

ABOUT SES

Stakeholders Empowerment Services (SES) is a Corporate Governance Research and Advisory Firm. SES assists Investors to analyze Governance Practices including matters relating to sustainability, prevalent at Listed Entities and empower Investors to undertake meaningful engagement with Investee Entities.

SES SERVICES

E-BRSR Tool: Online web-based platform to create **BRSR Report** by the Company and generate **XBRL** in seamless, cost and time effective manner

Already subscribed by HUL, Maruti, TVS Motors, Kansai Nerolac, CDSL, Hero, L&T, Wipro, Bharat Forge, Reliance Group and many others. [Read More](#)

Contact for Demo – esgdata@sesgovernance.com

SES AIMS:

Designed primarily for Institutional Investors to carry out their stewardship activities in an efficient manner.

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Proxy Advisory:

Advises Investors on the matters that require shareholder approval at Listed Entities and identify Governance Issues.

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Analyze sustainability initiatives of Companies based on various environmental, social and governance factors.

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CGS model measures the Company's compliance and also evaluates the Governance Practices with respect To Global Benchmarks. [Read More](#)

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A web-based, one-stop vote management system to cater to the requirements of Institutional Investors.

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Proxy Advisory Report (Addendum)

Urban Company Ltd

COMPANY INFORMATION

BSE CODE: 544515

NSE SYMBOL: URBANCO

ISIN: INE0CAZ01013

Listing Date: 17th September, 2025

Industry: E-Retail/ E-Commerce

Email: cs@urbancompany.com, Peoplesuccess@urbancompany.com

Phone: +91 11 444 570 56

Registered Office: Unit No. 08, Ground Floor, Rectangle 1, D4, Saket District Centre, New Delhi – 110 017, India

MEETING DETAILS

Meeting Type: PB

Voting Deadline: 6th December, 2025

Notice Date: 1st November, 2025

Notice: [Click here](#)

Annual Report: [FY 2024-25](#)

E-VOTING DETAILS

e-Voting Platform: [NSDL](#)

Cut-off Date: 3rd November, 2025

Remote E-voting:

- **Start:** 7th November, 2025
- **Ends:** 6th December, 2025

ADDENDUM REPORT RELEASE DATE: 3rd December, 2025

Research Analyst: Achintya Bhattacharyya

Conflict Disclosure: SES - No Conflict | Analyst - No Conflict



ADDENDUM

There is no change in the SES Recommendations on any resolution. However, shareholders may take note of the Company's clarification and SES' comments thereon.

BACKGROUND

SES as per its policy, had emailed its PA Report ([weblink](#)) to the Company on 25th November, 2025 in respect of the PB of the Company.

Post release of PA Report, SES received an email from the Company on 26th November, 2025. The Company, through the email, provided its view point, which is reproduced at the last in *blue text*.

It may be noted that the email of the Company dated 26th November, 2025 (as per SES policy framed to comply with SEBI Circular dated 3rd August, 2020 [SEBI/HO/IMD/DF1/CIR/P/2020/147](#)) has already been forwarded to SES clients as it is, without any inputs from SES.

This Addendum provides appropriate responses of SES, wherever required.

SES COMMENTS TO COMPANY'S RESPONSE

SES clarifies that the PA Report shared by SES is not a draft Report and has been shared with shareholders along with the Company. Any clarification provided by the Company has been shared with the shareholders, along with this addendum.

Company's Views:

RESOLUTIONS NO. 1 AND 2: RATIFICATION OF THE URBAN COMPANY LIMITED EMPLOYEE STOCK OPTION SCHEME, 2015 AND RATIFICATION OF THE URBAN COMPANY LIMITED EMPLOYEE STOCK OPTION PLAN, 2022

1) Inadequate Disclosure of Exercise Price / Pricing Formula

The Employee Stock Option Scheme, 2015 and Employee Stock Option Plan, 2022 were originally formulated and approved prior to listing, and the relevant provisions have been retained in their existing form during post-listing ratification. Under the existing scheme, the Nomination and Remuneration Committee was permitted to determine the exercise price provided it was not below the face value.

We wish to draw your attention to Regulation 17 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended read with the provisions of the Companies Act, 2013, the Company granting options to its employees shall be free to determine the exercise price subject to the accounting policies. The Company hereby submits that providing the Nomination and Remuneration Committee with flexibility to determine the exercise price, while ensuring that such price is not lower than the face value of the shares, is fully compliant with applicable laws and is a widely adopted governance practice.

The minimum floor of face value is mandated by Section 53 of the Companies Act, 2013, which prohibits issuance of shares at a discount, and further reinforced under Regulation 165 of the SEBI (Issue of Capital Disclosure Requirements) Regulations, 2018, as amended for pre-listing schemes. The Company also believes that allowing the Nomination and Remuneration Committee to determine the specific exercise price enables the Company to align ESOP grants with market conditions, internal performance metrics, and long-term talent retention objectives.

