Rentomojo Ltd.

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BP WEALTH

IPO Note **08th September 2026**

Company Overview

Rentomojo operates a technology-driven, full-stack direct-to-consumer (D2C) online rental and subscription platform for furniture and appliances in India. The company is the largest online rental and subscription platform for home furniture and appliances based on live subscribers as of March 31, 2025 and September 30, 2025, and subscription revenue during FY25, among leading home furniture and appliance rental platforms in India, according to the Redseer Report. As of March 31, 2026, Rentomojo had 253,825 live subscribers across 29 cities in India, offering consumers affordable, flexible and long-term subscription plans for essential home products. Its full-stack asset-lifecycle model covers category management, product design, procurement, refurbishment, servicing, reverse logistics and multi-cycle redeployment, supporting efficient asset utilization and recurring revenue generation. The company follows an omni-channel approach through its online platform and 82 experience stores as of March 31, 2026, enabling customers to access products without the need for significant upfront investments, while reducing repair and maintenance requirements, relocation-related challenges and long-term ownership commitments. Its product portfolio includes essential household products such as beds, mattresses, washing machines, refrigerators, wardrobes, sofas, televisions and water purifiers, with 8,51,184 live products as of March 31, 2026. Rentomojo has maintained a healthy occupancy rate of 83.3%, 82.8% and 86.4% in FY26, FY25 and FY24, respectively, supporting capital efficiency and predictable recurring revenue. The company's portfolio comprises products from established brands such as Haier, Wakefit, Livpure and Duroflex, alongside its private-label offerings. During FY25, Rentomojo further expanded its private-label portfolio by launching refrigerators and washing machines manufactured in partnership with Dixon Technologies (India) Limited, as well as its own branded water purifiers.

Objects of the issue

The IPO consists of a fresh issue of Rs. 150 crores and an offer for sale of 1,106 crores.

The company proposes to utilize the proceeds from the issue towards the following objects:

⇒ Repayment/ prepayment, in full or in part, of certain outstanding borrowings and accrued interest thereon availed by the company;

⇒ Payment of lease rental/ license fee for warehouses and experience stores ("Premises"); and

⇒ General corporate purposes.

Investment Rationale

Market leader in organized furniture and appliance rentals leveraging scale to drive subscriber engagement and organic demand

The company commands clear market leadership within the organized home furniture and appliances rental sector (excluding water purifiers), holding an estimated 42-47% market share by subscription revenue in FY25, alongside over half (50-55%) of the total live subscriber base as of March 31, 2025, and September 30, 2025. Operating the largest scale in India with 2,27,511 live subscribers as of September 30, 2025, the platform benefits from strong compounding network effects driven by word-of-mouth advocacy and frequent customer touchpoints. Comprehensive engagement across 11 key lifecycle stages spanning ordering, risk assessment, delivery, installation, billing collections, relocations, maintenance, upgrades, contract transfers, reverse logistics, and refunds builds substantial brand recall and trust. This operational depth fosters a virtuous cycle where high customer engagement feeds organic customer acquisition, structurally lowering customer acquisition costs (CAC) while driving repeat subscriptions and long-term user retention.

Consistently profitable, acyclical D2C business model with strong revenue visibility and industry-leading return ratios

The company is one of the few Indian D2C commerce platforms to have been consistently profitable since FY23, underpinned by disciplined capital allocation, superior asset sweating, and an extended asset-lifecycle framework that improves margins across multiple rental cycles. The foundation of its business lies in auto-renewing, long-tenure subscription agreements across furniture, appliances, and water purifiers, with an average subscription duration consistently exceeding 18 months across FY24 to FY26. This contractually locked-in model, supported by substantial Unrecognised Contract-

Issue Details

Offer Period	09th Sept. 2026 - 11th Sept. 2026
Price Band	Rs. 384 to Rs. 404
Bid Lot	37
Listing	BSE & NSE
Issue Size (no. of shares in Crores)	3.1
Issue Size (Rs. in Crores)	1,256
Face Value (Rs.)	1

Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	Motilal Oswal Investment Advisors Ltd., Axis Capital Ltd., IIFL Capital Services Ltd.
Registrar	Kfin Technologies Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	21.5%	19.9%
Public	78.5%	80.1%
Total	**100%**	**100%**

(Assuming issue subscribed at higher band)

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ed Revenue, secures future cash inflows upfront and reduces revenue dependence on new customer additions. Furthermore, the rental proposition exhibits strong acyclical resilience, benefiting from capital expenditure deferrals during macroeconomic downturns as consumers shift from buying to renting, while simultaneously capitalizing on rapid urbanization and workforce mobility during economic upswings (Source: Redseer Report). This structurally insulated business architecture has translated into robust financial compounding between FY24 and FY26, with revenue from operations growing at a 41.7% CAGR from Rs. 193 crores to Rs. 387 crores. Operating profitability expanded in tandem as EBITDA grew at a 44.6% CAGR from Rs. 78 crores to Rs. 163 crores in FY26, while restated Profit After Tax surged at a 115.7% CAGR from Rs. 22 crores to Rs. 104 crores over the same period. Concurrently, the platform has maintained superior capital efficiency, delivering an adjusted ROCE of 25.3% and an ROE of 43.5% in FY26, reflecting strong cash generation and disciplined balance sheet management across economic cycles.

