Urban Company Limited

Q2 FY27 Earnings Conference Call Transcript

October 16, 2026

Moderator

Good evening, ladies and gentlemen. Welcome to Urban Company Limited's Q2 FY27 Earnings Conference Call.

We have Mr Abhiraj Singh Bhal, CEO & Co-founder and Mr Abhay Mathur, Chief Financial Officer from the Urban Company management team on the call today.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the management's remarks.

Please note that this call is being recorded and the audio call and the transcript will be available on the company's website.

Additionally, please note that this earnings call is scheduled for a duration of 45 minutes. If you wish to ask a question, please use the raise hand feature available on your Zoom dashboard. We will announce your name on the call and unmute your line post which you can proceed with your question.

Our results and shareholder letters have been published to the exchanges and uploaded on the company's IR website.

Before we begin the call, I would like to remind all the attendees that some statements or comments made on the call today by the management can be deemed as forward-looking and hence may involve certain risks and uncertainties. Such statements or comments are not guarantees of future performance and the actual results may differ.

Over to Mr Abhiraj Singh Bhal for the opening remarks.

Abhiraj Singh Bhal

Thank you, Bhavya.

Good evening, everyone, and welcome to Urban Company's Q2 FY27 earnings call.

Ladies and gentlemen, we have now completed one full year as a listed company, and it has been a year of strong growth and solid execution. Every segment of our business has scaled well, growth has stepped up, and Q2 only saw that momentum continuing further.

On a consolidated basis, net transaction value grew 39.1% year-on-year to reach ₹1,432.3 crores, and revenue from operations grew 41.4% year-on-year to reach ₹537.3 crores. Our orders delivered more than doubled year-on-year to reach 15.1 million, and annual transacting users grew 34.5% to reach almost 10 million.

Adjusted EBITDA loss recorded was ₹144 crores, but this reflected a ₹174 crore

investment in InstaHelp. Excluding InstaHelp, adjusted EBITDA was ₹30 crores positive, up 213% year-on-year.

For the purposes of this call, we want to share three key messages with the investor and analyst community.

First, our growth has stepped up structurally, and every business has a very long runway for growth. Consolidated NTV has grown by almost 40% for three straight quarters, well ahead of our pre-listing trend. That growth comes from faster new user acquisition, which has been up 46.3% over this period, better repeat behaviour, which keeps us compounding, and densification of our micro-markets, which makes our services faster, cheaper, and better.

India Consumer Services, our core business, grew 26.3% year-on-year in the current quarter, Q2. I might remind our listeners that this growth has come off a tougher base — Q2 last year was 900 basis points higher in year-on-year growth compared to Q1 last year. Further, the festive season this year is falling entirely into Q3. So we're quite happy with the 26.3% year-on-year growth.

More importantly, in the India Consumer Services business, we feel that our penetration runway is very large. For our largest categories, in our top 8 cities, penetration continues to be well below 10%, and our Tier 2 cities are now growing much faster and becoming a strong second engine for growth.

Coming to our international markets, we grew at 66.2% year-on-year. UAE is a very large market for us, and despite the war, it has continued to grow very well, and all concerns around growth in that market are now well and truly behind us.

Native recorded another strong quarter of growth, with 35.4% year-on-year growth. This was despite the festive sales moving completely into Q3. We expect the overall year-on-year growth of Q2 and Q3 put together to be in the range of 50% to 55%.

In InstaHelp, we continue to be aggressive. Orders grew 63% quarter-on-quarter to reach 6.23 million, and in the micro-markets of InstaHelp, which run alongside our core business, about 45% of all new users to the platform now come through InstaHelp.

So that was the first point — that growth has materially stepped up. It is structural, and every business, in our view, has now got a long runway for growth.

Second, the growth is driving operating leverage. The core is now profitable, with expanding margins year-on-year, and we are investing aggressively in InstaHelp by choice.

Adjusted EBITDA, excluding InstaHelp, was at ₹30 crores this quarter, up 213% year-on-year, and ₹119 crores for the past three quarters, up 175% year-on-year. During Q2 FY27, India Consumer Services saw a margin improvement of 110 basis points year-on-year to reach 3.5%. International saw a 190 basis points margin improvement year-on-year to reach 2% of NTV, and Native's loss margin narrowed by 220 basis points year-on-year.