Further, in compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company will disclose the details of grant of stock options including the vesting period, exercise price etc, as and when approved by the Nomination and Remuneration Committee to the stock exchanges.

SES Comment: Shareholders may take note of the above clarification. However, SES is of the view that, the legal requirement envisages that the disclosure w.r.t the exercise price must provide as absolute amount or a pricing formula to help shareholders determine the potential maximum benefit to a single employee.

Hence, there is no change in SES recommendation, in this regard.

2) Board Discretion to Schemes



The Company hereby submits that SEBI SBSE Regulations, has expressly empowered the Board / Compensation Committee / Nomination and Remuneration Committee to administer ESOP schemes and determine key parameters including identification of eligible employees, the timing of grants, vesting conditions and vesting period, and the determination of the exercise price or pricing methodology, subject to compliance with applicable laws. This regulatory framework intentionally provides companies with the operational flexibility required to design ESOPs that are aligned with business strategy, market realities, and employee performance.

The ESOP Scheme, 2015 and ESOP Plan, 2022 adopted by the Company follow this framework, and the discretion granted to the NRC is therefore consistent with both the letter and spirit of the SEBI SBSE Regulations. The enabling clause in the resolutions sought for the approval of the shareholders is intended solely to facilitate administrative and legally required adjustments, including corporate actions. Any material modification of the schemes will continue to be undertaken strictly in accordance with the SEBI SBSE Regulations and with prior shareholder approval wherever mandated.

SES Comment: Shareholders may take note of the above clarification. Since, the NRC discretion has not been restricted within absolute limits, SES still identifies a concern in this regard. Hence, there is no change in SES opinion in this regard.

3) Common ESOP Pool for Employee Stock Option Scheme, 2015 and Employee Stock Option Plan, 2022

The Company hereby submits that the Company maintains a common ESOP pool for ESOP Scheme, 2015 and ESOP Plan, 2022 which is fully compliant with SEBI SBSE Regulations.

While the ESOP Scheme, 2015 and ESOP Plan, 2022 has a common option pool, the Company maintains an internal, scheme / plan -wise grant register covering vesting schedules, exercise periods and all other scheme / plan parameters, thereby ensuring accurate administration and accounting in accordance with the applicable accounting policies. The common pool allows the Company the flexibility to use options across the 2 schemes thereby providing flexibility and avoiding the need to top up the options pool in one scheme if the other scheme has adequate ungranted options.

SES Comment: Shareholders may take note of the above clarification. While the Company has stated that it maintains an internal Scheme/ plan-wise grant register. SES of the view that, since, the Company has proposed two different schemes, it should provide a proper bifurcation as to what number of Options are allocated to which Plan.

Hence, there is no change in SES opinion in this regard.

4) Maximum Options Per Employee

The Company hereby submits that the approval sought from the shareholders is for the ratification of the existing Employee Stock Option Scheme, 2015 and Employee Stock Option Plan, 2022 and to extent its benefits to the employees of the subsidiary company and associate companies which is line with the requirements specified under Regulation 6(1) and Regulation 6(3) of the SEBI SBSE Regulations.

The Company confirms that it doesn't intend to grant options to any single employee exceeding 1% of the issued capital of the Company at the time of grant. The limit disclosed represents the statutory cap permitted under the SBSE Regulations. The relevant disclosures have been made in the prospectus and red herring prospectus filed by the Company.

The Company further confirms that if at any point of time, the Company intends to grant option exceeding one percent of the issued capital of the Company, a prior approval from the shareholders of the Company will be obtained before making any such grant in compliance with the Regulation 6(3)(d) of SEBI SBSE Regulations. The above disclosure / confirmation has also been made in the explanatory statement forming part of postal ballot notice. The Company would like to point out that the founders of the Company have been identified as promoters and are accordingly not eligible for grant of stock options - a practice which is common across many recently listed consumer tech companies.

5) Potential Excessive Dilution

There has been no change in the total option pool as disclosed in the prospectus and red herring prospectus filed by the Company. The Company has also issued formal guidance in its recent shareholder letter (refer question 22) where we have guided to annual ESOP grant led dilution of a maximum of 1% per annum of the issued shares + vested option base as of Sep 30 2025.

SES Comment: Shareholders may take note of the above clarification. While, SES does not identify any specific concern w.r.t the limit of 1% of paid-up share capital. SES has highlighted in its Report that considering the highest value for perquisite benefit and maximum



no. of options, the perquisite value that a single employee may benefit appears to be quite high in context of the Company's performance.

Hence, there is no change in SES concern in this regard.

