Hosted by

Rentomojo Limited

Q2 & H1 FY27 Earnings Conference Call

November 12, 2026

Speakers:

Mr. Geetansh Bamania – Managing Director & Chief Executive Officer

Mr. Hakim Ujjainwala – Chief Financial Officer

Moderator:

Mr. Nikhil Raina (Raadhi Capital)

Moderator:
Good afternoon, everyone, ladies and gentlemen. Welcome to the Quarter 2 and H1 FY27 earnings conference call of Rentomojo Limited hosted by Raadhi Capital. As a reminder, all attendees will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. If you have any questions, please feel free to press the raise hand button. We will call on you in turn and unmute your line so you can speak. Important note: if you need to ask a question, please ensure Microsoft Teams has permission to access your microphone when you log in. Otherwise, you will not be able to unmute yourself. Please note that this conference is being recorded.

Kindly also note that the audio of the earnings call is corporate material of Rentomojo Limited and cannot be copied, rebroadcasted, or attributed in the PR media without specific written consent of the company. Please note that anything said on this call that reflects the outlook towards the future, which can be construed as a forward-looking statement, must be reviewed in conjunction with the risks that the company faces. A copy of the disclosures is available in the investor relations section of the website as well as on the stock exchanges. To give you an in-depth understanding of the company and answer all your queries, we have from the management side today Geetansh Bamania, Chairperson, Managing Director and CEO, and Hakim Ujjainwala who is the Chief Financial Officer. I now hand over the conference to Geetansh for his opening remarks. Thank you and over to you, Geetansh.

Geetansh Bamania (Managing Director & CEO):

Thank you Nikhil. Good evening everyone, and thanks for joining us. This is our second quarterly results presentation since becoming a public entity. Basically, I want to take a moment to actually revisit what we actually said and what we're trying to build at Rentomojo. In our last interaction, we did spend some time explaining why we believe renting furniture and appliances is increasingly becoming a new consumption model in India. We just want to double click on that. As India urbanizes, households become smaller, societies go through a massive technological shift, and as people move more frequently between cities and homes, the need for flexible models of ownership and consumption will only go up. That's our belief.

One interesting way to look at the opportunity is through a metric what we call purchase displaced. If you look at in Quarter 2 alone, the value of purchases displaced by our consumers stood at close to about 447 odd crores, which grew almost 60% year on year. This represents the value of the household products that customers would have eventually purchased instead of rented. That's an important metric for all of us, and this is an important distinction as well, because we are participating in a much larger household consumption story, monetising it through the subscription rentals rather

than one-time purchases. That's a very interesting one.

The second interesting aspect is of course the predictability of the business, which I want to talk about. Unlike a typical transactional business that has to start every quarter from zero, we enter each quarter with an existing base of subscribers already and a little bit of contracted rental revenues. Every new subscription that we add to the base, the existing assets continue to generate revenue over their contractual tenures, and we did mention a metric in the prospectus as well, contractual revenue. If you look at our contractual revenue tied in at the end of Quarter 2, it actually stood at close to about 690 odd crores. This gives us visibility and predictability into the future.

The third most interesting aspect that I want to touch upon is profitability and capital efficiency. Our assets can generate revenue across multiple consumer and rental cycles, allowing us to combine growth with healthy margins, strong cash flow generation, and attractive return on capital. What makes Rentomojo super interesting is actually not just one, but the combination of all three interesting variables that I just spoke about. As I take you through the rest of the slides today, I would love for you to focus on three aspects which we will talk about further as we go forward.

These are the broad three areas that we want to touch upon again and again: one, which is the size of the opportunity and how we are capturing it of course; the second is the predictability of the subscription revenues relayed with respect to the subscription business that we have and the contractual revenues; and the third and the most important is not just the growth of the company, but profitable growth of the company- how we are delivering this profitably, and the most important would be how these profits are converting into actual cash flow from operations. What is the translation of this profitability actually in terms of the cash flow from operations? These are some of the three aspects that I would love to touch upon as we go forward.

I will quickly jump upon, and I will come back of course as H1 was also the IPO so I will come back on how we use the IPO proceeds- maybe me or Hakim or any one of us would touch upon a little bit on that. Purely if you look at just the financial metrics, the revenue from operations went up by almost 53% year on year. Quarter on quarter also it went up by almost 12.5 odd%. EBIT, EBITDA, and PAT is where a little bit of volatility is what you would see today. If you see, EBIT went up by 52.5%, but quarter on quarter it went up by 86.3%. EBITDA over the same period went up by 53.7 odd% year on year, and quarter on quarter was almost 44.8%. And if you remember the Quarter 1, and I'll of course explain why this volatility is happening, PAT in fact it seems to be on a reported number went down by 62.6 odd%, and quarter on quarter went up by 132 odd%. So you can see the volatility here. Definitely accounting adjustments and one-time exceptional items can sometimes significantly distort the picture of business performance, and it's

better to look at normalized numbers because of that, which will be devoid of any kind of exceptional items or any kind of one-time accounting adjustments.