Even in InstaHelp, where we continue to make meaningful investments as a deliberate choice to cement our market leadership, the unit economics improved with density, and loss per order fell 19% quarter-on-quarter, from ₹346 to ₹279.

So that's the second point we want to reiterate — which is that our core businesses are now getting more profitable, with expanding margins, driven by the operating leverage that growth provides. And we are investing aggressively in InstaHelp by choice.

The third and last point is that we are firmly on track to achieving the targets that we had set out for ourselves, and we are raising capital for strategic flexibility.

We closed the quarter with ₹1,901 crores of cash and treasury investments on our balance sheet, and a core business that generated ₹119 crores of adjusted EBITDA over the past three quarters.

Our businesses now are materially larger than they were at the time of listing. Growth has stepped up, and we now operate three businesses at scale with proven economics.

The proposed raise of up to ₹2,500 crores is about flexibility. It lets us invest with conviction across each of these business lines, cement our leadership in InstaHelp, and pursue inorganic opportunities selectively, without trading off one for the other.

I want to underscore that we believe we are firmly on track to achieve our adjusted EBITDA breakeven goal by Q3 FY28, and we are very confident, now more than ever before, of achieving the ₹1,000 crores adjusted EBITDA goal that we set out for FY31.

With that, we'd be happy to take questions from the analyst community. Thank you.

Moderator

Thank you, Abhiraj. We will now wait for the question queue to assemble. As a reminder, if you wish to ask a question, please use the raise hand feature available on your Zoom dashboard. We will announce your name on the call and unmute your line, post which you can proceed with your questions.

The first question is from the line of Mr Gaurav Rateria from Morgan Stanley. Please go ahead.

Gaurav Rateria

I hope I'm audible.

Abhiraj Singh Bhal

Yes, good evening.

Gaurav Rateria

Yeah, hi, congrats on great execution. I have a couple of questions. For the India Core Consumer Services, the instant proposition has really helped — probably to get better repeat, higher frequency and lower churn. But what is driving the higher pace of new customer acquisition, and how sustainable is it?

My second question is on average spend per customer, which historically has grown at 6–7% year-on-year. It's come out a little slower in the current quarter, at 3%, so anything to read into this number. And the last question is on your foray into the residential AC segment — it would be great to get a little bit of thought on our edge and right to win, as far as the product is concerned and as far as the distribution capabilities are concerned. Thank you.

Abhiraj Singh Bhal

Thank you, Gaurav, for your questions. Let me start with India Core. You're right, the growth has continued to remain very healthy, and it is driven, in large part, by both new user acquisition as well as our cohorts and repeat base compounding well.

I think on the new user acquisition side, it's a combination of three things, Gaurav. One is, of course, the proposition itself has become stronger for customers. With densification, what we are able to do is deliver our services faster under UC Instant, and increasingly now, consumers are able to see, in the top 7–8 cities, services available within the hour, and very often within 30 minutes or so.

Secondly, we've continued to make meaningful investments in training, in SOPs, in tooling, and quality control via AI, and that compounds the word of mouth faster, which is the biggest source of acquisition for us from a new user standpoint.

And third, in pockets, we have also leveraged the utilization improvements that we have driven to give more value to users in terms of better pricing. So I think the underlying proposition has strengthened, and that has helped us.

The second factor that is driving acceleration for new users is Tier 2 markets. As we have mentioned in the letter as well, Tier 2 is now growing much faster, and I think it's a function of Tier 2 users essentially getting a wider assortment of services now available to them, and our own focus on Tier 2 markets in the past few quarters has increased — we've started to double down, and we will continue to do that for the coming years ahead.

And finally, we've stepped up on customer marketing as well, and that would have been visible in the India Core P&L that we've drawn out. So, a combination of all three things has stepped up new users. We are very confident of this trajectory continuing — we see a long growth runway, as I mentioned at the start of the call as well.

On average spend, I think there's nothing material to talk about. It's a combination of some mix change, a little bit of the festive season moving further along this year, and, in pockets, as I mentioned, we've passed on the benefits of densification to consumers.

On the residential AC side, our view is that we've now operated in the segment of air conditioning servicing and repair for close to 11–12 years, ever since the inception of the company, and there's a lot of data and knowledge that we have gathered on what are the consumer pain points, and what are some of the unmet needs of the consumers.