RESOLUTIONS NO. 3 AND NO. 4: EXTENSION OF ESOP BENEFITS TO GROUP COMPANIES

1) Extension of ESOP Scheme, 2015 and ESOP Plan, 2022 benefits to the Group entities:

The Company proposes to extend the benefits under the ESOP Scheme, 2015 and ESOP Plan, 2022 to the eligible employees of its subsidiary companies and associate companies which are fully compliant with the provisions of SEBI SBSE Regulations. The Company has also sought separate approval from the shareholders of the Company for the said extension in accordance with the requirements laid down under Regulation 6 read with Regulation 2(i) of the said SEBI Regulations.

We hereby clarify that as on date, the Company doesn't have any associate entity however the approval sought is to enable the Company to extend the benefits in future, if deemed fit. Further, in accordance with the applicable accounting policies and SEBI Regulations, the Company confirms that the cost incurred by the Company / reimbursed by the subsidiary for issuing options to the eligible employees of the subsidiary company (ies) has been disclosed in the notes to accounts of the financial statements of the Company / subsidiary company and similar disclosure will be made if any options will be granted to the eligible employees of the associate company, if any, in future.

SES Comment: Shareholders may take note of the above clarification. SES does not favour seeking such umbrella approval for granting stock options to employees of Holding / Group Company(ies), unless compelling reasons are provided in order to adequately justify such additional cost burden or a disclosure regarding the **cost being reimbursed by the respective companies** to whose employees the scheme is being extended to.

Furthermore, SES extends the above policy view in context of associate companies that may be formed in the future, as well. Hence, there is no change in SES recommendation w.r.t. the same.

RESOLUTION NO. 5: AMENDMENT TO ARTICLES OF ASSOCIATION OF THE COMPANY

The Company respectfully submits that the proposed amendment to the articles of association of the Company granting each of the 3 (three) promoters, the right to nominate one director each, so long as they continue to be the promoters of the Company and individually holds 2.5% of the equity share capital of the Company, is fully compliant with the Act and SEBI Listing Regulations.

We hereby submit as follows:

- Neither the Act nor the SEBI Listing Regulations prescribe a minimum shareholding threshold. Special rights require transparent shareholders' approval, which the Company is seeking through postal ballot.*
- The right to nominate is not absolute but is contingent on the promoter maintaining a minimum shareholding of 2.5% in the Company as well as continuing to be classified as a 'promoter'. In the event the shareholding falls below 2.5% or if the individual ceases to be a promoter, the nomination right falls away. Furthermore, it is subject to renewal every five (5) years by a special resolution of shareholders.*
- The minimum shareholding threshold of 2.5% ensures that such right is exercisable only while the promoter retains meaningful shareholding and is actively involved in the Company.*
- While this is a special right, most listed companies have granted such rights to their promoters or shareholders with meaningful shareholding. This shareholding limit at an individual level is also consistent with several other similarly placed listed companies.*
- The Nomination and Remuneration Committee consisting of Independent Directors of the Company will retain full power and authority to evaluate the qualification and eligibility criteria of such nominees and the overall Board composition, in compliance with the Act and SEBI Listing Regulations, before recommending their appointment to the Board and shareholders for approval.*

SES Comment: Shareholders may take note of the above clarification. In this regard, SES reiterates that it did not raise any compliance concern. Additionally, as per its Policy, SES is not supportive of granting nomination rights to Promoters holding a stake less than 10% in the Company.



Further, holding majority stake by the Promoters should not guarantee them to nominate majority directors on the Board. Nomination rights on the Board should be disclosed objectively along with the minimum shareholding threshold. As the same is not adequately and objectively addressed, there is no change in SES' recommendations.

COMPANY'S EMAIL

*Dear ***,*

Further to our discussion today, please find enclosed our response to the points raised by SES in its report.

You are requested to kindly take our submission on record and update the SES recommendation and / or incorporate the Company's response in your report.

We remain available for a call or for any further information or clarification you may require.

Thanks & Regards

Attachment Link: [Click here](#)

Disclaimer Sources

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, Sustainability Reports, IPO Documents and Company Website.

Analyst Certification

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its [website](#). The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

CAUTIONARY STATEMENT

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage with the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

Disclaimer

While SES has made every effort, and has exercised due skill, care and diligence in compiling this report based on publicly available information, it neither guarantees its accuracy, completeness or usefulness, nor assumes any liability whatsoever for any consequence from its use. This report does not have any approval, express or implied, from any authority, nor is it required to have such approval. The users are strongly advised to exercise due diligence while using this report.

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All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

Concern terminology

NC – Compliance Concern: The Company has not met statutory compliance requirements

FC – Fairness Concern: The Company has proposed steps which may lead to undue advantage to a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders

GC – Governance Concern: SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.

TC - Disclosures & Transparency Concern: The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.

Company Information



Stakeholders Empowerment Services

SEBI Reg. No. INH000000016

CIN No. -

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