

December 2, 2025

## Scaling on cost effective business model...

**About the Company:** Meesho Ltd (Meesho) is a multi-sided technology platform driving e-commerce in India by bringing together four key stakeholders – consumers, sellers, logistics partners and content creators. It has emerged one of the largest e-commerce players in India with Annual Transacting Users (ATU) of 23.4cr customers generating ~10x transactions of 227cr orders.

### Key triggers/Highlights:

- Meesho monetises its platform through services that are provided to sellers in the form of order fulfilment, advertising and data insights. The company do not charge any commissions to the sellers and do not charge any platform fee to consumers.
- The company's focus on offering 'Everyday Low Prices' to consumers, low-cost order fulfilment to sellers, proprietary end-to-end logistic platform and artificial intelligence/machine learning ("AI/ML") led algorithms improving the shopping experience aided to acquire more customers and sellers over the period of time.
- In FY25, 19.9cr ATUs transacted on Meesho's platform, of which 17.4cr were from outside top 8 cities in India. Its ATUs has grown by ~46% vs. e-commerce shoppers' growth of 11-20% in India from FY23 to FY25.
- Meesho's order frequency stood at 9.7x in FY25 and grew at CAGR of 34% over FY23-25. Its net merchandise value (NMV) grew by at CAGR of 25% over the same period. NMV growth is lower compared to order growth due to decline in the order value, which is a strategy to drive high volumes on platform.
- Its contribution margins improved by 200bps YoY to 4.9% over the last two years due to cost optimisation led by launch of Valmo – proprietary logistic partner, increase in share of prepaid shipped orders and other cost efficiencies.
- Meesho's generated positive free cash flow (FCF) for last two years on back of its capital efficient model. Last twelve FCF stood at Rs581.5cr in H1FY26.

**Our View & Rating:** Meesho's zero commission business model catering to value conscious customers largely from tier 2 and tier 3 towns is a key differentiated compared with other listed tech-based consumer service companies in India. Leveraging on efficient business model, the company is able to achieve strong double digit revenue growth with increasing customers and generates consistent FCF for last two years. Further its valuation at 5x its FY25 revenues are at discount to close peers. We recommend SUBSCRIBE on Meesho.

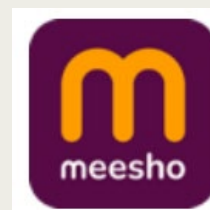
### Key risk & concerns

- Failure to retain or attract customers and sellers will have adverse impact on the revenues and profitability of the company
- High portion of orders fulfilled through Cash on Delivery which exposes risk of operational inefficiencies and low order fulfillment.

### Key Financial Summary

Key Financials ( ₹ Crore)	FY23	FY24	FY25	H1FY26	CAGR FY23-25
Revenues	5734.5	7615.1	9389.9	5577.5	28.0%
Contribution Margin - Marketplace	565.9	1303.2	1483.7	733.3	
Contribution Margin % of NMV	2.9%	5.6%	4.9%	3.8%	
EBIDTA	-1803.7	-494.1	-578.5	-693.4	
EBIDTA Margins(%)	-31.5%	-6.5%	-6.2%	-12.4%	
Adjusted PAT	-1671.9	-314.5	-2595.3	-563.3	
Reported PAT	-1671.9	-327.6	-3941.7	-700.7	
EPS (Rs.)	-4.4	-0.9	-10.0	-1.6	
RoE (%)	-65.6	-14.2	-252.4	-72.3	

Source: RHP, ICICI Direct Research;



### IPO Details

#### Issue Details

Issue opens	3rd December, 2025
Issue closes	5th December, 2025
Issue size	₹4250cr - Fresh Issue
QIB (Institutional) Share	75% of issue
Non Institutional Share	15% of issue
Retail share	10% of issue

Issue Type Fresh Issue and Offer for Sale

Price band (₹/share)	₹105-₹111
Market Lot	135 shares
Face value	1
Listing Market Cap @	₹50,096cr
Upper Price Band	

### Shareholding pattern

	Pre-Issue (%)	Post-Issue (%)
Promoters	19.1	16.8
Public	80.9	83.2
Total	100	100

### Objects of the issue

#### Objects of this issue

The issue is a mix of fresh issue and offer for sale. The company is issuing ~38.3cr shares aggregating to Rs.4250cr.

(i) It aims to utilise the net proceeds towards investment in cloud infrastructure and has allocated Rs.1390cr towards the same.

(ii) Further, the company leverages technology to fuel its growth hence it aims to use Rs.480cr for payment of salaries to new hires and existing employees who are part of Machine Learning and AI team for further development.

(iii) The remaining proceeds of Rs.2380cr are allocated for Marketing and business expenses, Inorganic acquisitions and general corporate purpose.

### Research Analyst

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## Company Background

Meesho is a multi-sided technology platform driving e-commerce in India by bringing together four key stakeholders – consumers, sellers, logistics partners and content creators. Its value focused platform is designed to serve all segments of consumers across India by making e-commerce affordable, accessible and engaging. Further, its technology-first operations, platform scale and efficiency offer low-cost order fulfilment to sellers on Meesho. The company provides a wide assortment of products ranging from low-cost unbranded products, regional brands and national brands at affordable prices on Meesho.

Meesho operates in two business segments: Marketplace, a technology platform connecting consumers, sellers, logistics partners, and content creators; and New Initiatives such as low-cost local logistics network for daily essentials and a digital financial services platform.

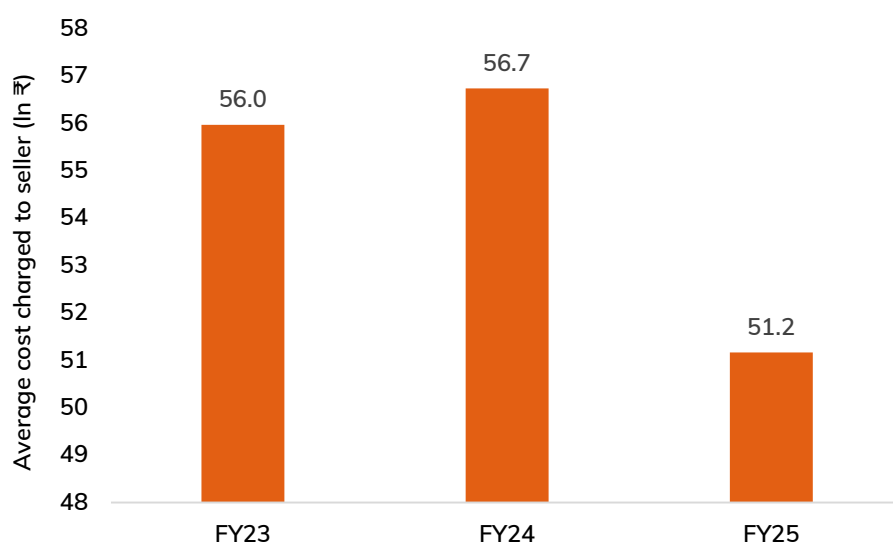
**Exhibit 1: Meesho's Operating Segments**