Based on those data points and our own understanding of the market and the unmet needs, we have been quietly working on creating an innovative, cutting-edge product. We will be very calibrated and measured in terms of this particular endeavour and the rollout of this. We expect the next year or two to be more about learning, and mostly from a channel standpoint as well — I think we will limit it largely to our app. So the idea is to learn in the first year or two, to get feedback from consumers.

We believe we are on track to launching an air conditioner device that will be very, very innovative, and much like all our other products in Native, will bring a breath of fresh air to the category. But at the same time, we want to be very calibrated and measured in the way we approach this. Native has been doing very well — growth has been strong, and margins have been improving, and we now believe we're within touching distance of profitability in Native, and we would like that trajectory to continue. So our foray into AC should not

materially change that trajectory.

Gaurav Rateria — Thank you, all the best.

Abhiraj Singh Bhal — Thank you. Thank you.

Moderator — Thank you. Next question is from the line of Mr Manish Adukia from Goldman Sachs. Please go ahead.

Manish Adukia — Hi, good evening. Thank you for taking my questions. I also have three questions, and maybe my first question would be on the use of proceeds from the announced potential capital raise. When you mentioned that you may also potentially look at some acquisitions or inorganic opportunities, can you maybe provide some colour in which part of your business or segment you would need to build capability through M&A? And second, when you think about M&A, could these be bolt-on acquisitions? How are you thinking about the range or scale of what kind of target you may look to acquire? That's my first question.

Abhiraj Singh Bhal — Yep. Manish, so, as I mentioned in the opening remarks, the purpose of this fundraise is predominantly to ensure that we have strategic flexibility over the next 5 to 10 years, and that we have a strong balance sheet to execute on our vision, which is to build a much, much larger company than we are today. In fact, we still believe we're a very small company in the scheme of things, and our ambition is to go beyond being just a home services company and eventually become the trusted home platform for Indian consumers — almost the operating system for the Indian home.

So, given that ambition, we want the strategic flexibility over the next few years to invest in all our areas of business, whether it's India Core, International, Native, and InstaHelp. Each of them plays a distinctly important role, and we think that this fundraise, of up to ₹2,500 crores, will significantly strengthen the balance sheet and give us that flexibility.

We've talked about inorganic opportunities as well, and I would say in India Core, Native, and our international markets, the ecosystem around us has evolved. There is nothing imminent, but we will always be open and look out for the right opportunities, and if there is an attractive opportunity at the right valuation that we believe can be meaningfully additive to the company and create long-term shareholder value, we are very much open to doing that. So that, I think, is our current thought process.

Manish Adukia — Thank you, Abhiraj. If I may just ask a follow-on on that — on your India Core Services, where you are by far the market leader, or probably the only player out there, and you're a multi-category platform — could there be any possibility of acquisition in that vertical? I'm just trying to understand what you might need through M&A in your core services, where you already have multiple categories, so I'm just trying to get some flavour, even if qualitatively, as to what kind of capabilities you would want to build through M&A, if at all you're able to share that.

Abhiraj Singh Bhal

Yeah, so it's a good question, and I think maybe I'll take the question one level higher and answer it more at a framework level. So, I think the framework we will use is: either an M&A should allow us to consolidate a particular market that we find ourselves in, or it should allow us to enter a new category or market.

Now, given that, we've explicitly said in the past as well that we don't look to enter any new countries. For India Core, if at all we do an M&A, it would be to add on categories that we don't operate in today, where we feel that the decision of build versus buy may be tilting in favour of buying, provided things are accretive from a valuation standpoint. So I would say that's the broad framework we would look at. We would look at a similar framework within our other lines of business as well.

Manish Adukia

Very clear, thank you, Abhiraj. My second question — of course, when you look at InstaHelp as a business, the net order value continues to come down, and I'm assuming that versus what you would have thought two or three quarters ago, the competitive intensity has probably remained elevated for a prolonged period of time. But despite that, like you said, you remain confident of delivering on your break-even target of Q3 of next fiscal year. Is that a function of your core businesses, including International and Native, doing that much better versus your own expectations in terms of profitability, and that's why you remain confident of delivering break-even at a company level? Or do you think how things evolve in InstaHelp in the next one or two quarters will actually determine whether you get there or not — just trying to get a sense of whether, despite that, you could still deliver break-even if competition remains high in InstaHelp?