Valuation

Rentomojo (Edunetwork Private Limited) is India's leading digital subscription platform for furniture, home appliances, and fitness equipment, operating an asset-light, full-stack rental model. The company manages the complete subscriber lifecycle across eleven integrated touchpoints - spanning risk assessment, delivery, maintenance, reverse logistics, and auto-renewing subscriptions - with an average tenure exceeding 18 months. Its established market presence commands over 40% share in the organized home furniture and appliance rental space, driven by strong repeat engagements and high organic user traffic. The Indian furniture and appliance rental industry is experiencing rapid formalization, propelled by accelerating urbanization, rising youth workforce mobility, and shifting consumer preferences toward flexible, asset-light living. Increased white-collar migration across Tier-1 and Tier-2 IT hubs, coupled with an expanding rental housing ecosystem, providing a multi-year growth runway for subscription commerce. The broader market continues to benefit from acyclical tailwinds, as consumers defer heavy capital expenditure during inflationary cycles while rapidly adopting flexible monthly subscriptions during economic expansions. The company has delivered robust financial momentum between FY24 and FY26, with revenue from operations expanding at a CAGR of 41.7% from Rs. 193 crores in FY24 to Rs. 266 crores in FY25 and Rs. 387 crores in FY26. Operating profitability demonstrated operational leverage as EBITDA grew at a 45.5% CAGR from Rs. 75 crores (38.9% margin) in FY24 to Rs. 159 crores (41.1% margin) in FY26. Profit Before Tax advanced from Rs. 22 crores in FY24 to Rs. 68 crores in FY26, while balance sheet net worth strengthened to Rs. 296 crores supported by solid operating cash flows of Rs. 173 crores in FY25. **On the valuation front, based on FY26 diluted EPS of Rs. 10.1, the company commands a P/E multiple of approximately 40.0x, moderating significantly from 164.9x in FY24 and 96.7x in FY25 as operational scale took effect. Given its market leadership, locked-in contracted revenue visibility, and strong multi-cycle asset utilization, Rentomojo offers a compelling compounding narrative in India's consumption and rental commerce sector. While ongoing execution discipline, asset quality underwriting, and working capital management remain critical monitorables, the medium-to-long term outlook stays positive, justifying its premium valuation relative to broader consumer discretionary peers. We, thus, recommend a "SUBSCRIBE" rating for this issue.**

Key Risks:

⇒ The company remains heavily dependent on furniture and appliance rentals, which contributed 97.9% of operating revenue in FY26, 98.2% in FY25, and 98.2% in FY24. Any downturn in consumer adoption or shift away from rental models in these core categories could adversely impact asset utilization, operating margins, and overall cash flows.

⇒ The company relies on third-party manufacturers and vendors to source and assemble its rental inventory across furniture and appliances. Any failure to procure products on commercially viable terms, vendor non-compliance with quality standards, raw material price volatility, or shipment delays could squeeze operating margins, damage brand reputation, and impair asset availability.

Rentomojo Ltd.

Income Statement (Rs. in Crores)

Particulars	FY24	FY25	FY26
Revenue			
Revenue from operations	193	266	387
Total revenue	**193**	**266**	**387**
Expenses			
Employee benefit expenses	31	41	61
Other expenses	87	112	167
Total operating expenses	**118**	**154**	**228**
EBITDA	**75**	**112**	**159**
Depreciation & amortization expenses	30	49	70
EBIT	**45**	**64**	**88**
Finance costs	26	27	25
Other Income	3	6	7
Profit before exceptional items and income tax	**22**	**43**	**70**
Exceptional items	0	0	3
Profit Before Tax	**22**	**43**	**68**
Total Tax	0	0	37
Net Profit	**22**	**43**	**31**
Diluted EPS	**2.5**	**4.2**	**10.1**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in Crores)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	92	116	173
Cash flow from/(used in) investing activities	(184)	(111)	(158)
Net cash flows (used in) / from financing activities	113	(35)	(4)
Net increase/(decrease) in cash and cash equivalents	**21**	**(30)**	**10**
Cash and cash equivalents at the beginning of the period	**21**	**41**	**11**
Cash and cash equivalents at the end of the period*	**41**	**11**	**21**

** The Balance at the end of the period is excluding the balances in Escrow Account*

Source: RHP, BP Equities Research

Rentomojo Ltd.

Balance Sheet (Rs. in Crores)

Particulars	FY24	FY25	FY26
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	163	290	426
(b) Right of use assets	19	36	42
(c) Other Intangible assets	1	2	2
(d) Intangible assets under development	0	0	1
(e) Financial Assets			
Other financial assets	27	4	7
(g) Deferred Tax Assets (net)	0	0	37
(h) Tax assets (net)	0	1	1
Other non-current assets	53	33	14
Total Non-Current Assets	**264**	**365**	**530**
Current assets			
Financial Assets			
Investments	6	22	6
Trade receivables	22	31	42
Cash and cash equivalents	43	13	23
Other bakances with banks	23	9	9
Other Financial Assets	7	8	8
Other current assets	1	2	23
Total Current Assets	**102**	**85**	**111**
Total Assets	**366**	**450**	**641**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	0	0	3
(b) Investment entirely equity in nature	1	1	1
(c) Other Equity	139	183	292
Total Equity	**140**	**184**	**296**
Liabilities			
Non Current Liabilities			
(a) Financial liabilities			
Borrowings	78	82	110
Lease Liabilities	10	20	28
Provision	3	3	6
Total Non Current Liabilities	**91**	**105**	**143**
Current liabilities			
(a) Financial liabilities			
Borrowings	69	73	78
Lease Liabilities	9	17	18
Trade Payables	13	17	39
Other financial liabilities	40	50	58
Provision	1	2	3
Other current liabilities	3	2	6
Total Current Liabilities	**136**	**161**	**202**
Total Liabilities	**366**	**450**	**641**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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