Particulars	FY23	FY24	FY25	H1FY26
Marketplace - Revenue	5733.7	7613.7	9385.9	5573.9
Growth (%)		32.8%	23.3%	
New Initiatives - Revenue	0.8	1.4	4.0	3.6
Growth (%)		77.7%	187.0%	
Revenue from Operations	5734.5	7615.1	9389.9	5577.5
Growth (%)		32.8%	23.3%	

Source: RHP, ICICI Direct Research

Meesho is focused on providing 'Everyday Low Prices' to consumers. Its technology-first operations, platform scale and efficiency offer low-cost order fulfilment to sellers on the platform. This, along with a zero-commission model for sellers enables it to reduce the average cost charged to sellers and provide a wide assortment of products ranging from low-cost unbranded products, regional brands and national brands at affordable prices on Meesho. The company's artificial intelligence/machine learning ("AI/ML") led algorithms are designed to deliver a personalised, discovery led shopping experience to consumers similar to an offline window-shopping experience, making online shopping easy and engaging for consumers. Through a combination of the above capabilities and inherent benefits of a pure-play marketplace model, Meesho has been able to attract a large base of consumers

**Exhibit 2: Meesho's average cost charged to sellers**



Source: RHP, ICICI Direct Research

The platform has a large and diverse seller base, including first time e-commerce sellers, and hosts a wide assortment of products, including unbranded products, regional brands and national brands.

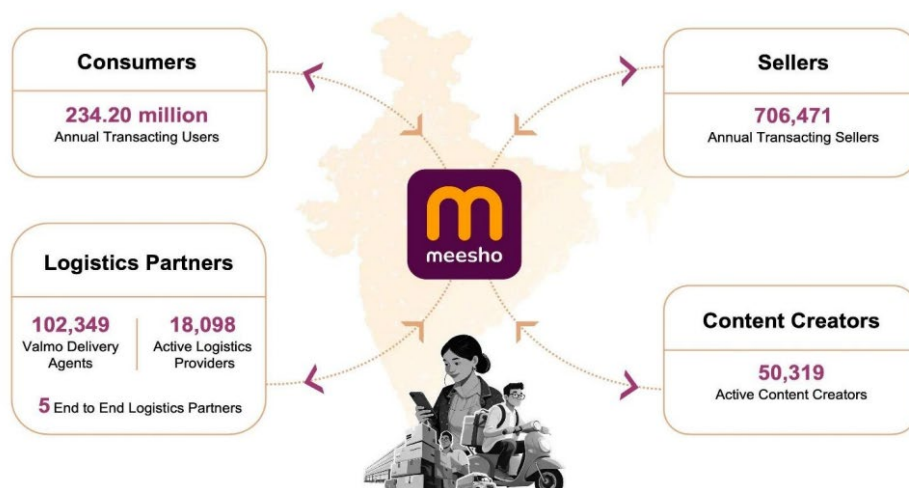
Further, Content creators on Meesho also enhance product discovery and drive sales by sharing engaging content.

## The Platform

Meesho's modular technology architecture orchestrates interactions across its stakeholders' enabling reliability, scalability and efficiency on its platform. Every interaction between its stakeholders on its platform generates data inputs, which are continuously fed into the company's AI/ML models helping it to power a suite of tech backed capabilities.

Meesho monetises its platform through services that are provided to sellers on its platform such as order fulfilment, advertising and data insights. Further, it does not charge sellers any commission and does not charge any platform fee to consumers on Meesho. Its platform scale and ecosystem integration also enable it to launch and scale its New Initiatives business such as (i) low-cost local logistics network for daily essentials and (ii) a financial services platform where regulated partners offer financial services tailored to Meesho's stakeholders, further strengthening platform stickiness and addressable market.

**Exhibit 3: Meesho's platform**



Source: RHP, ICICI Direct Research

## Meesho's Stakeholders

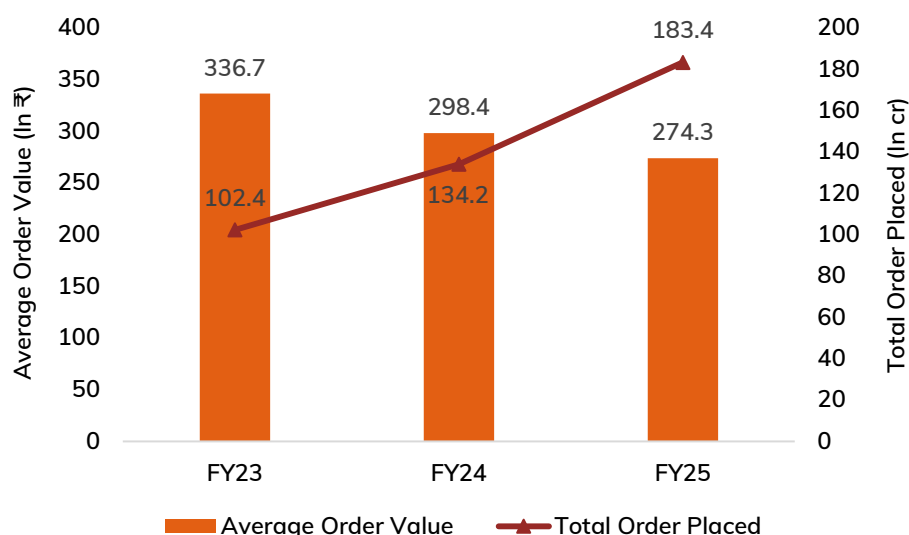
### Consumers

Consumers on Meesho come from various income backgrounds across India. These consumers are typically value focused, seeking a wide assortment of products at affordable prices. In FY25, ~19.9cr customers transacted on Meesho, of which ~17.4cr customers were from outside Top 8 cities in India.

### Customers choose Meesho for:

**Affordability:** Meesho enable consumers to access a wide range of products at low prices, as sellers on its platform benefit from low costs. It has continually reduced the average cost charged to sellers. This is reflected in the reducing Average Order Value ("AOV") on its marketplace, from Rs.336.71 in FY23, Rs.298.36 in FY24 to Rs.274.27 in FY25, while the number of Placed Orders substantially increased from 102.4cr orders in FY23 to 134.2cr orders in FY24 to 183.4cr in FY25.