If you look at the normalized EBITDA- and I'll cover some of the bridge towards the EBITDA to normalized EBITDA as we go forward as well- but if you look at normalized EBITDA, the picture looks a lot more same from here on: normalized EBITDA went up by 52.7 odd%, quarter on quarter also it went up by 12.6 odd%, whereas PAT went up by 52 odd% and quarter on quarter went up by 9.4 odd%. EBIT behaved very similarly to EBITDA, jumping up by 50.7 odd% and at 12.6 odd% quarter on quarter. Return on capital employed and return on equity saw minor compression also because of the IPO proceeds. The net worth of the company has increased by the corpus that we took- roughly about 150 odd crores is what we took from the market- but still it's quite ahead of the 20% and above that we continue to maintain as we continue to grow the business. That's been our aspiration since the very beginning.

Now let me jump onto the bridge between the actual reported EBITDA and the normalized EBITDA. I'll focus more on the EBITDA and PAT numbers here. If you look at Quarter 2 FY26, there's not much of a difference between reported EBITDA and normalized at all: 38.5 crores was reported and 38.5 crores was normalized. If you look at Quarter 1 FY27, the reported EBITDA was roughly about 40.9 odd crores, but normalized was around 52.3, and I did speak about in Quarter 1 about the unfortunate fire loss which of course there was no human tragedy. That was a one-time exceptional loss that happened because of which reported EBITDA went down to about 40. If you look at Quarter 2, there are two exceptional items that have happened: one is a reversal of liability on account of gratuity and leave obligations, roughly about 1.2 odd crores that we gained out of, and an IPO expense of about 80 odd lakhs. So net-net, reported EBITDA went up slightly by about 40 odd lakhs, whereas normalized EBITDA, which is the right way to gauge the performance of the company, turned out to be close to about 58.8 odd crores. In essence, from Quarter 2 FY26 to FY27, EBITDA jumped from 38.5 odd crores to 58.8, and from a Q-on-Q it jumped from 52.3 to 58.8 if you look at purely normalized behaviour.

Now purely from a PAT perspective, that's where the biggest volatility would be seen and the most roller-coaster ride is here. If you look at PAT for Quarter 2 FY26, reported turned out to be almost 48.6 crores definitely on account of the deferred tax asset that we had to create, which we of course disclosed in the prospectus as well- about 33 odd crores of deferred tax asset is something that we had to create, but normalized for that quarter was only about 15.8 odd crores. Versus if you look at Quarter 1 FY27, we had to of course take an expense for the deferred tax asset that we created in September, roughly about 2.7 odd crores came because of that, and about 11.4 odd crores came because of the fire loss. So, if you see, reported PAT turned out to be 7.8, whereas

normalized was around 21.9, in fact 22 odd crores. And for this quarter, we had to take another expense of the deferred tax asset that we created in September '26, which was roughly about 6 odd crores. There was a reversal of liabilities again associated with the same two line items that impacted EBITDA coming here as well. Because of which, from a reported standpoint to normalized, we're looking at 24 odd crores. So PAT, when we look at the reported number, seems to be going down by 62.6% year on year and Q-on-Q going up by 132%, while normalized gives a very healthy picture, jumping from 15.8 odd crores to about 24 odd crores.

Now these are more from a business performance, but of course the drivers for it: some of the revenue growth that happened, roughly about 52.8 odd%, of course I keep saying one is because of the predictability of the business. It's not that whatever items which are getting ordered is translating into the revenue for the same quarter; of course, a portion of it is getting translated into the same quarter, but the historical capex already deployed is also giving us revenue, so there's predictability in the business because of that. But if you look at the other three drivers which impacted revenue growth: of course subscriber and gross items ordered went up by almost 42.5% year on year and 45% year on year respectively, quarter on quarter also it went up by almost 14.5% and 16 odd% respectively, which is the displacement that I was talking about. If you look at almost 3.8 lakh items got ordered on the platform, equivalent to almost 447 odd crores of purchase displacement that we saw. The other variable is of course revenue per item went up by about 4.6% on a year-on-year perspective, whereas item per user was stable at roughly about 2.8 items per user, while maintaining occupancy at our target levels of what, 83 to 85, 84 numbers is what we are consistently looking at.

So these were the three drivers. Subscribers also jumped largely because traffic was up by almost 50 odd%, our Rentomojo keyword was up about 66 odd % in fact, and all the distribution channels fired very beautifully. All the subcategories, the core categories and even some of the new introductions fired beautifully. Those became some of the contributions to the kind of item growth that we saw, combined with revenue per item and item per user that gave a revenue growth of almost 52.8% to all of us.