Abhiraj Singh Bhal

Yes, so Manish, I think why we remain confident on achieving the Q3 FY28 break-even goal at a consolidated level is a function of two things. One, I think the growth trajectory and the operating leverage that growth brings to our three main businesses — India Core, International, and Native — is strong, and certainly much stronger and much ahead of what our expectations were a year back, at the time of the IPO and in the first earnings call when we set out these targets. So that gives us significant additional cushion, I would say — and not just incremental, additional cushion.

Two, in InstaHelp — and I want to reiterate this point — I don't think the losses are high because of competitive intensity. The losses are high because we are choosing to keep them high, and we are choosing to invest from a position of strength, because we have a certain view on the TAM, the opportunity, and how we would like to play it.

And since the beginning of this year, we have been executing on a certain plan, with deliberation, and that plan we have drawn out pretty much all the way for the next 6 to 8 quarters. Now, you're obviously in a competitive environment, reacting tactically to ongoing situations, but at the highest level, I think it's not that we are reacting to competitive intensity — if anything, our aggression is what the others have to keep up with.

So, we have a certain plan in place, we're executing on that plan, and we believe that that plan will fructify into both us achieving the targets that we've set out to achieve, as well as cementing our leadership position in InstaHelp.

Manish Adukia

Thank you, Abhiraj, very clear. And just my last question is a follow-on to your response to Gaurav's question earlier on the potential foray into air conditioners — thank you for providing colour that the next one to two years would be like a learning phase, but again, still trying to understand — when you look at your various businesses, all of them are doing really well from a growth perspective: India Core, like you said, is accelerating, Tier 2 is seeing good traction there, InstaHelp, of course, is competitive and you're also investing there, International has again accelerated — so all businesses are doing well. And in that waterfall, when Native is yet not profitable — yes, it's getting there, but still not profitable — and other businesses may also potentially require some growth investments, and they're doing well, why choose a new category to enter into when so many other parts of the business are doing well, and may do even better if you continue to invest there? So just trying to understand, from a capital allocation waterfall perspective, how does air conditioning take priority, or where does that fit in terms of the amount of allocation that it may see?

Abhiraj Singh Bhal

Yeah. So, in our view, Native is well and truly on track to achieve its profitability goals — I think it will actually happen pretty soon, and that's part of the reason why we think, from a timing perspective, it's the right time as well.

And our own view, from a capital allocation standpoint, is that we want to be fairly disciplined in the build-up of AC. Like I said, once Native is profitable, we want that trajectory to continue — we don't want a foray into AC to, in any way, deviate from that trajectory.

In fact, we've mentioned in the letter as well that R&D expenses in Native are today the bulk of the EBITDA losses, so from that, one can derive where the underlying profitability is already tracking.

Finally, an entry into any new category is a function of — one doesn't think about just the next few quarters, but takes a very long-term view. In the long term, we believe this is a very attractive category for Native. We do almost 10 times more air conditioner servicing, repair and installation orders compared to water purifiers, and the category is also perhaps 10 times larger in terms of TAM. And there are genuine pain points which, over the last 10–12 years of building this category from a servicing standpoint, we have seen consumers experience.

And we will be very calibrated, measured, learn, go slow, and set this business up for long-term success. I don't think we're looking at any immediate numbers in the first one or two years — I think it's all about keeping things in a learning phase, and thinking about how we succeed over the next 5 to 10 years from that long-term picture perspective. I would say it can become a fairly strong pillar for Native.

Manish Adukia

Thank you, Abhiraj. Really appreciate your responses and insight. All the best.

Abhiraj Singh Bhal

Thank you, Manish.

Moderator

Thank you, Manish. Our next question is from the line of Mr Sachin Salgaonkar from Bank of America. Please go ahead.

Sachin Salgaonkar

Hi, thank you for the opportunity. Abhiraj, a really big-picture question to think about, and this is what I'm trying to grapple with — you guys had always maintained a stance that Urban Company doesn't need cash, that you have a good amount of cash on your balance sheet. So trying to understand what has now changed, which is now leading to dilution to shareholders. I understand from your comments today that competition at InstaHelp has not changed — while it is intense, it has not increased — and I also understand growth has stepped up, and there is operating leverage coming through on the back of it. But yet, when I look at your FY31 target, it's unchanged, right? So how should we think about the capital being raised — will it be invested for growth, and hence, should we see upside to that FY31 EBITDA target?