Exhibit 4: Meesho operates on a customer friendly affordable model



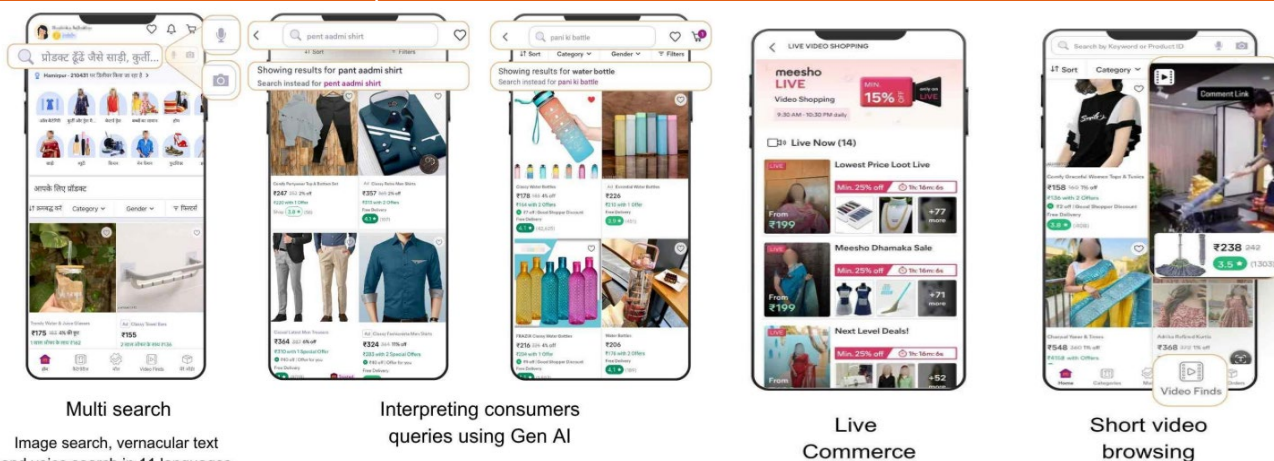
Source: RHP, ICICI Direct Research

**Wide and relevant assortment:** Meesho offers a wide assortment of products, including low-cost unbranded products, regional brands and national brands. As of H1FY26 and H1FY25, Meesho hosted 15.4cr and 10.9cr Daily Active Product Listings, respectively. The wide assortment of products on Meesho addresses the broader consumer preference in India including any regional preferences.

**Simple and engaging e-commerce experience:** The platform is designed to promote discovery led shopping. By understanding consumers' preferences based on their past browsing and transactions history, Meesho provides consumers with a hyper personalized, infinite scrolling feed of products relevant to them. Further it offers intuitive search functionality across voice, text and image for consumers to search for specific products. Its search functionality is enabled in 11 languages.

Additionally, through short form videos and live streams created by content creators, consumers are able to perceive the look and feel of products. Consumers browse videos and shop directly through clickable product links enabling an engaging and informative shopping experience.

Exhibit 5: Elevated E-commerce experience



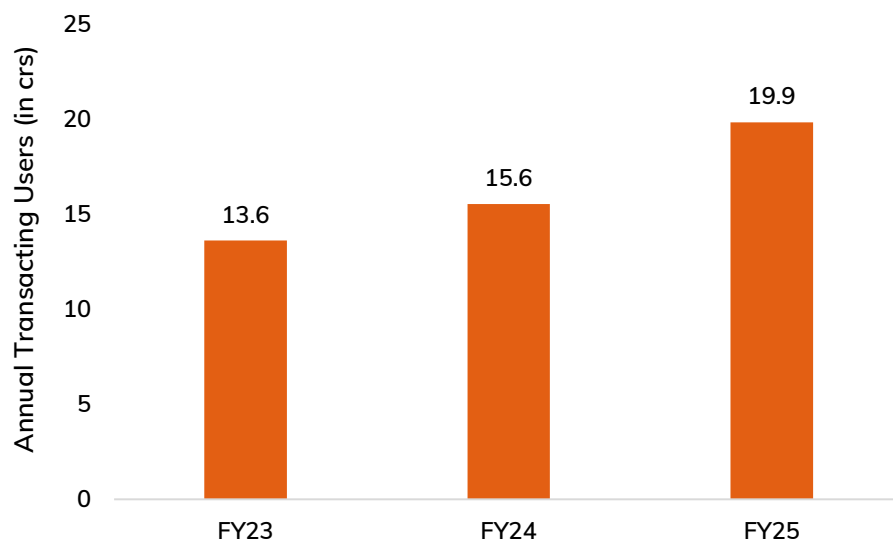
Source: RHP, ICICI Direct Research

## Sellers

Sellers on Meesho include manufacturers, wholesalers and traders. During FY23, FY24 and FY25, ~4.5 lakh, ~4.2 lakh and ~5.1 lakh annual transacting sellers transacted on Meesho, respectively. The NMV per annual transacting seller increased at a CAGR of 16.9% from ~Rs.4.3 lakhs in FY23, ~Rs.5.5 lakhs in FY24 to Rs.5.8 lakhs in FY25. Further, the average number of days for a new seller on Meesho to receive its first order after the product is listed on Meesho decreased from 32 days in FY23, 26 days in FY24, 16 days in FY25.

Sellers choose Meesho for:

**Access to a large base of customers:** The sellers have access to a large base of annual transacting users on Meesho's platform. The annual transacting users, a key metric has witnessed growth at 21% CAGR between FY23-25 to reach ~20cr transacting users as of FY25.

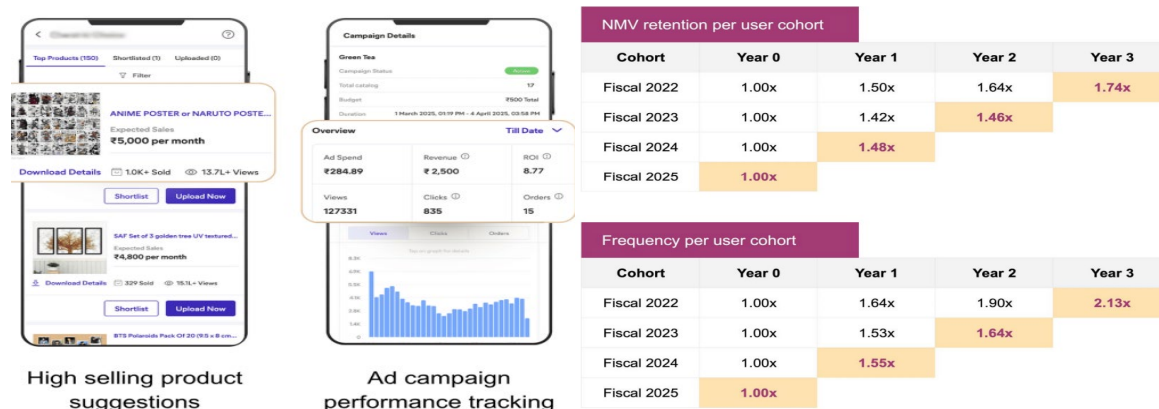
**Exhibit 6: Sellers have access to large customer base**

Source: RHP, ICICI Direct Research

**Low-cost channel:** Meesho's low-cost order fulfilment, along with a zero-commission model, reduces the average cost charged to sellers. Thus, they are able to lower the price of existing listings and list lower value products on Meesho. These efforts provide sellers the flexibility to offer competitively priced products on Meesho which may not generally be economically viable to be sold online due to the high operating costs for sellers.

**Level playing field and transparency:** As a pure-play e-commerce marketplace, Meesho does not compete with its sellers through private labels or hold any inventory. Its core principle is to provide a level playing field to sellers where they have equal access to all consumers for services offered by the company.