Now if you look at purely from a- these are more quarterly, but H1 also has a very similar trend. So, if you look at revenue from operations, that is also 52%. EBITDA, this is the reported numbers because of the fire loss, you can see the margin compression a little bit on H1 to about 37% predominantly because of that fire loss, but reported EBITDA also went up by 36.5 odd%. But on this slide, what I really want to focus on again is OCF by EBITDA, which is the cash flow from operations translation from EBITDA, which is almost close to about 110 odd%. So, if we're generating 100 crores of reported EBITDA, almost 110 odd crores of cash got generated in the business, which further fuelled more capex expansion for us. Normalized would be a better way to look

at even from an H1 perspective, in which you can see the numbers, it's well intuitive that almost every other number went up by almost 50 odd%. In fact, PAT is up 61 odd% from a normalized perspective and touching close to about 17 odd% in terms of margins for us.

Now as capex expansion happened, of course almost 192.3 odd crores of capex was procured within H1. Some part of it of course was a little bit of warehouse capex as well, some got scrapped, so roughly about 179.5 odd crores of increase happened in terms of purchasing of new capex, which went from 530 odd crores to almost close to about 703 odd crores. Net fixed assets net of depreciation went up from 426 to about 566 within the same period. Out of this 179.5, we financed a little bit through external debt and a large part through our own accruals, which is what I was talking about the CFO of around 110 odd crores. So, if you look at debt, it went up from 187 to about 232 odd crores in terms of debt. But the point to be noted here is because of the proceeds also that we raised from the market, there's of course cash in the banks that we have, so if you subtract some of those cash and cash equivalents, net debt was only about 131.

So if you look at purely from a balance sheet strength perspective, net debt to equity is only about 0.28x, which is a healthy- while growing the business at almost 52 odd%, net debt to equity stayed about 0.28x only. That's partly also because of a little bit of beef-up that happened on the net worth because of the proceeds that came in. Debt to EBITDA is also closer to about 1.16, Net debt to EBITDA is very healthy close to about 0.65x only. I think this explains- if you look at operating cash flow to EBITDA, that consistently demonstrates our principles on accounting policies and the kind of strategic steps that we take in the business: what we generate as reported EBITDA actually translates into cash flow also. Again and again, you can see the trend, it's fairly intuitive that it's very much upwards of 109 odd%. Capex has been growing at a good 140.6%. For the entire last year, we had purchased close to about 175-177 odd crores of capex; this year in H1 alone, it has been close to about 190 odd crores. So that only demonstrates the kind of future potential in terms of growth, because capex is increasing faster than the revenue growth that we are seeing right now.

Similar drivers on the operating drivers as well: almost 710,000 items got ordered on the platform, equivalent to a displacement of close to about 860 odd crores. Live subscribers went up by 42.5 odd%, live items went up by 44 odd%, warehouse square feet capacity is growing up by about 51 odd%, store count which is the expansion areas for us has grown up by 43 odd%. Revenue per item, as I mentioned briefly in the earlier slides, has gone up by almost 6% from an H1 perspective, and occupancy has remained at our target levels. I'll take a quick pause here and would love to open the floor for any questions that you have from the management.

Moderator:

Thanks Geetansh. Just as a reminder, if you have any questions, please feel free to press the raise hand button. We will call on you in turn and unmute your line so you can speak. The first question is from the line of Jatin Jadhav. Jatin, please unmute yourself and go ahead with your question. I've brought you on screen.

Jatin Jadhav (Sahasrar Capital):

First of all, thank you so much for the opportunity. Congratulations on a great set of numbers and very well-explained metrics. I find the business very interesting. I just wanted to understand, since you guys are seeing a huge runway ahead, how are we planning to fund the operational capex? There will be a slight mismatch between the cash flows and the requirement which we see going ahead just to be on the similar trend line of growth for live items purchasing or something on those lines. Will it be financed externally, or will that component always be there? If you can just help me understand the entire picture.

Geetansh Bamania:

Jatin, that's a very interesting question. Let me put a little bit of more highlight on this. The biggest constraint for the entire industry had always been debt. Right from the very beginning when we started back in 2015, first was of course to reach a phase where the company was capable to raise more and more external debt from outside. Then the second phase came where the business, in the earlier capex that we had deployed in 2017–2018 itself, has generated so much of cash in the business that itself is powering the capex, lessening the dependency on the debt. That's the phase two which we are in right now.

If you see, last year was roughly about 173 odd crores of CFO and roughly about 175 to 177 odd crores of capex that was taken, so that was predominantly financed through the accruals itself. But today, since the growth rate itself- gross items are being ordered at 45 odd%- in the waterfall of course you will use your accruals to fund most of this capex. The second opportunity you will get of course with respect to external debt, but within that you'll have to be within the confines of the debt to equity and a stable risk-taking ability of the balance sheet, which is where I mentioned that the net debt cash to equity was only about 0.28x. That's the main important part which in this phase becomes a little bit of a constraining factor, and in the waterfall debt comes as the second priority.

Third is of course the focus will start happening in a few years on the free cash flow generation, but right now we're focusing on deepening our cash flow from operations

and the translation of that in terms of EBITDA and cash flow. These are the three phases how I'm looking at this business going forward.

