274	5,868
NWC (ex-cash)	**(1,286)**	**861**	**658**	**369**	**71**
Total assets	**17,040**	**21,278**	**17,108**	**11,934**	**11,416**
Net debt	(16,907)	(18,073)	(13,997)	(9,034)	(8,758)
Capital employed	17,040	21,279	17,108	11,934	11,416
Invested capital	**(1,135)**	**1,223**	**1,020**	**730**	**433**
BVPS (Rs)	36.7	14.7	12.5	10.2	10.2
Net Debt/Equity (x)	(0.9)	(0.8)	(0.8)	(0.6)	(0.6)
Net Debt/EBITDA (x)	55.4	9.3	2.2	1.2	3.6
Interest coverage (x)	4.6	(8.6)	(41.5)	(46.9)	(15.9)
RoCE (%)	**3.2**	**(5.2)**	**(28.5)**	**(41.6)**	**(16.5)**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	(800)	(3,033)	(7,414)	(8,217)	(3,323)
Others (non-cash items)	818	1,446	1,724	1,803	1,924
Taxes paid	(46)	(18)	0	0	0
Change in NWC	99	46	203	289	298
Operating cash flow	**546**	**(987)**	**(4,609)**	**(5,186)**	**(116)**
Capital expenditure	(121)	(408)	(400)	(420)	(437)
Acquisition of business	0	0	0	0	0
Interest & dividend income	1,081	1,137	1,411	1,162	825
Investing cash flow	**(1,489)**	**(3,952)**	**9,511**	**742**	**388**
Equity raised/(repaid)	1,934	4,716	0	0	0
Debt raised/(repaid)	0	0	0	0	0
Payment of lease liabilities	(195)	(255)	(478)	(519)	(549)
Interest paid	(100)	(112)	0	0	0
Dividend paid (incl tax)	-	-	-	-	-
Others	0	0	0	0	0
Financing cash flow	**1,639**	**4,349**	**(478)**	**(519)**	**(549)**
Net chg in Cash	696	(590)	4,424	(4,963)	(276)
OCF	546	(987)	(4,609)	(5,186)	(116)
Adj. OCF (w/o NWC chg.)	446	(1,033)	(4,812)	(5,475)	(413)
FCFF	424	(1,396)	(5,009)	(5,606)	(553)
FCFE	1,401	(379)	(3,734)	(4,591)	117
OCF/EBITDA (%)	(178.6)	50.7	72.2	71.3	4.7
FCFE/PAT (%)	58.4	16.1	77.4	86.7	(6.4)
FCFF/NOPLAT (%)	**(9.6)**	**38.2**	**89.0**	**92.7**	**22.4**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	32.4	(98.8)	(48.1)	(43.8)	(125.7)
EV/CE(x)	12.0	10.0	11.7	14.4	14.3
P/B (x)	4.3	10.8	12.6	15.6	15.5
EV/Sales (x)	18.8	13.7	10.3	8.0	6.4
EV/EBITDA (x)	(704.0)	(109.8)	(33.5)	(29.4)	(87.2)
EV/EBIT(x)	(318.3)	(89.1)	(30.3)	(26.5)	(65.2)
EV/IC (x)	(189.5)	174.9	209.7	292.8	494.3
FCFF yield (%)	0.2	(0.7)	(2.3)	(2.6)	(0.3)
FCFE yield (%)	0.6	(0.2)	(1.5)	(1.9)	-
Dividend yield (%)	0	0	0	0	0
DuPont-RoE split					
Net profit margin (%)	21.0	(13.3)	(22.9)	(19.9)	(5.5)
Total asset turnover (x)	0.8	0.9	1.2	2.0	3.3
Assets/Equity (x)	0.9	0.9	0.9	0.8	0.7
RoE (%)	**15.6**	**(10.5)**	**(24.0)**	**(31.9)**	**(12.4)**
DuPont-RoIC					
NOPLAT margin (%)	(38.5)	(23.5)	(27.0)	(22.7)	(7.4)
IC turnover (x)	(19.6)	353.8	18.6	30.5	57.6
RoIC (%)	**754.8**	**(8,308.1)**	**(501.8)**	**(691.0)**	**(423.4)**
Operating metrics					
Core NWC days	(41.0)	20.2	11.5	5.0	0.8
Total NWC days	**(41.0)**	**20.2**	**11.5**	**5.0**	**0.8**
Fixed asset turnover	25.8	25.1	21.5	19.3	18.5
Opex-to-revenue (%)	84.1	92.6	111.8	108.3	88.8

Source: Company, Emkay Research

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REDUCE	5% upside to 15% downside
SELL	>15% downside

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