**Simple to use and easy to sell:** Meesho has simplified and automated seller onboarding journey and product listing for sellers. Sellers can create a catalogue of products on Meesho by uploading pictures taken even from their mobile cameras. Its in-house technology converts the pictures into a listing ready format. Its platform can also auto-populate product titles and descriptions, and guide sellers on what title or descriptions to add. Meesho also offers easy to use advertising tools to sellers to enhance their product visibility. Leveraging platform generated marketing insights, it provides recommendations to sellers for product promotions based on sales trends.

**Exhibit 7: Easy to sell platform**

Source: RHP, ICICI Direct Research

## Logistics Partners

Meesho's logistics partners include first and last mile delivery businesses and individuals, sorting centres, truck operators, and end-to-end logistics partners. Meesho has the highest e-commerce shipment volume in India among the e-commerce players, accounting for 29-31% of total e-commerce shipments (excluding hyperlocal shipments) in FY25.

Through its logistics partners, the company facilitates end-to-end fulfilment of orders. Orders placed on Meesho are fulfilled either through (i) its proprietary and unique technology platform – “Valmo” which orchestrates a multi stage logistics network across multiple logistics partners, or (ii) end-to-end logistics partners. By aggregating multiple logistics partners and their services on Valmo, the company believes that it has unlocked business opportunities for e-commerce logistics for players who do not have end-to-end fulfilment capabilities.

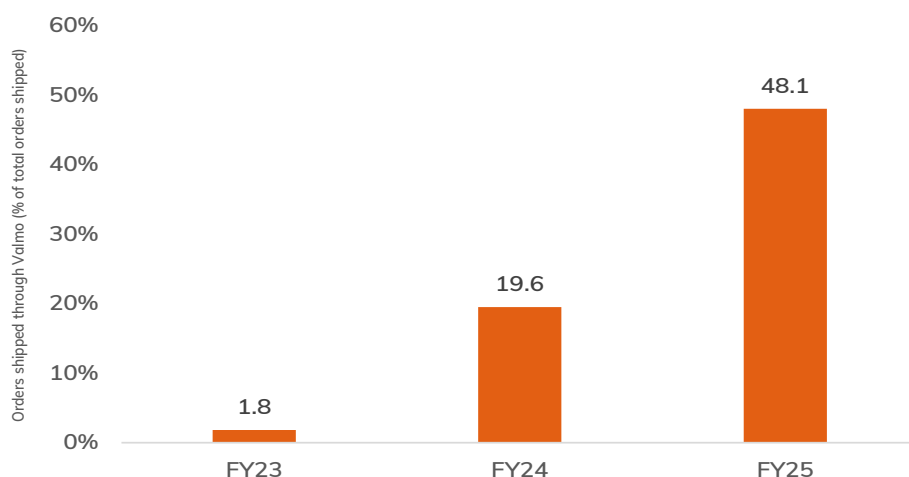
### Logistic partners choose Meesho for:

**Higher earnings opportunities:** Meesho provides its logistics partners with consistent and predictable demand for order fulfilment, giving them the ability to optimally use their logistics assets and invest in future capacity to increase their earnings.

**TAM Expansion:** Meesho is expanding the addressable market of logistics players through Valmo, by making them a part of an e-commerce fulfilment value chain that aggregates the services of different logistics partners to collectively deliver an order.

**Easy to use technology tools:** Logistics partners can access Valmo either through an app or by integrating their existing software through APIs without having to switch to Valmo's software, providing them more flexibility.

### Exhibit 8: Consistent rise in orders shipped through Valmo as % of total shipped orders



Source: RHP, ICICI Direct Research

## Content creators

Content creators are individuals who primarily create and post short form videos and live streams on Meesho and other third-party social media platforms to enhance the shopping experience for Meesho's consumers. The company generated Rs.707cr in NMV from its marketplace through content commerce in FY25, having achieved this growth within 23 months of its launch in May 2023.

### Contact creators choose Meesho for:

**Enable monetization opportunities:** Meesho's large base of sellers and consumers offers content creators greater access to potential audiences and product assortment, enabling monetisation opportunities in the form of commissions linked to product sales.



### Exhibit 9: Key Operational KPIs

Key Operational Metrics	FY23	FY24	FY25	H1FY25	H1FY26	CAGR FY23-25
Annual Transacting Sellers (in nos.)	4,49,966	4,23,749	5,13,757	4,40,824	7,06,471	6.9%
Annual Transacting Users (in crs)	13.6	15.6	19.9	17.5	23.4	20.7%
Placed Orders (in crs)	102.4	134.2	183.4	82.5	126.1	33.8%
Growth in Placed Orders		31.0%	36.7%		52.9%	
Order Frequency (times)	7.5	8.6	9.2	8.8	9.7	10.9%
Gross Merchandise Value - Marketplace (In Rs.crs)	34491	40038	50312	22609	33483	20.8%
Net Merchandise Value Marketplace (In Rs. crs)	19233	23241	29988	13318	19194	24.9%
NMV - Marketplace growth		20.8%	29.0%		44.1%	

Source: RHP, ICICI Direct Research

### Exhibit 10: Key Financial Metrics

Key Financial Metrics	FY23	FY24	FY25	H1FY25	H1FY26	CAGR FY23-25
Revenue from Operations	5734.5	7615.1	9389.9	4311.3	5577.7	28.0%
Segment revenue - Marketplace	5733.7	7613.7	9385.9	4309.3	5573.9	27.9%
Segment revenue - New Initiatives	0.8	1.4	4.0	2.0	3.6	125.8%
Adjusted EBITDA	-1693.7	-230.2	-219.6	-54.4	-551.9	
Adjusted EBITDA - Marketplace	-1599.0	-149.2	-116.7	6.5	-519.1	
Adjusted EBITDA - New Initiatives	-90.9	-66.9	-92.9	-54.8	-30.1	
Adjusted EBITDA - Marketplace as % of NMV Marketplace	-8.3%	-0.6%	-0.4%	0.0%	-2.7%	
Contribution margin - Marketplace	565.9	1303.2	1483.7	773.3	733.3	61.9%
Contribution margin - Marketplace as % of NMV Marketplace	2.9%	5.6%	4.9%	5.8%	3.8%	

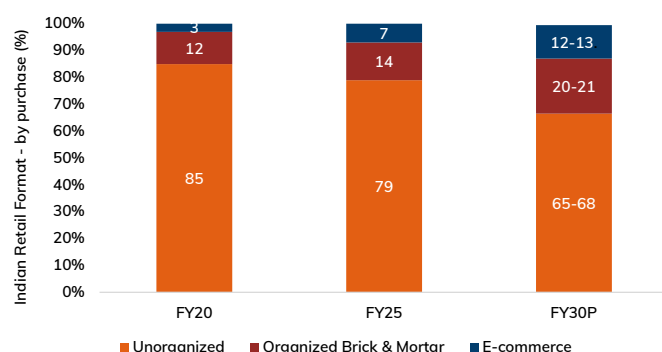
Source: RHP, ICICI Direct Research

## Industry Overview

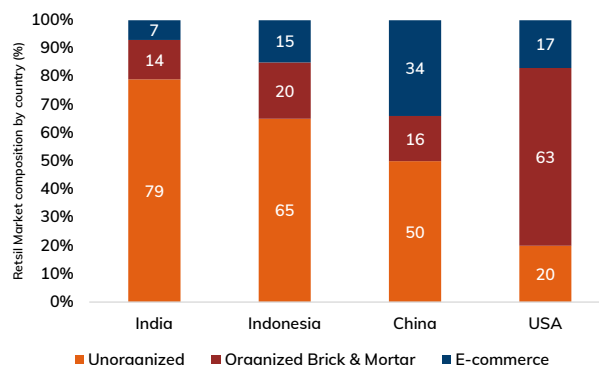
### Organised Retail expanding at rapid pace with E-commerce growing the fastest