Jatin Jadhav (Sahasrar Capital):

Got it, thank you so much for that explanation. My second question was since we're adding a couple of new- I won't call it SKUs- different types of items, the average revenue per item, do you see it exceptionally growing or probably taking a jump, or it will linearly grow as and when the adoption increases for new items to be rented?

Geetansh Bamania:

For this specific part, growth is going to be the most important one. I can give you confidence more from a historical number perspective that from an H1 to H1, it has grown 6%. In fact, 6% growing on a blended basis when the denominator is the entire base- I'm not even talking about monthly here, monthly would be some different number. Definitely on an H1 perspective, looking at the denominator effect, it has moved up by 6 odd%. So, I'm confident, but I don't want to set any expectations on the growth going forward. In fact, whenever we have met some of the market participants and our stakeholders new and old, we've continued to maintain that item per user and revenue per item is not something as a variable that we are banking on in terms of when we are giving you the targets.

Jatin Jadhav (Sahasrar Capital):

Got it. Thank you so much for answering my questions. I'll get back into the queue. All the best.

Geetansh Bamania:

Thank you, Jatin.

Moderator:

Thanks Jatin. The next question is from the line of Kushagra Bhattar. Kushagra, I've brought you on screen. Please unmute yourself and go ahead with your question.

Kushagra Bhattar (CWC Advisors):

All right. Thanks for the opportunity. Geetansh, congrats on another great set of numbers. A couple of questions. One, Geetansh, if you can maybe give more colour or more perspective on the colour of growth, let's say on three parameters: one is the geographic colour, which would be the cities where the incremental growth is coming from, like the share of top five cities- is it still somewhere around 85 odd percent or the incremental growth has more contribution from the non-top five cities; the second

would be the product segment colour, which is the mix of different products between all the categories which you mentioned in the presentation (washing machines, refrigerators, beds, other home furniture, etc.); and the third colour would be on sales channels- how is the mix between online, experience stores, and the broker channel. If you can give some colour around that, that will be great.

Geetansh Bamania:

Kushagra, on definitely the cities, we did mention in the prospectus as well that some of the new cities are performing pretty well. We continue to open up new cities as a combination of revenue and experience both, because a big differentiation in the market is that we provide free relocation as well. I don't think anybody else provides free relocation as a service in my estimate. That helps us not only expand but also provide a greater experience to our users. Having said that, we continue to see greater growth and a larger focus from the core cities itself. There is a lot of depth present in the existing cities and we're just capitalizing on that. Case in point, the kind of Rentomojo keyword growth that we are seeing in the existing core cities itself has been phenomenal at a blended level. Pan India, as I said, it was upwards of 66 odd%. Core cities become the biggest focus for us.

The growth across categories is very broad-based; all the core categories are firing pretty well. I will not be able to pinpoint but we have added a couple of other categories as well like water purifiers, which might be contributing slightly, but across categories the mix is very much broad-based. From a distribution perspective, we can always connect offline and I can give you more colour on the distribution.

Kushagra Bhattar (CWC Advisors):

Sure. The second question would be on this metric on items per user: if you can give more sense let's say if this number of 2.8 items per user is sort of capping out for Rentomojo, or if you can speak about how the cohorts are looking like- the top quartile customers would have a much higher number of items per user- so how are the subscriber cohorts evolving for you and eventually how big can this lever be when you think about future growth for Rentomojo over the medium term?

Geetansh Bamania:

From an item per user perspective, I'm super optimistic. But as I said some time back, when we are giving you any kind of expectation setting- let's say for this year about 90 to 95 odd crores of PBT- I'm not baking in any kind of item per user growth in that. Have we consistently been working on brainstorming several ideas, have we consistently demonstrated item per user growth, going from 2.3 to 2.8 historically? Absolutely yes,

we have demonstrated historically. Are we baking it into assumptions going forward? That is a little bit of a black box right now.

Kushagra Bhattar (CWC Advisors):

Got it, awesome. And the last one before I get back in the queue: if you can give some more colour on how are you thinking about, given the solid balance sheet with the IPO proceeds as well as this massive cash generation which the business is doing, how should one think about the annual capex rate for FY27, and also in terms of the next two years is there a number in mind in terms of net debt to equity which you're comfortable with? Because just going back to the pre-IPO levels of net debt to equity can also give a good boost to growth rates, so if you can share your thoughts on this.

Geetansh Bamania:

This is coming more from my strategic lens and how I want to position and grow the company. My bigger focus is to be within the constraints of return on capital upwards of 25 odd% of course, but at the same time fully focus on powering more and more growth. As we disclosed in the prospectus, our growth rate CAGR was roughly about 41.7 odd%, where the trend was around 35%, then 40%, then 45%. Quarter 1 was 50%, Quarter 2 was 53%, and let's see what happens. The focus area in my lens is of course to grow more and more.