Abhiraj Singh Bhal

Good question, Sachin. See, we are very clear that this capital is being raised for strategic flexibility, and predominantly for growth. I think from a build-out of our existing organic businesses, as well as InstaHelp, to be honest, the trajectory that we are on, the current balance sheet is more than sufficient — and if it was not, we would have changed the short- to medium-term targets, but those remain unchanged.

So we believe that the additional capital is not necessarily to fund the losses in InstaHelp, or for the short-term needs that the other businesses might have, but more from a longer-term perspective — to provide strategic cushion, and definitely to look at any interesting inorganic opportunities, which, given where Insta's trajectory is, the current balance sheet does not provide that level of strategic flexibility for.

And absolutely, as and when we do invest, these investments will be growth investments, and they should result in a higher trajectory of top line and bottom line in the medium to long term — which is one of the reasons why I underscored that we remain extremely confident of that long-term target of ₹1,000 crores by FY31. And if I'm saying that out on the earnings call, then obviously internally, our assumptions would be much, much higher.

Sachin Salgaonkar

Yeah, sorry to stick on this point, but the question I'm trying to get at is, why now? Because you're saying that you need capital, let's say, from a 10-year point of view, where your core consumer business clearly has EBITDA increasing, and there is that guidance of roughly 100 basis points improvement in margin every quarter. So clearly, with the accelerated growth, as well as things improving, you do see that incremental cash coming in. Native — you're saying the business, despite the foray into ACs, will remain on a profitable trajectory. International is also increasing. And InstaHelp is what you guys are choosing to invest in. So, in that context, clearly you do have that flexibility — so what do you mean by incremental flexibility, what you want, and why now from a capital raise point of view?

Abhiraj Singh Bhal

Yeah, no, that's a good question, Sachin. I think — see, there's never a perfect time to do these things. The very definition of flexibility is that the sooner you do it, the more flexibility you have.

I think today, for instance, I wouldn't say that we enjoy a lot of flexibility from the current balance sheet standpoint, given where Insta's losses are, and the other requirements. So, at this point in time, the current balance sheet allows us to execute precisely on the plan that we have laid out for ourselves in an organic fashion.

I think the incremental capital allows us to be more aggressive, to see newer opportunities that may come along, to look at inorganic acquisitions more closely, and, in the worst-case scenario, if the TAM, for instance, is significantly larger than we are envisaging, and the competitive intensity dramatically increases, it gives us the option to play on the front foot, without being defensive. That's about it.

Sachin Salgaonkar — Got it. And last question from my side is, when you say you're open to acquisitions, ideally, should we also think about a potential acquisition into the InstaHelp category — where, let's say, interest rates in the US are such that it's not easy for anyone to raise incremental capital, and you guys are sitting on a good amount of cash — is that an M&A opportunity you guys are also open to exploring?

Abhiraj Singh Bhal — So, I'd never say never, but it's highly unlikely.

Sachin Salgaonkar — Cool, alright, thank you.

Abhiraj Singh Bhal — Thank you.

Moderator — Thank you. Our next question is from the line of Mr Abhishek Pathak from Motilal Oswal. Please go ahead.

Abhishek Pathak — Yeah, hi, am I audible?

Abhiraj Singh Bhal — Yes, please go ahead.

Abhishek Pathak — Hi, Abhiraj, congrats on another good quarter. My question is on the perspective of supply of experts as well as helps. On the InstaHelp side, do you think, in the near to medium term, the supply or the recruitment of helps becomes a rate limiter on growth? And to that effect, if somebody — should somebody choose to invest or should somebody kind of you know — come in and offer slightly better take rates to our experts and our helps, how do we safeguard against that, and does that impact growth in any way?

And the second question, again on the InstaHelp side, is: do we have a working, unit-economics steady-state picture that we have in mind, that we aim to achieve in the next two to three years? I understand it may be a high single-digit EBITDA business, but in terms of sacrificing those margins for the next three to four years, do we believe that more interventions would lead to outsized growth? Because the TAM that we've put out still kind of limits the ceiling to which InstaHelp can grow — so how do those investments pan into

that whole situation? Thank you.

Abhiraj Singh Bhal

Yep. So, Abhishek, in terms of the availability of supply — and this answer is true as much for InstaHelp as it is for the rest of our business — I would differentiate between availability of people and the ability to recruit, train, onboard, and retain the right skill and talent from a long-term perspective.