Organised retail, comprising modern brick and mortar formats and e-commerce players, has grown from ~15% of the total India retail market in FY20 to ~21% in FY25. It is further projected to reach 32–34% by Fiscal 2030, translating into a Rs.39–46 trillion (US\$462–542 billion) opportunity. Compared to other global peers, India's unorganized market share is largest which stands at 79% of the total retail market of the country. This provides high headroom for organized players to capture market share in India driven by changing customer preferences, increasing disposable income and increasing awareness towards global trends.

### Exhibit 11: Indian Retail Market- By Purchase



### Global Retail Market - Composition



Source: RHP, ICICI Direct Research

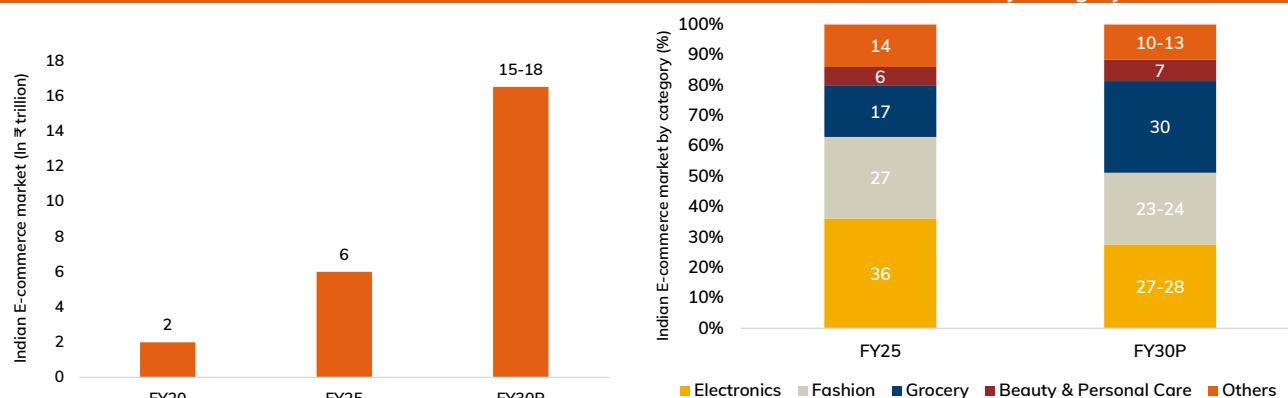
India e-commerce market is currently sized at ~Rs.6 trillion (~US\$70 billion) in terms of gross merchandise value (GMV) and is projected to reach Rs.15–18 trillion (US\$174–214 billion), penetrating 12–13% of India retail market by FY30P.

As of FY25, e-commerce penetration in non-electronics categories remains significantly below that of electronics (~37%), indicating substantial headroom for growth. Penetration levels in non-electronics categories stand at ~2% in grocery, ~19% in fashion, ~19% in beauty and personal care. Capitalizing on this headroom, the non-electronics categories are

projected to lead the ecommerce growth in India over the next ~5 years contributing to 72–73% of India e-commerce market in FY30E as compared to ~64% in FY25.

Exhibit 12: Indian E-commerce market

Indian E-commerce market – By category

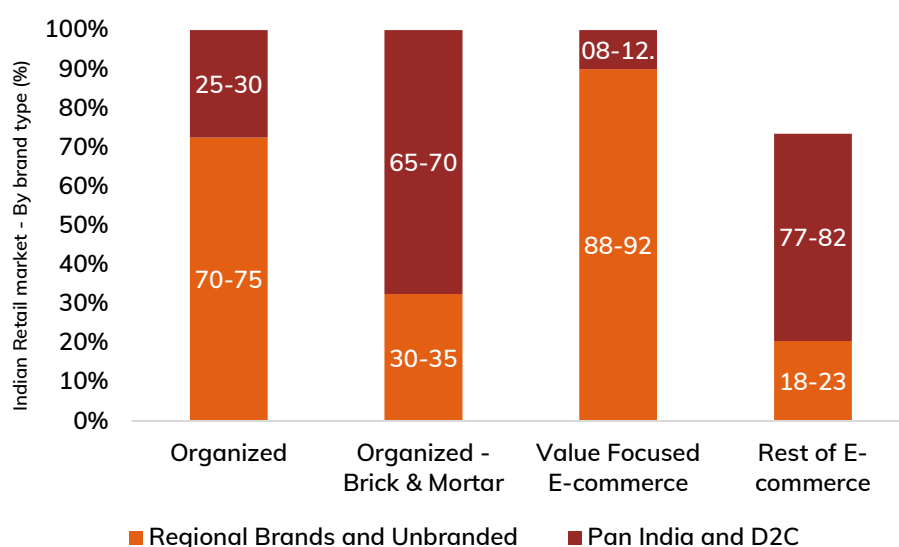


Source: RHP, ICICI Direct Research

### Value focused E-commerce gaining salience in the market driven by regional and unbranded segment

India's retail market is expected to remain predominantly driven by regional brands and the unbranded segment. This large segment remains under penetrated by organised retailers and is largely served by the unorganised retail channel, as indicated by 70–75% contribution of regional brands and the unbranded segment to unorganised retail in India. Value focused ecommerce, while part of organised retail, enables regional brands and unbranded products supply through technology-led orchestration and efficient logistics and fulfilment, thereby addressing the inherent inefficiencies of unorganised retail.

Exhibit 13: Regional and Unbranded segment dominate the Organized market



Source: RHP, ICICI Direct Research

### Meesho's TAM and SAM

India's total retail market constitutes the Total Addressable Market (TAM) for Meesho, estimated at Rs.83 trillion (~US\$978 billion) in FY25 and projected to reach Rs.123–135 trillion (US\$1.4–1.6 trillion) by FY30. Within this, Meesho focuses on a subset of categories forming its Serviceable Addressable Market (SAM). As of FY25, Meesho's SAM is valued at ~Rs.33 trillion (~US\$384 billion), and is projected to reach Rs.51–56 trillion (US\$600–653 billion) by Fiscal 2030P, reflecting a CAGR of 9–11%, higher than the overall retail market CAGR of 8–10% during the same period.