From that lens, the second constraint will come into the picture, which is again the net debt to equity. For some companies, some stakeholders might be comfortable at 0.5x, some might not be comfortable at 1x, but at 1x you're looking at super powerful growth. Because first in the waterfall, a lot of accruals are coming into the business- 110 odd crores in H1. If you look at this run rate itself, of course in this call I can talk about a run rate perspective because you can multiply it by two and look at where EBITDA and CFO would end up. But of course H1 is more revenue numbers for us, and H2 has historically been more profit and cash flow numbers for us, so we can look at what will happen in the future.

The cash flow position is strong, our balance sheet is sitting at 0.28x net debt to equity, so the focus area for the business is of course to grow further because there is a large cushion in terms of our own accruals and the debt to equity which we already have.

Kushagra Bhattar (CWC Advisors):

Got it, awesome. Thanks for all this and all the best guys.

Geetansh Bamania:

Thank you, Kushagra.

Moderator:

Thanks Kushagra. The next question is from the line of Kunal Sharma. Kunal, I've brought you on screen. Please unmute yourself and go ahead.

Kunal Sharma (Veritas Research and Advisors):

Thanks for the opportunity and congrats on a good set of numbers. Geetansh, I wanted to understand on the broader industry side: currently the rental penetration of total furniture and appliance purchase volume stands at 1% and 1.4% respectively, which value-wise is roughly at 2,000 crores. According to you, what could be the potential TAM and the penetration let's say for the next five years down the line, because the business is highly dependent on scalability and total addressable market? Can you throw some light on it?

Geetansh Bamania:

The early adopter base in this segment is coming from people looking for a fine balance of flexible solutions and affordable solutions. For just affordability, I think there are many solutions out there already; for just flexibility, there is a thing called furnished apartments. We sit right in between from an early adoption perspective. There are close to about 4.8 crore apartments out there and of course I am talking about more top to bottom. If we meet in person, happy to take you through some bottom set approach as well. But purely, if you distill that in terms of age cuts and income groups, there are close to about 3.8 crore apartments out there. That becomes, purely from a household strength perspective, the overall market.

Overall, industry-wise, I don't think we have taken more than maybe 15 to 20 lakh households so far, because the larger problem was rental keyword strength. Household rentals as a fraction of rental apartment searches is still suboptimal; the awareness is not there, and we are consistently increasing that awareness, which in part is reflecting on the kind of CAGR that the industry is seeing in terms of keyword strength growing upwards of 20 to 25 odd%. Within that, the Rentomojo keyword is growing at 66% from a Quarter 2 to Quarter 2 perspective. The depth is high; we need to really solve for awareness as we go forward. The historical trend should give comfort in terms of growth rates you can expect in the future: 35% going up to 40%, 45 odd%, then 50% and 53% in terms of revenue growth rate over the last few quarters.

Kunal Sharma (Veritas Research and Advisors):

Just to follow up on this, for 3.8 crore rental apartments, are these furnished or non-furnished that you are considering?

Geetansh Bamania:

In this, if you look at the entire market space out there, only about 10% to 15% of the base is furnished. Rest in India, if you look at some of the other geographies like Vietnam and all of that, you would find 40% to 50% of the base being in furnished. India is a very interesting space to be where almost 85% is within semi-furnished to unfurnished. You can subtract 10% to 15% out of that 3.8 crores, but it's not that the consumer is only coming from unfurnished. Even from a furnished standpoint, you can take a water purifier, an air conditioner for a little while, or furnish a guest room. The item per user within that section of 10% to 15% can be slightly lower, but they still rent.

Kunal Sharma (Veritas Research and Advisors):

Super. My second question is on experience stores: during the quarter we added seven stores, mostly in tier-one like Delhi, Mumbai, and Pune. Wanted to know your strategy behind store openings where metros are well established and we are expanding in the same cities. How do you look at other tier-one or tier-two cities such as Ahmedabad, Lucknow, Surat, or Indore?

Geetansh Bamania:

We're there in a couple of other cities as well; in smaller cities also, you'll find our retail stores. There is of course a certain science with which we are opening some of these stores, with learnings of the last three and a half years. In the first year when we started off retail, we didn't open more than three to four stores. That's one of the things we take pride in: our experimental budgets. Retail was an experiment for the first year, we learned a lot over the course of the last three and a half years, and now there is a certain science which is consistently improving month-on-month regarding where we open. Now to come back to what you said, we are opening broad-based across the cities we have presented.

Kunal Sharma (Veritas Research and Advisors):

My question on tier-two cities like Ahmedabad, Surat, Lucknow, and Indore: what are we targeting going forward?

Geetansh Bamania:

I won't be able to comment too much on the target, but I can tell you that we're definitely there in some of these other locations as well.

Kunal Sharma (Veritas Research and Advisors):

And one last question on our latest NCLT matters: could you please throw some light there on where we are standing today?