So, people are available — I don't think there's a shortage of that, especially if the earnings proposition is strong, and we've given out our latest update on the Earnings Index, where you can see that the earnings proposition on the platform continues to be very strong, across InstaHelp and Core. I think people will always want to join, be part of a formal workforce, have a dignified life, have access to middle-class earnings, as well as all the other benefits that we provide, in terms of life, health, and accidental insurance, access to credit, upskilling, etc. So there's definitely — across the two segments, the top of the funnel is not the challenge.

I think the challenge is: can you identify the right people, who have the customer-centricity, the sincerity to work with purpose, who see a long-term pathway on the platform? And then, do you invest correctly in the training and onboarding, and setting them up for success, and then, over their lifecycle, are you able to support them well, so that they get retained, and their earnings grow, and their overall ratings and reputation on the platform compound? I think that's what this whole business is about, and that's where our focus is. It's easy to add bodies in this business — it's hard to retain the right supply and maintain a very low partner churn. And I think some of these things tend to play out in the medium term. So that's where we are focused on.

On take rates, I think eventually experts care about net income in their hand — that's what they really care about. They look at: hey, I'm committing a certain amount of time to the platform, what is my absolute earnings? So it's less about take rate for services, it's more about absolute earnings. And there, we feel we are very competitive, as a function of densification, as a function of our brand, as a function of the scale that we have. And we will continue to work harder and harder to ensure that the earnings on the platform remain best-in-class.

On the second point, on the steady-state picture of InstaHelp — I think we do have a view, and a very clear view there, and we continue to see if our older micro-markets are tracking towards that view. Without getting into the nitty-gritties of that view, at the highest level, as I have mentioned on a few earlier calls as well, we will need the pricing to reach roughly about ₹200 an hour, and the net order value to reach roughly about ₹300, given the average order is about one-and-a-half hours.

This is because our view is that, even with the best utilization, you need about ₹150 an hour of payout for every utilized hour to the gig worker, and the remaining ₹50 is essentially all your costs if you run a well-oiled, efficient machinery at scale. We think we will get there — we are very confident.

While the current numbers, and the current NOV's declining trajectory, may raise some concerns amongst the investor and analyst community, we have enough evidence internally — and if we didn't, we wouldn't be this aggressive. We have that evidence, but it will be a

long journey, and we will have to be patient. And that long journey is by choice for us as a company, and also a function of the broader market that we find ourselves in — it isn't going to happen in a year or two. As we've said earlier, our break-even target for InstaHelp is as far out as FY31, so we're in no rush.

We want to invest in this category, we want to see how large it can become. We have a view on the TAM, and we've reiterated that view in the current letter as well — our view remains unchanged. It's a bottom-up view, based on very granular data points, and our understanding of how the customer segment is. Today, the orders are obviously scaling very fast, but I do want to call out that it is at a very low NOV for the industry, so there is a percentage of these orders that are, for the industry as a whole, being bought. And once pricing fully corrects, we will see a downward correction in the orders as well — that's not something that's hard to imagine. It will still be net incremental to the NTV.

But with that overall understanding of where the market will be — having operated micro-markets which are less competitive, at near full price, and having seen how those micro-markets behave over a longer period of time, and extrapolating the number of such micro-markets, and the number of such households in the top 15 cities — we think the market is attractive, but it is range-bound. It's not one that will throw up multiple winners, or have unbounded growth for a single player. It will be a good, attractive, strong category in the long run for Urban Company, and will drive a lot of additional benefit for the platform beyond its own NTV and its own P&L, because if our vision is to go beyond being a home services company, into being the trusted home platform for India, then that home platform cannot exist without a frequency layer — and that frequency layer is InstaHelp. So it's a very fundamental, strategic part of that vision, which is why we're investing and building ahead of the curve here.

Abhishek Pathak

Thanks, Abhiraj. Just a very quick follow-up on the InstaHelp piece — from your analytics, or from the use cases that your customers are using InstaHelp for, are there any surprising use cases which you think may push that TAM higher, or expand it? And if yes, which are those categories within InstaHelp that customers are using these instant services for, and is there an ROI in investing or leaning a bit more heavily on these services, so that the TAM expands meaningfully with probably slightly lower investments?