## Exhibit 14: Meesho's TAM and SAM

Categories	TAM	Currently serviced by Meesho	SAM	SAM e-commerce penetration FY2025	SAM e-commerce market growth (Fiscal 2025 – Fiscal 2030P)
Grocery	~₹52 (~US\$599)	Partly - FMCG	~₹14 (~US\$166)	~2%	35 – 40%
Fashion	~₹8 (~US\$98)	✓	~₹8 (~US\$98)	~19%	18 – 22%
Jewellery	~₹6 (~US\$69)	✗	-	-	-
Electronics	~₹6 (~US\$68)	Partly – small household devices	~₹0.4 (~US\$5)	37%	14 – 18%
Home and furniture	~₹5 (~US\$65)	✓	~₹5 (~US\$65)	10 – 12%	18 – 20%
Pharma	~₹2 (~US\$29)	✗	-	-	-
General merchandise	~₹2 (~US\$27)	✓	~₹2 (~US\$27)	7 – 9%	14 – 17%
BPC	~₹2 (~US\$23)	✓	~₹2 (~US\$23)	~19%	23 – 26%
Total	~₹83 (~US\$978)	-	~₹33 (~US\$384)	~8%	21 – 25%

Source: RHP, ICICI Direct Research

## Investment Rationale

### Meesho aims to increase its consumer base and transaction frequency by expanding its product listings

Meesho aims to democratise internet commerce for everyone by building a platform that is affordable and accessible to a diverse consumer base, whether a high-income urban shopper or a rural consumer. Further, driven by its continued commitment to brand awareness and accelerating user growth, its Annual Transacting Users grew at a CAGR of 20.7% between FY23 and FY25.

As of FY25, e-commerce penetration in non-electronics categories remains significantly below that of electronics (~37%), indicating substantial headroom for growth. Hence, the company is scaling up multiple initiatives:

- Meesho's plan is to continue to scale its content commerce marketplace. as of FY25, content commerce in India accounted for 1%–2% of the overall ecommerce market, significantly lower than Indonesia (20–30%) and China (40–50%) in the same period, highlighting substantial headroom for growth.
- The company is scaling 'Meesho Mall', a dedicated branded shopping destination within the Meesho app, wherein new-age, regional and national brands and their authorised distributors can sell directly to our consumers.
- It plans to increase penetration across high frequency product categories such as daily essentials by building a low-cost local logistics network as a part of our Horizon 2 Initiatives.

Meesho intends to further expand the assortment of products on the platform by reducing entry barriers for sellers, improve business enablement tools and improve product discovery on Meesho. It intends to continue to invest in AI driven tools for catalogue optimisation, pricing intelligence, and performance analytics to support seller decision making and operational efficiency. In addition, the company plans to enhance its targeted advertisement solutions and promotional levers to help sellers reach relevant consumers and increase their sales

### Meesho is built on multiple scaled self-reinforcing flywheels

The platform orchestrates transactions amongst Meesho's four key stakeholders - consumers, sellers, logistics partners and content creators. The flywheels generate a large amount of data on aspects such as consumer preferences, pricing trends, seller performance, logistics partner performance and attractiveness of content. Together, this foundation is intended to support Meesho to deliver a seamless experience for all its stakeholders and grow its business in a capital-efficient manner.

**Commerce Flywheel:** Consumers transact on Meesho because of the wide assortment of products that are available at affordable prices. As more consumers transact and order volumes increase, more sellers are attracted to Meesho. This encourages sellers to list more products on Meesho and price their products competitively. Further, this also enables regular refreshment of products. Better pricing and assortment attract more consumers, further increasing order volumes.

Exhibit 15: Increasing volumes - Combination of more sellers and transacting customers



Source: RHP, ICICI Direct Research

**Logistics Flywheel:** As order volumes on Meesho increase, it helps logistics partners better utilise their capacity, improve the density of fulfilment and reduce the price of their services on a per order basis. On Valmo, logistics partners who may not have been able to service e-commerce orders because they did not have end-to-end capabilities, can come together to jointly service e-commerce orders. This has also introduced competition between logistics partners at each leg of fulfilment, thereby reducing cost of providing services.

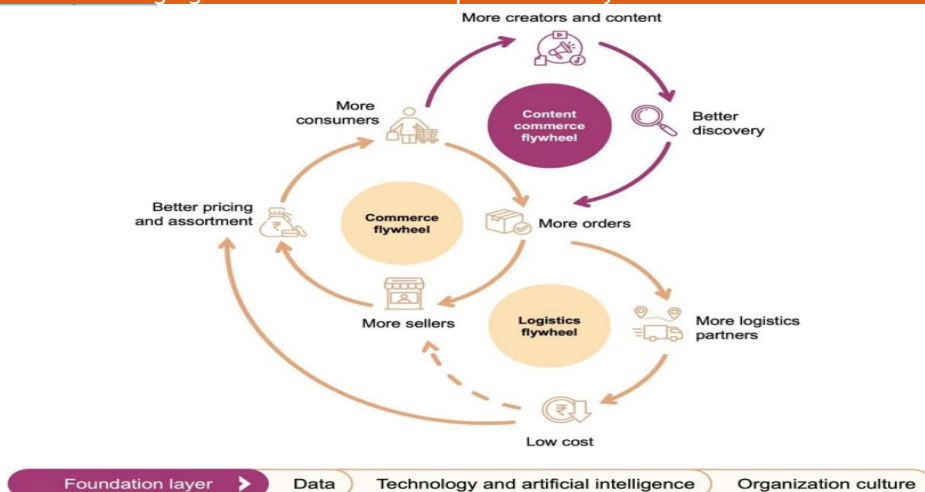
Exhibit 16: Providing platform for Logistics competition and reduction of order cost



Source: RHP, ICICI Direct Research

**Content Commerce Flywheel:** Meesho has activated a content commerce flywheel that enhances product discovery and engagement on Meesho. Content creators are attracted to Meesho as it offers them an avenue to monetise their creativity by promoting the company's sellers' products. With increasing content volumes on Meesho, product discovery becomes better, further increasing order volumes and reinforcing the commerce flywheel.

Exhibit 17: Leveraging content creators to improve visibility



Source: RHP, ICICI Direct Research

## Technology first approach with focus on AI driven solutions

Technology powers every part of Meesho's platform enabling it to scale, reduce costs and increase efficiency while enhancing the value generated and experience for all its stakeholders. Rather than relying on manual interventions, it employs a technology driven approach to problem solving.

Every interaction on Meesho is technology driven with the endeavour to deliver a seamless experience for all its stakeholders. For example, when a consumer opens the Meesho app, its real time AI models analyse various characteristics and signals of that consumer to generate an infinite feed of hyper personalized recommendations of products that are tailored to the consumer's preferences. To generate this feed, its algorithms work through millions of product listings to curate the list by taking into account its view of the consumer's preference on price, product quality and location of the seller. When an order is placed, Meesho's logistics technology system locates the most suited logistics partner for delivery which is determined by combining the cost of multiple logistics partners.