Geetansh Bamania:

There is a hearing in December that will happen, but since the matter is completely sub judice, I don't want to talk more than what we have already disclosed in the prospectus and we continue to speak about I since the matter is sub judice. The only thing that I can say is news on profitability and prospects of the business has been out in the media for several years now. There have been many people who had more belief and stayed in the organization, and some who didn't have belief left in between. One of our strongest pillars is transparency- we have been super transparent with most of our shareholders, and we will continue to double down on that.

Kunal Sharma (Veritas Research and Advisors):

Okay, thank you.

Moderator:

Thanks Kunal. The next question is from the line of Amar Nath Bhakat. Amar, I have brought you on screen. Please unmute yourself and go ahead with your question.

Amar Nath Bhakat (India Invest):

Hi management team. First of all, super congratulations for what you have promised to the IPO and what you are delivering, in fact is better than what people had thought during the IPO time. Congratulations on this. Just to go by your words during the IPO and after, as the business matured, your trust towards banks and other financial institutions might have improved because your profitability and cash flow are showing results. My question is: is it really creating an impact on your debt capacity as well as on your cost of debt, because your risk profile as you matured and show performance, might have been going down?

Geetansh Bamania:

Thanks for bringing this up. We mentioned in the con call presentation as well that the cost of debt, infact margin has gone down to almost 8.65 odd%. We're already a rated entity now, we're already a CRISIL-rated entity. Infact, we have started the process again and hopefully you'll see a revised rating very soon. We are already raising debt at really low numbers-almost close to about 8.65 odd% as the latest debt without any encumbrance. That goes on to showcase the strength of cash flows and the balance sheet altogether. All the numbers that I mentioned on the balance sheet, all of those are looking at us raising money at very low rates from a marginal debt standpoint. We're raising from some of the largest private and public sector banks now, building and strengthening our relationships with them.

Amar Nath Bhakat (India Invest):

Are all your debts mostly term debt, or are you using working capital mostly?

Geetansh Bamania:

This is all long-term debt.

Amar Nath Bhakat (India Invest):
And for working capital you don't need debt, right?

Geetansh Bamania:

Frankly, this is a negative working capital business, and that's why you're seeing almost around 110 odd% translation from EBITDA into cash flow. Working capital borrowing is not what we need. Accruals are so strong that debt comes second in the waterfall, and that is coming from really strong partners at really good rates.

Amar Nath Bhakat (India Invest):

And just to exchange on this, you say you were already accredited by CRISIL and of course that will be having the impact on your on your debt cost as well, but as the situation is moving towards higher cost of debt because interest rates keep rising because of inflation and the RBI constantly increasing rates, do you foresee that having an impact on your cost of debt?

Geetansh Bamania:

Not that I want to tell my shareholders that I'll be fine at even 12% to 13%, which I don't see a possibility of reaching soon. But having said that, the sensitivity of the cost of financing- that's the best thing about the business. It's not that we're managing an interest spread where the implication of cost of financing is highest. In this business, sensitivity to cost of financing is not as high as other factors like occupancy or useful life, which we disclosed in the prospectus. Occupancy at 85% is more important than possibly a cost of financing at 8.65% versus 9.6% versus 10%. Having said that, we are not taking this lightly, because of balance sheet strength, our borrowing rate is consistently going down. But purely I'm talking from a sensitivity standpoint, it's not that when a lower cost of financing happens, it doesn't impact your return on capital.

Amar Nath Bhakat (India Invest):

My second part of this as you really started this water purifier part, if you can give throw a little more light about that part of the business from the last two calls including the IPO, we're hearing that this particular price though the base is very small, but it's growing at a very fast rate. If you can throw a little more right, is it that you are

manufacturing those water purifiers through outsourced model and putting into the rent business and also you're selling?

Geetansh Bamania:

We don't sell. We don't want dual revenues coming in which are cannibalistic in nature, so we're not selling for sure. But at the same time I would like to say that as mentioned in the prospectus, that is a smaller base, that category has performed well. I'll leave it after that.

Amar Nath Bhakat (India Invest):

Are you thinking of introducing something similar, say for example, you do it for water purifiers, maybe water purifier or like air purifiers, especially in the Delhi region where AQI spikes? Is there something on the plan, because this one is a big success, as you say, even if the base is small. So are you guys thinking to introduce something?

Geetansh Bamania:

We have never looked at ourselves as strictly a furniture company. We have never looked at ourselves as an appliances company. We already do have air purifiers on the platform. As AQI levels around Diwali turn out to be 1,000, which we all should be scared about, there is a consumer need, and from a consumer need perspective it is important.

Amar Nath Bhakat (India Invest):

My last question, The awareness part of it as you already explained and we all know that the scale of this business could be the sky is the limit, my only concern is how quickly the customers or the addressable market gets aware about such a business being existent in India because still it is a very low maturity business at the moment. So does the company have a plan for advertisement or something like that to improve the awareness and to give little more force towards that because that is where the growth could be probably influenced more in a market creation.