Abhiraj Singh Bhal

So within the household category, the two prominent use cases today are, one, replacement — when your house help is not available, and this stretches across both planned and unplanned leaves, as well as longer leaves. So that's one big segment.

Some of these users are also using InstaHelp for additional help, over and above what their house help does, and we'll have to wait and watch if that additional-help use case expands further.

And then there's a segment of younger users — the ones that do not want to commit to a full-time, everyday house help coming to their home. They feel that the home can be cleaned 2–3 times a week, 8–10 times a month, and that's enough, and they want the flexibility to book those on the go, whenever they want. And incidentally, the economics actually works out better for them. That's a smaller TAM, and again, depending on how that

TAM grows, and as that segment and population ages, whether that behaviour reverts back to the mean, or actually continues with the new behaviour, will determine eventually how large this category will become.

At the highest level, for this category to be much larger than what we've painted — even in the previous letter we had mentioned — the one fundamental assumption that has to change is that it has to go beyond being just replacement, to being the primary household category. And we are open to seeing evidence of that, and if there is evidence of that playing out, then that'll be exciting.

From the looks of it, I don't think over the next 3, 4, 5 years that's going to happen — it may happen over a much longer period of time, as India becomes richer, and it becomes harder and harder for people to afford having someone come to their house every single day. That's the behaviour we see in our other markets — UAE, Saudi, and Singapore — all showing that behaviour. And that's fundamentally where the country will eventually get to — the question is whether it will get there by 2030 or not.

I want to reiterate, the TAM picture that we drew was for the next 5 years, in the top 15 cities. Of course, over a much longer period of time, there's no debate that this will be a very, very large and attractive category, but that period of time could be much further ahead than we are imagining it to be. And we are always open — our opinions are always strong in the moment, but loosely held — and if evidence points otherwise, there's no reason for us not to acknowledge and accept that.

Abhishek Pathak — Thanks so much, thank you, and all the best.

Abhiraj Singh Bhal — Thank you, Abhishek.

Moderator — Thank you. We'll extend the call by a few minutes to accommodate a few more questions. The next question is from Mr Swapnil Potdukhe from JM Financial. Please go ahead.

Swapnil Potdukhe — Hi, thanks for the opportunity. My first question is related to your professional growth in the India Consumer Services business. What I see is that, in the last two or three quarters, there has been some acceleration on that side — this quarter, the growth was around 16%, earlier it was in double digits, and if I go back a couple of years, it was in single digits. Now, first, I would like to understand what are the drivers here — is it more about lower churn, densification, micro-markets, or something else? And a related question to that is, should a sharp acceleration in professionals' growth eventually translate to better growth than what we are even delivering now — maybe high-teens professionals' growth can translate to a 30%-kind of growth for your India Consumer Services segment?

Abhay Mathur — Hi, this is Abhay, and I'll try and answer that question. So, the growth in service professionals is a leading indicator of how we see growth in the core business. This quarter's growth has been 16%, whereas the NTV has grown by 26%. So, as we've shown in our Earnings Index, growth in the top line will come as a function of growth in the

number of professionals, as well as an improvement in utilization — so that's what we're targeting.

And, as the business grows, we will onboard supply ahead of demand. This quarter also has some level of onboarding ahead of the festive season, so that's also a factor. But overall, we see gains from utilization, as well as adding more active professionals to the platform, as the key to future growth.

Swapnil Potdukhe — So will it be fair to say, Abhay, that 25% is something that one should work with for growth, given the increase we have seen in recent quarters — because earlier, the professional additions were a mid-single-digit kind of number?

Abhay Mathur — Swapnil, I wouldn't put a specific number to the growth projections for the future. As Abhiraj mentioned, the increase in growth has been structural — new user acquisition is growing, retention is improving, and as a function of that, we are adding more professionals. So we'll wait and watch.

Swapnil Potdukhe — Got it. The other question is with respect to your instant services for the Consumer Services business, where you're servicing in 30 to 60 minutes. Now, do you charge a premium here to the consumers? And if not, will you — not today, maybe in the future — is there any plan on that side? And a related question, again, to that is: do you plan to extend this instant services offering to UAE and Singapore as well?

Abhiraj Singh Bhal — So right now, we don't charge any premium, and in the future, we're open — it's not a decision that we've taken right now, it'll be a function of many considerations and factors. It's already something that has been rolled out in both UAE and Singapore as well.