Meesho uses AI/ML for all its stakeholders:

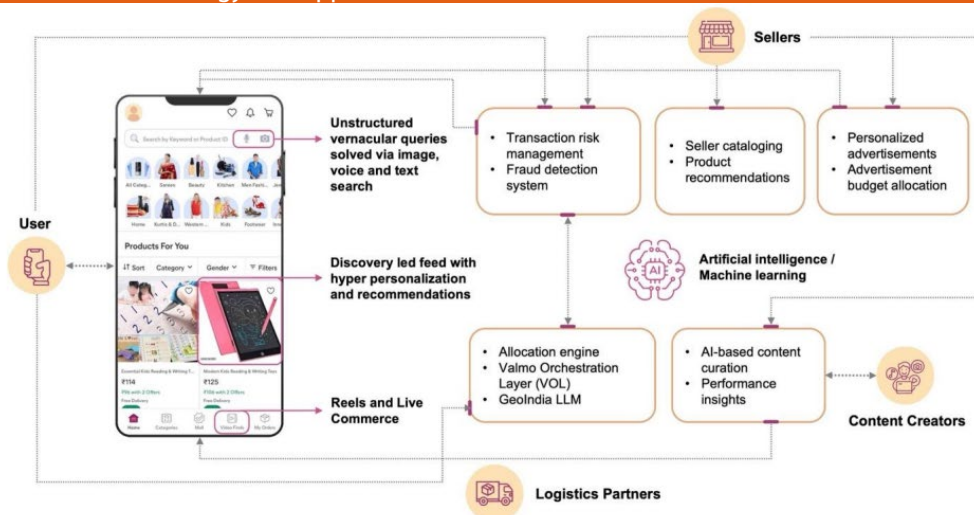
**For consumers,** (i) personalisation at an individual level for product discovery, (ii) automated consumer support experience, and (iii) text, image and voice search results including regional language and incoherent phrases.

**For sellers,** (i) ease of onboarding and product cataloguing (ii) product recommendation and pricing insights for higher sales; and (iii) targeted advertising to increase returns on ad spends.

**For logistics partners,** (i) optimised routes and partner selection for low-cost fulfilment, (ii) quality control to improve delivery success rate; and (iii) interpretation of unstructured delivery addresses.

**For content creators,** (i) insights into consumer purchase behaviour to increase earnings; and (ii) tools for content creation.

**Exhibit 18: Technology first approach**



Source: RHP, ICICI Direct Research

## Ability to scale up in capital efficient model

Meesho's operate an asset-light business model. It does not manufacture or sell private label products, own product inventory or logistics infrastructure making its platform more capital-efficient compared to organised retail models or other e-commerce models that may depend on physical stores, warehousing, owned inventory and/or captive logistics.

Platform based models possess faster scalability and an asset-light model, enabling more capital-efficient growth, and hence deliver higher return on capital while generating more free cash flows. By leveraging the existing capacity and capabilities of its sellers and logistics partners, Meesho has been able to scale its operations while being capital efficient. Between FY23-25, its Annual Transacting Users grew from ~13.6cr to ~19.8cr, and its Placed Orders grew from ~102.4cr to ~183.4cr during the same period.

Meesho's Advertising and sales promotion expenses decreased from Rs.927.8cr in FY23 to Rs.643.5cr in FY25, and as a percentage of NMV from its Marketplace it decreased from 4.8% in FY23 to 2.2% in FY25, and as a percentage of Total expenses it decreased from 12.3% in FY23 to 6.4% in FY25. Further, Meesho's server and software tools expenses as a percentage of NMV from its marketplace and total expenses decreased from 2.9% and 7.5% in FY23 to 2.0% and 6.1% in FY25, respectively. Also, its employee benefits expenses as a percentage of NMV from its Marketplace and Total expenses decreased from 3.8% and 9.6% in FY23 to 2.8% and 8.4% in FY25, respectively.

This model also enables Meesho to launch and grow new flywheels through minimal investments and it also believes it is a cost-conscious organization. The company tracks and optimises its expenditures at a granular level by leveraging technology, automation, and process innovation. Its capital allocation is guided by a lens of long-term value creation, such that every New Initiative is evaluated based on its ability to generate long term free cash flow with expected returns.

**Exhibit 19: Scaling through a capital efficient model**

Particulars	FY23	FY24	FY25	H1FY25	H1FY26	CAGR (FY23-25)
Consolidated GMV (Marketplace + New Initiatives) (in ₹ cr)	34504.0	40109.0	50361.0	22708.0	33495.0	20.8%
Total Equity (in ₹ cr)	2471.9	2229.6	1445.5	2173.6	850.4	
Capital Employed (in ₹ cr)	5025.2	4600.8	4818.2	4466.8	5422.6	
GMV/Capital Employed (X)	6.9	8.7	10.5	5.1	6.2	
LTM FCF (in ₹ cr)	-2336.4	199.6	591.2	-	581.5	
LTM FCF/Capital Employed (x)	-46.5%	4.3%	12.3%	-	10.7%	

Source: RHP, ICICI Direct Research

## Risks & Concerns

### **Failure to retain and attract consumers may result in impact on revenues and profitability.**

Meesho's success depends on its ability to attract and retain consumers on its platform. While the consumer base has been increasing, this trend may not continue and the consumer base may decline for various factors. A decline in its consumer base could result in a corresponding decline in its seller base, and in turn, a decrease in the assortment of products and diminish the overall attractiveness of the platform. A decline in consumer engagement or retention may require the company to increase its marketing and promotional spend in order to acquire and retain consumers. Which could in turn adversely impact the revenues and profitability.

### **Failure to retain and attract sellers may result in impact on revenues and profitability.**

Meesho's ability to retain and expand its seller base is critical to maintaining and enhancing product assortment on its platform, increasing competition to reduce cost of products and driving overall platform growth. The seller base may decline for various reasons, including its inability to effectively execute its seller related strategies and continue to provide a low-cost platform for sellers, changes in the seller's own business imperatives or financial condition and increased competition from other platforms and retail stores. Any such developments could adversely affect the operations, cash flows, financial condition, and future prospects.

### **Meesho's large portion of orders are paid using Cash on Delivery (CoD). CoD reduces the rate of successful deliveries and increases operational inefficiencies**

As of FY25, 72% of shipped orders on the platform were fulfilled through the CoD payment method, primarily because a large portion of the company's consumer base are value-conscious, including first-time e-commerce users from Tier 2+ cities. While CoD typically supports e-commerce adoption among value conscious and first-time online consumers in India, high reliance on this payment method exposes the company to operational and financial risks. Any failure to effectively manage CoD related challenges could have an adverse impact on its financial condition, seller engagement and overall platform experience.

