Rentomojo Ltd.

Neutral

Rating: Neutral

Issue Offer

Total issue size: INR 12,555.7 Mn

Issue Summary	
Price Band (INR)	384-404
Face Value (INR)	1
Implied Market Cap (INR mn)	42,462
Market Lot	37
Issue Opens on	09 Sep, 2026
Issue Close on	11 Sep, 2026
No. of share pre-issue	101,391,096
No. of share post issue	105,103,967
Listing	BSE & NSE

Issue Break-up (% of Total Issue)	
QIB Portion	50
Retail Portion	35
NII Portion	15

Book Running Lead Managers

Motilal Oswal Investment Advisors Limited
Axis Capital Limited
IIFL Capital Services Limited

Registrar

KFin Technologies Limited

Shareholding Pattern	Pre-Issue	Post-Issue
Promoters	21.51%	19.56%
Public & Others	78.49%	80.44%

Objects of the Issue	
Repayment/ prepayment, in full or in part, of certain outstanding borrowings and accrued interest thereon availed by the Company	700.00
Payment of lease rental/ licence fee for the warehouses and experience stores	425.00
General Corporate Purposes	-

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Rentomojo Limited operates a technology-driven, full-stack direct-to-consumer (D2C) online rental and subscription platform for home furniture and appliances in India and is the largest player in the segment by live subscribers and subscription revenue. As of 31st March 2026, it had 253,825 live subscribers, 851,184 live items and 82 experience stores across 29 cities. It owns the entire asset lifecycle - procurement, delivery, servicing, refurbishment, reverse logistics and multi-cycle redeployment - across 20 warehouses aggregating 0.54 mn sq ft.

Investment Rationale:

Category Leader in a Large, Under-Penetrated Market

Rentomojo commands a 42%-47% share of subscription revenue and over 50% of live subscribers in India's organised home furniture and appliances rental market (ex-water purifiers). The addressable market of ~INR 695 Bn in CY2025 is expected to compound at ~11% to ~INR 1,172 Bn by CY2030, with rental penetration still only ~1% of purchase volumes.

Recurring, Contracted Revenue with Forward Visibility

Rental and subscription income contributed 97.90% of FY26 revenue, billed monthly on auto-renewing contracts with an average tenure of ~18 months. Total contracted revenue rose to INR 7,069.0 Mn in FY26 from INR 2,429.1 Mn in FY24, of which INR 2,925.7 Mn is unrecognised and rolls into subsequent periods.

Multi-Cycle Asset Model Driving High Capital Returns

In-house refurbishment allows assets to be redeployed across multiple subscriber cycles; cohorts older than nine years have generated 5.12x revenue on original asset cost. Occupancy held between 83% and 86% over FY24-FY26, supporting an adjusted RoCE of 25.34%.

Strong Growth with Demonstrated Profitability

Revenue from operations grew at a 41.71% CAGR over FY24-FY26 to INR 3,869.9 Mn, EBITDA compounded at 44.62% to INR 1,634.6 Mn (41.48% margin) and PBT expanded from INR 224.1 Mn to INR 676.6 Mn. Gross items ordered rose to 989,931 from 524,949.

Deleveraging and Healthy Cash Profit Generation

INR 700.0 Mn of net proceeds is earmarked for debt repayment against gross borrowings of INR 1,875.9 Mn, while INR 425.0 Mn pre-funds warehouse and store lease rentals through FY29. FY26 cash profit stood at INR 1,381.3 Mn and operating cash flow at INR 1,728.7 Mn.

Valuation & Outlook:

Rentomojo is the clear category leader in a nascent but structurally advantaged segment, with a differentiated full-stack model, contracted recurring revenue and capital returns above the D2C average. The offsets are capital intensity - FY26 fleet capex of INR 1,758.3 Mn absorbed nearly all of operating cash flow, leaving free cash flow at broadly breakeven - concentration, with the top 10 cities at 89.51% of FY26 revenue, and issue composition, as 88% of the offer is an offer for sale.

Reported FY26 PAT of INR 1,043.0 Mn also includes a one-time deferred tax credit of INR 366.4 Mn; adjusted PAT is INR 676.6 Mn, and earnings will bear a normal tax charge from FY27 onwards. There are no listed companies in India with a comparable business model, which leaves the valuation anchored to the company's own growth and return profile rather than to a peer band. **At the upper band of INR 404, the issue is valued at PE of 40.71x at FY26 EPS of INR 9.92, We are recommending a "Neutral" rating for this issue.**

Particulars (INR Mn)	FY24	FY25	FY26
Revenue	1,927.0	2,659.6	3,869.9
Growth (% YoY)		*38.02%*	*45.51%*
EBITDA	781.5	1,184.4	1,634.6
Margins	*39.92%*	*43.55%*	*41.48%*
PAT	224.1	431.1	1,043.0
Margins	*11.63%*	*16.21%*	*26.95%*

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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