Swapnil Potdukhe — And just a last one — so, obviously, your contribution margin expanded this quarter, partly because of lower customer and partner support costs, refunds, and those kinds of things. So the question is, how much more juice is left for the contribution margin in India Consumer Services to improve, given that we are already at 22%? Yeah, thanks.

Abhay Mathur — Yeah, Swapnil, yes, the contribution margin has actually been showing an increasing trend, and as we explained, it's come from a lot of AI-led cost efficiencies, as well as improving profitability in our product business. We will try to improve that further, but as we've said in the past, our key lever to getting to the 9–10% adjusted EBITDA will largely be operating leverage — so that's what we will track towards.

Swapnil Potdukhe — So, just a related question to that again — then how should we look at your fixed costs? Because what is happening is that your employee cost has also increased materially over the last few quarters in this business — so where exactly should we see that operating leverage start to play out?

Abhay Mathur — No, so Swapnil, yes, the absolute costs have gone up, but if you look at the picture Year on Year across cost lines, I think, other than marketing, we have demonstrated operating leverage across the other lines. And going forward as well, our endeavour is to demonstrate operating leverage across all three lines — salaries, marketing, and G&A. And as we mentioned in the letter, we would prefer to invest for growth where possible, while improving our margins in a calibrated fashion — so that's what you will see play out, as we invest in the number of initiatives we've spoken about.

Swapnil Potdukhe — Got it, good, thanks a lot, Abhay.

Moderator — Thank you. Ladies and gentlemen, we will take the next question as our final question. This will be from Mr Srinath V from Bellwether. Please go ahead.

Srinath V — Hi Abhiraj, am I audible?

Abhiraj Singh Bhal — Yes, Srinath, hi, good evening.

Srinath V — Two sets of questions — one on Native. I want to understand how the experience has been — we have now built some level of offline distribution. Have we attracted a new set of customers, or a different set of customers? How do you see a pan-India rollout in modern retail? Just wanted to hear your views.

Abhiraj Singh Bhal — Srinath, I think I would say that the percentage of business that comes from offline is still very small right now, and we're still very much in the learning phase. The bulk of the business continues to come from e-commerce platforms and our own app. But early response has been good, especially in modern retail.

And we are learning — it would take some time for us to understand that. We also don't want to be in a rush, and we want the brand and the product quality to continue to compound. With our new launches — the M3 water purifier, which has a 3-year, no-questions-asked filter life and comprehensive warranty — it's truly, in my view, the state-of-the-art, best water purifier out there. And the Lock Ultra, I think we are seeing pull now, over time, from the offline ecosystem as well. We'll be calibrated, and build out that ecosystem slowly and steadily.

Srinath V — Perfect. My second question is on InstaHelp Gold — I want to understand how the customer feedback has been, any qualitative understanding you can share on how this rollout has played out on NPS, or on broader customer feedback. And second, I wanted to understand how many micro-markets we have rolled this out to — have we already rolled it out to all key micro-markets where we already have density? And the last one, on InstaHelp, is: we've seen significant service-professional addition in InstaHelp this quarter — would it be fair to assume we have solved for availability, and seen a significant improvement in the liquidity coefficient for the category, especially with the festive season

coming in, which sees some level of spike in InstaHelp?

Abhiraj Singh Bhal — Yep. I think Gold is, I would say, still early in its rollout — the early results are very promising, and premiumization is something that we've done across all our core categories as well, whether it's Salon Lux, Men's Grooming Royale, etc. So we wanted to do that early in the journey of Insta, rather than later, and see and learn. I would say it's still in the early phases — we'd share more at the right time. But just given the dynamics of the category today, what I can share is that it's interesting, exciting, promising, and we certainly intend to continue to build on Gold and scale it out.

You're right, I think we've been hard at work, aggressively onboarding supply in the last 3–4 months, in the run-up to the festive season, and also to improve the liquidity coefficient. We've seen an improvement in the liquidity coefficient — it helps that demand continues to be strong, and in many pockets, demand is running ahead of supply. But I think in the last quarter, we've made big strides towards bridging that gap.

Srinath V — Cool, thanks a lot, and all the best here.

Abhiraj Singh Bhal — Thank you, Srinath.

Moderator — Thank you, Srinath. Ladies and gentlemen, we'll take that as the last question for the evening. Thank you for your participation. You may now disconnect your lines. Enjoy your evening.