## Peer Comparison

**Exhibit 20: Peer Comparison**

Company	Face Value (₹)	P/E	Revenue from operations	EPS (Basic)	EPS (Diluted)	RoE	NAV per equity share	M.Cap/Revenue from Operations
Meesho	1	-	9389.9	-9.98	-9.98	-252.4%	4.0	5.3
Eternal Ltd.	1	518	20243.0	0.60	0.58	2.2%	31.4	13.8
Swiggy Ltd.	1	-	15226.8	-13.72	-13.72	-30.5%	41.0	5.9
Brainbees Solutions Ltd.	2	-	7659.6	-4.11	-4.11	-26.6%	91.0	2.2
FSN E-commerce Ventures Ltd.	1	1162	7949.8	0.23	0.23	5.2%	4.6	9.7

Source: RHP, ICICI Direct Research

## Financial summary

## Exhibit 21: Profit and loss statement

₹ crore

(Year-end March)	FY23	FY24	FY25	H1FY26
Total Operating Income	5734.5	7615.1	9389.9	5577.5
Growth (%)		32.8	23.3	29.4
Employee Expenses	728.3	757.7	848.2	445.0
Other Expenditure	6810.0	7351.6	9120.2	5825.9
Total Operating Exp.	7538.2	8109.3	9968.4	6270.9
EBITDA	-1803.7	-494.1	-578.5	-693.4
Growth (%)		-72.6	17.1	193.7
Interest	1.3	6.4	6.9	2.7
Depreciation	30.0	58.1	34.0	17.3
Other Income	163.2	244.1	511.0	280.2
PBT	-1671.9	-314.5	-108.4	-433.2
Less Tax	0.0	0.0	2486.8	130.1
Adjusted PAT	-1671.9	-314.5	-2595.3	-563.3
Exceptional item - gain / (loss)	0.0	-13.1	-1346.4	-137.4
Reported PAT	-1671.9	-327.6	-3941.7	-700.7
Reported EPS	-4.4	-0.9	-10.0	-1.6

Source: RHP, ICICI Direct Research

## Exhibit 22: Cash flow statement

₹ crore

(Year-end March)	FY23	FY24	FY25	H1FY26
Profit/(Loss) before taxation	-1835.1	-558.6	-619.4	-713.4
Add: Depreciation & Amort.	30.0	58.1	34.0	17.3
Add: Other income	163.2	244.1	511.0	280.2
Tax	0.0	0.0	2486.8	130.1
Net Increase in Current Assets	-476.9	-1804.0	858.8	-860.6
less: 'Net Increase in Current Liab.	-905.4	-108.2	-3405.7	-692.5
<b>CF from Operating activities</b>	<b>-1213.4</b>	<b>-1952.3</b>	<b>1703.2</b>	<b>-714.2</b>
Investments & Bank bal.	-2356.0	1612.0	-4470.7	412.2
(Purchase)/Sale of Fixed Assets	-64.2	-134.4	-19.0	-34.9
Intangible assets & goodwill	-23.7	22.1	1.1	0.4
Others	-866.0	-17.7	537.4	410.0
<b>CF from Investing activities</b>	<b>-3309.9</b>	<b>1482.1</b>	<b>-3951.2</b>	<b>787.8</b>
(inc)/Dec in Loan	452.9	378.3	450.6	756.7
(inc)/Dec in lease liabilities	11.7	60.6	-14.0	7.7
Change in equity & reserves	4143.8	72.3	1811.1	-759.8
Deferred tax liability & others	11.5	2.8	6.9	7.2
<b>CF from Financing activities</b>	<b>4619.9</b>	<b>514.0</b>	<b>2254.6</b>	<b>11.8</b>
Net Cash Flow	96.5	43.8	6.7	85.4
Opening cash	0.0	96.5	140.4	170.2
<b>Closing cash balance</b>	<b>96.5</b>	<b>140.4</b>	<b>147.1</b>	<b>255.5</b>
LTM Free Cash Flow	-2336.4	199.6	591.2	581.5

Source: RHP, ICICI Direct Research

## Exhibit 23: Balance sheet

₹ crore

(Year-end March)	FY23	FY24	FY25	H1FY26
Equity Share Capital	0.0	0.0	0.3	413.0
Shares Pending Issuance	354.1	354.1	397.7	0.0
Other Equity	2117.8	1875.5	1047.5	437.4
Total Shareholders funds	2471.9	2229.6	1445.5	850.4
Non-controlling interest	0.0	0.0	0.0	0.0
Total Debt	452.9	831.2	1281.8	1588.2
Lease Liabilities	11.7	72.3	58.3	73.4
Long-Term Provisions	11.5	14.3	21.2	22.6
Other Non Current Liabilities	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>2948.0</b>	<b>3147.4</b>	<b>2806.8</b>	<b>2534.6</b>
Net Block	34.1	110.4	95.3	118.4
Capital WIP	0.0	0.0	0.0	0.0
Fixed Assets	34.1	110.4	95.3	118.4
Goodwill & Other intangible assets	23.7	1.6	0.4	0.2
Investments	295.1	0.0	0.0	208.6
Other non-Current Assets	275.8	40.5	78.3	170.5
Other financial assets	585.2	841.2	264.7	225.2
Inventory	0.0	0.0	0.0	0.0
Debtors	0.4	0.2	0.5	2.4
Current Investments	2048.5	743.6	4983.4	2989.1
Other current assets	476.5	2280.8	1421.7	2422.4
Loans	5.0	2.0	3.3	3.1
Cash	96.5	140.4	147.1	255.5
Bank balance	12.5	0.4	231.3	244.8
Total Current Assets	2639.5	3167.3	6787.3	5917.5
Creditors	834.2	874.9	1071.0	1386.4
Provisions	21.5	9.2	2498.0	2573.0
Other Current Liabilities	49.7	129.4	850.3	146.3
Total Current Liabilities	905.4	1013.6	4419.3	4105.8
Net Current Assets	1734.1	2153.8	2368.0	1811.7
<b>Application of Funds</b>	<b>2948.0</b>	<b>3147.4</b>	<b>2806.8</b>	<b>2534.6</b>

Source: RHP, ICICI Direct Research

## Exhibit 24: Key ratios

(Year-end March)	FY23	FY24	FY25	H1FY26*
<b>Per share data (I)</b>				
Diluted EPS	-4.4	-0.9	-10.0	-1.6
Cash EPS	-4.6	-0.8	-9.8	-1.7
BV per share	6.0	5.4	3.5	2.1
<b>Operating Ratios (%)</b>				
EBITDA margins	-31.5	-6.5	-6.2	-12.4
Adjusted PAT Margins	-29.2	-4.1	-27.6	-10.1
<b>Return Ratios (%)</b>				
RoE	-65.6	-14.2	-252.4	-72.3
<b>Valuation Ratios (x)</b>				
P/E	-	-	-	-
EV / EBITDA	-	-	-	-
EV / Net Sales	7.7	5.8	4.4	4.1
Market Cap / Sales	8.8	6.6	5.3	4.7
Price to Book Value	-	-	-	-
<b>Solvency Ratios</b>				
Debt / EBITDA	-	-	-	-
Debt / Equity	0.2	0.4	0.9	1.9
Inventory days	-	-	-	-
Debtor days	-	-	-	-
Creditor days	-	-	-	-
Operating cash cycle	-	-	-	-

Source: RHP, ICICI Direct Research

\*H1FY26 Valuations on TTM basis



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