Geetansh Bamania:

In our P&L, along with some of the other expenses, maybe other expenses as a fraction of the revenue has gone up very, very marginally. But, marketing and advertising as a fraction of revenue has gone up in the last several quarters, but still remains fairly within the limits we want to keep. Every marginal consumer you acquire can come at slightly higher cost. We're looking at sustainable growth compounding at healthy return on capital, and that is how we strategize our marketing budgets.

Amar Nath Bhakat (India Invest):

Thank you, I have some questions, I'll call back later.

Moderator:

Thanks Amar. The next question is from the line of Sharan. Sharan, I've brought you on screen. Please unmute yourself and go ahead with your question.

Sharan Narayan (Unifi Capital) :

Congratulations for a good set of numbers. I had two questions. The first was on revenue growth: you repeatedly talk about the first half as revenue-active and second half as profitable and cash flow-generative, but what I have seen last year and the this year also, I don't see any cyclicality in revenue. It has never dropped quarter-on-quarter and has been consistently growing. Just wanted to clarify on that part.

Geetansh Bamania:

In a selling business, cyclicality would appear within the quarters. That's where the second point where I started with which is the predictability of the business is fairly important: every quarter we jump in with an existing set of subscribers already. You would see a lesser growth rate quarter-on-quarter historically, but revenue consistently goes up, so seasonality will not appear as a decline.

Sharan Narayan (Unifi Capital) :

Yes, that's my point. And the other point, if I see your margins last year, H1 was around 40% to 41% and H2 was around 42% to 43%. Why is H2 historically more margin-accretive and cash flow-generative?

Geetansh Bamania:

I can only bank on historical numbers; historically H2 has been slightly better. You know, I would love to come here on some of these calls and try and surprise, but I would shy away from clearly saying what will happen in the future of the basis of historical data. Historically, H2 has been slightly better.

Sharan Narayan (Unifi Capital) :

What is the reason behind it? Maybe marketing expense at the year start?

Geetansh Bamania:

This is where your seasonality variable kicks in.

Hakim Ujjainwala (Chief Financial Officer):

If I may add, typically H1 is where items get deployed more, and all of our costs are linked to items deployed. This is very different from a transactional business where costs are linked directly with revenue. Here, costs are linked with items deployed, because revenue is cumulative revenue. Some of the items already delivered in previous months keep generating revenue with no incremental cost to it. That is the reason H1 is where we deploy more items and H2 is where we deploy lesser items. So that is the reason.

Sharan Narayan (Unifi Capital) :

That makes total sense. Thank you, congratulations on a good set of numbers, and hope you continue to deliver.

Geetansh Bamania:

Thank you.

Moderator:

Thanks Sharan. The next question is from the line of Rohan Nagpal. Rohan, I have brought you on screen. Please unmute yourself and go ahead with your question.

Rohan Nagpal (Helios Capital):

Hi, thanks for taking my question. Just wanted to understand, on capex incurred this year, last year it was split about 45% and 55% through fiscal '26. Should we expect a similar pattern this year, or was capex front-loaded in H1?

Geetansh Bamania:

If capex is front-loaded, you would see that come in occupancies. Not that we intentionally want to increase the occupancy, we have seen that the occupancy has increased from 83% to 86%, so it is a very front-loaded capex investment. For the entire last year we purchased 170 -175 odd crores of capex; this H1 alone has been between 170 to 175. So you can double the measure and calculate from a capex run-rate perspective for the year.

Rohan Nagpal (Helios Capital):

Okay, understood. That's helpful. I think marketing spend is something that gets clubbed under other expenses? Could you talk a little bit about how marketing spend has moved over the last couple of quarters and how it is split across brand marketing versus performance marketing?

Geetansh Bamania:

It's been quite stable for the last couple of quarters. For the specific bifurcation between them, happy to take it in person with you.

Rohan Nagpal (Helios Capital):

On customer lifetime, the IPO prospectus said average life of a customer is about 18 months. Does that continue to be the case?

Geetansh Bamania:

Long back it used to be 16 months; it jumped to 18 and has been quite stable out there.

Rohan Nagpal (Helios Capital):

Purchase displaced has increased 8% sequentially and up about 61% year-over-year, against gross items ordered growth of 45% year-over-year and 16% sequentially. The value of each item deployed seems to be going up. Is that primarily linked to inflation-linked increases in prices, or is there a change in the mix of items being ordered?

Geetansh Bamania:

No, we haven't changed any of the methodologies. The biggest question that we used to get was that if a transacting revenue company is doing about 1000 odd crores or a 1500 odd crores and they are doing about a similar number of items ordered on the platform. So that's why we brought this concept to showcase that this is the scale of the company that we are all in. Don't compare a subscription revenue business with a one-time transacting business. And that's why this you know methodology was brought in to give you a flavor of it. But more than I am saying that the methodology is not changed from whatever we disclosed in the prospectus to now.

Hakim Ujjainwala:

Just to add Geetansh, the reason for this is air conditioners. In H1 from April till June/July, there is a considerable volume of ACs, and AC capex is almost three to four times our normal capex per item. This shifts both numbers.

Geetansh Bamania:

These are two separate metrics and I would encourage not to really link revenue growth because that is coming from historical periods as well. What we are talking about is that in H1, what sort of number of items got ordered, but the revenue is coming from previous H2 of the last financial year as well. So what sort of items ordered strength will give you some bit of an understanding on the future revenues going forward and the kind of demand that we generate meeting in this quarter or this H1.

Rohan Nagpal (Helios Capital):

No, fair enough. What I was getting at was I think the implied value per item in Q2 last year was about 10,600. This year it's about 11,700. So is the value change driven by an underlying mix?

Geetansh Bamania:

Mix changes, as Hakim was saying. Maybe it could be because of air conditioners, it could be because of sofas, it could be also because of any category where the capex per item is slightly higher.

Rohan Nagpal (Helios Capital):

Got it, fair enough. Thank you so much.

Moderator:

Thanks Rohan. We'll take the last question for today from Della Desai. Della, I've brought you on screen. Please unmute yourself and go ahead with your question.

Della Desai (Axis Capital):

Thank you so much for the opportunity and congratulations on a good set of numbers. First on the makeup of revenue growth: most of the growth is coming from subscriber additions, about 42% growth in subscriber additions, and then we have average revenue per item has been flattish Q-on-Q and average item per user has also been flattish Q on Q and year-on-year. How do we see these other two metrics going forward, specifically revenue per item with AC seasonality?

Geetansh Bamania:

Revenue per item will become more normalized if you look at it from an annualized perspective. Because of the seasonality of ACs and higher capex items, revenue per item might see a little bit of a dip in H2. Item per user had grown year-on-year, which we disclosed in the prospectus. I'm confident going forward, but right now the biggest driver is subscriber additions itself, coming on the back of all distributions firing, traffic being almost 50% up year-on-year, and all subcategories broad-based firing pretty well.

Della Desai (Axis Capital):

What visibility do we have at growing at this 40% to 50% sort of clip in terms of revenue going forward?

Geetansh Bamania:

The depth is fairly high; it's all about execution at the end of the day. What gives me confidence is the historical measure: 35%-38%, 40%, 45 odd%, 50%, 52 odd%. We're consistently doing some of the aspects where purely from an execution standpoint that growth is coming, so we'll continue to invest and keep finding those levers. The depth is there.

Della Desai (Axis Capital):

Given that the organized market is largely a duopoly today and we are larger and obviously better funded today, do we want to get that head start and go aggressively after market share, and what impact would that have on margins?

Geetansh Bamania:

We are trying to go aggressive. In most of our conversations with market participants in the last couple of quarters, we were mentioning around 30% to 35% revenue growth, and we delivered over 50%. Our intentions are super aggressive. We have cash on the balance sheet and the business generates significant accruals, giving us the muscle to grow at a much higher rate while maintaining appropriate return on capital.

Della Desai (Axis Capital):

Got it. And how do we think about margins from here, because if we plan to enter newer markets, would the CAC sort of move up maybe in the near term?

Geetansh Bamania:

See, purely from a new market perspective, even though some of the new cities or channels are contributing at a higher CAC, because the contributions are less it doesn't impact us at the overall basis. Sorry, can you come on your question again? Sorry, there was a little network issue I think.

Della Desai (Axis Capital):

No, I was just asking if because we are planning to enter some newer markets also, right? And we're growing at this clip where most of the growth is coming from subscriber additions. My question is if that might impact customer acquisition costs in the near term and would that have any impact on the EBITDA margins?

Geetansh Bamania:

No, in fact the EBITDA margin has remained close to about 40, 41 odd% even after reinvesting so much of operating leverage back in all of these costs. So we do have a buffer, can always curtail a little bit and take a little bit of a buffer away from maybe an

experience investment that we're doing. So I think there is a decent buffer and we are right now maintaining at 40, 41 odd%. If we have to increase it, we might be able to take it from some of the other buffers that we have. Having said that, we continue to see a large section of the growth coming from the major core cities, so we're not really dependent on the new city launches which are happening. And any which way, some of these newer cities are contributing less today; around 90% to 91% is still coming from some of these core cities itself.

Della Desai (Axis Capital):

Got it. Very helpful. Thank you so much for this.

Moderator:

Thanks Della. That was the last question for today. Thank you again for your time and participation. On behalf of Rentomojo Limited, this concludes today's conference. For any questions, please feel free to write to us on the email IDs mentioned on the invite. We appreciate your engagement. You may now disconnect your lines.

Hakim Ujjainwala:

Thank you.

Geetansh Bamania:

Thank you everyone.

Disclaimer:
This transcript is an edited version of the conference call recording and has been prepared for ease of reading and clarity. Certain immaterial corrections, formatting changes and corrections of obvious transcription or numerical errors may have been made, without changing the overall meaning. Readers are advised to refer to the audio recording and the results filed with the stock exchanges for full details, and the company accepts no responsibility for any remaining errors or for any decisions taken based on this document.