

Retail Research	IPO Note
Sector: E-commerce	Price Band (Rs): 105 -111
1 <sup>st</sup> December 2025	Recommendation: Subscribe for Long Term Investment Horizon

## Meesho Ltd

### Company Overview:

**Meesho Ltd (Meesho)** is a multi-sided technology platform driving e-commerce in India by bringing together key stakeholders like consumers, sellers, logistic partners and content creators. It operates through two distinct verticals, **a) Marketplace**, a technology platform connecting consumers, sellers, logistics partners, and content creators, and **b) New Initiatives**, which includes low-cost local logistics network for daily essentials and a digital financial services platform. The company's marketplace 'Meesho' has emerged as one of India's largest online marketplaces in terms of placed orders and annual transacting customers as of TTM Sep'25. The company was able to engage with ~7 lakh and ~23 cr annual transacting sellers and consumers respectively as of TTM Sep'25.

### Key Highlights:

**1. Platform built on multiple self-reinforcing flywheels:** Meesho's platform utilizes a) commerce flywheel, b) logistics flywheel and c) content commerce flywheel, which are interconnected and create strong network effects and platform liquidity. These flywheels also generate a lot of data which is leveraged by the company to provide hyper-personalized feeds & recommendations for consumers and product insights for sellers. Through the scale and interconnections of the flywheel, the company believes it has created barriers to entry as the cost and time taken to simultaneously build demand, seller base, logistics density, creator engagement and data is prohibitive.

**2. Technology first approach:** The company, rather than relying on manual interventions, employs a tech-driven approach. It has integrated GenAI tools into its engineering stack which helps developers and engineers streamline software code generation, improve development velocity and reduce time to deployment. Further, Meesho's mobile application is designed with simplicity & intuitiveness for India specific nuances. As a result, this has enabled the company to scale-up its platform while simultaneously reducing costs, increase efficiencies and enhance value-generated for stakeholders.

**3. Trusted platform among stakeholders:** The company offers various tools to sellers like order fulfilment, advertising & data insights, helps sellers to identify product and customer consumption patterns. As a result, the company's Average Product Rating has improved from 3.97 in FY23 to 4.11 as of Sep'25. This has also helped the company build GMV market share of 21%-25% in the Fashion, 23%-25% in Home, Kitchen & Furnishing and 8%-10% in Beauty & Personal Care segments in FY25.

**4. Focus on "Everyday Low Prices":** The company's platform which focuses on delivering "Everyday Low Price" for customers, without them having to rely on limited time deals and event-based flash sales. This has enabled it to scale its offerings to a large customer base of ~23 annual transacting consumers across the country.

**Valuation:** Meesho operates on a zero-commission model and primarily generates revenue through its logistics services and advertisements. Although the company is making losses on net basis even after adjusting for exceptional items, it has started to generate positive free cash flows from the last two years. Further, Meesho reported tax expense of Rs 2,487 cr and Rs 72 cr in FY25/1HFY26 respectively on account of business combination. As this event is complete, there would likely be no exceptional tax expense going forward which should help reduce losses. At the upper price band of Rs 111, Meesho is valued at FY25 Price-to-Sales ratio of 5.3x on post issue capital. Going forward, Meesho's path to sustainable profitability will be a key monitorable especially as it continues to make investments in technology, marketing and engineers. We recommend investors to **SUBSCRIBE** to the issue at the cut-off price for a long-term investment horizon.

Issue Details	
Date of Opening	3 <sup>rd</sup> December 2025
Date of Closing	5 <sup>th</sup> December 2025
Price Band (Rs)	105 – 111
Offer for sale at upper price band (Rs cr)	1,171.2
Fresh Issue (Rs cr)	4,250.0
Issue Size at upper price band (Rs cr)	5,421.2
No. of shares issued at upper price band	48,83,96,722
Face Value (Rs)	1.0
Post Issue Market Cap (Rs cr)	47,618 – 50,096
BRLMs	Kotak Mahindra Capital Company Ltd, J.P. Morgan India Pvt Ltd, Morgan Stanley India Company Pvt Ltd, Axis Capital Ltd, Citigroup Global Markets India Pvt Ltd.
Registrar	KFin Technologies Ltd
Bid Lot	135 shares and in multiples thereof
QIB shares	75%
Retail shares	10%
NII shares	15%

Objects of Issue	
Particulars	Estimated utilization from net proceeds (Rs cr)
Investment for cloud infrastructure in subsidiary, Meesho Technologies Pvt Ltd (MTPL)	1,390.0
Investment in MTPL for expenditure towards marketing & brand initiatives	1,020.0
Payment of salaries for existing & replacement hires in the Machine Learning & AI and Technology teams, for AI-ML & technology development undertaken by MTPL	480.0
Funding Inorganic growth through acquisitions & strategic initiatives and General corporate purposes*	-
<b>Net proceeds from the issue</b>	<b>4,250.0</b>

\*To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The cumulative amount to be utilised for Funding Inorganic growth through acquisitions & strategic initiatives and General corporate purposes shall not exceed 25% of the Gross Proceeds.

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	78,82,48,697	19.1
Public & Others	3,34,19,99,421	80.9
<b>Total</b>	<b>4,13,02,48,118</b>	<b>100.0</b>
Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	75,62,48,697	16.8
Public & Others	3,75,68,82,304	83.2
<b>Total</b>	<b>4,51,31,31,001</b>	<b>100.0</b>

Source: RHP, SSL Research

## Key Financials

Particulars (Rs cr)	FY23	FY24	FY25	1HFY26
Revenue from operations	5,735	7,615	9,390	5,578
EBITDA	(1,804)	(494)	(579)	(693)
EBITDA Margin (%)	(31.5)	(6.5)	(6.2)	(12.4)
Adj. EBITDA	(1,694)	(230)	(220)	(552)
Adj. EBITDA Margin (%)	(29.5)	(3.0)	(2.3)	(9.9)
Adj. PAT	(1,672)	(315)	(2,595)	(563)
Adj. PAT Margin (%)	(29.2)	(4.1)	(27.6)	(10.1)
Contribution Margin as a % of NMV	2.9	5.6	4.9	3.8
RoE (%)	(67.6)	(14.1)	(179.5)	-
RoCE (%)	(67.6)	(13.8)	(7.0)	-
P/E (x)*	(27.4)	(145.8)	(17.7)	-

\*Note: Pre-issue P/E based on upper price band

Source: RHP, SSL Research

## Risk Factors

- **Customer retention:** The company's success depends on its ability to attract and retain customers through marketing initiatives, brand building, enhancement of platform experience etc. Any failure to attract or retain customers in a cost-effective manner may have an adverse impact on the company's performance.
- **Seller retention:** The company does not manufacture or outsource manufacturing for any products and relies solely on third party sellers. These sellers are essential to the business as they maintain and enhance product assortment on the platform, increase competition to reduce cost of products and drive overall platform growth. Thus, any failure to attract or retain sellers may have an adverse impact on the company's performance.
- **Product damage risk:** The company does not engage in distribution logistics and orders placed on the platform are fulfilled either through (i) Valmo, a proprietary and unique technology platform which orchestrates a multi stage logistics network across multiple partners, or (ii) end-to-end logistics partners. Any service interruptions, failures, constraints or inadequate service quality of these logistics' partners may damage the company's reputation, which may in-turn impact customer retention and its performance.
- **Competitive pressures:** The company operates in a competitive industry where it not only competes with other e-commerce players like Amazon, Flipkart etc, but also with brick & mortar retailers. Any failure to compete effectively may have an adverse impact on the company's performance.

## Growth Strategies

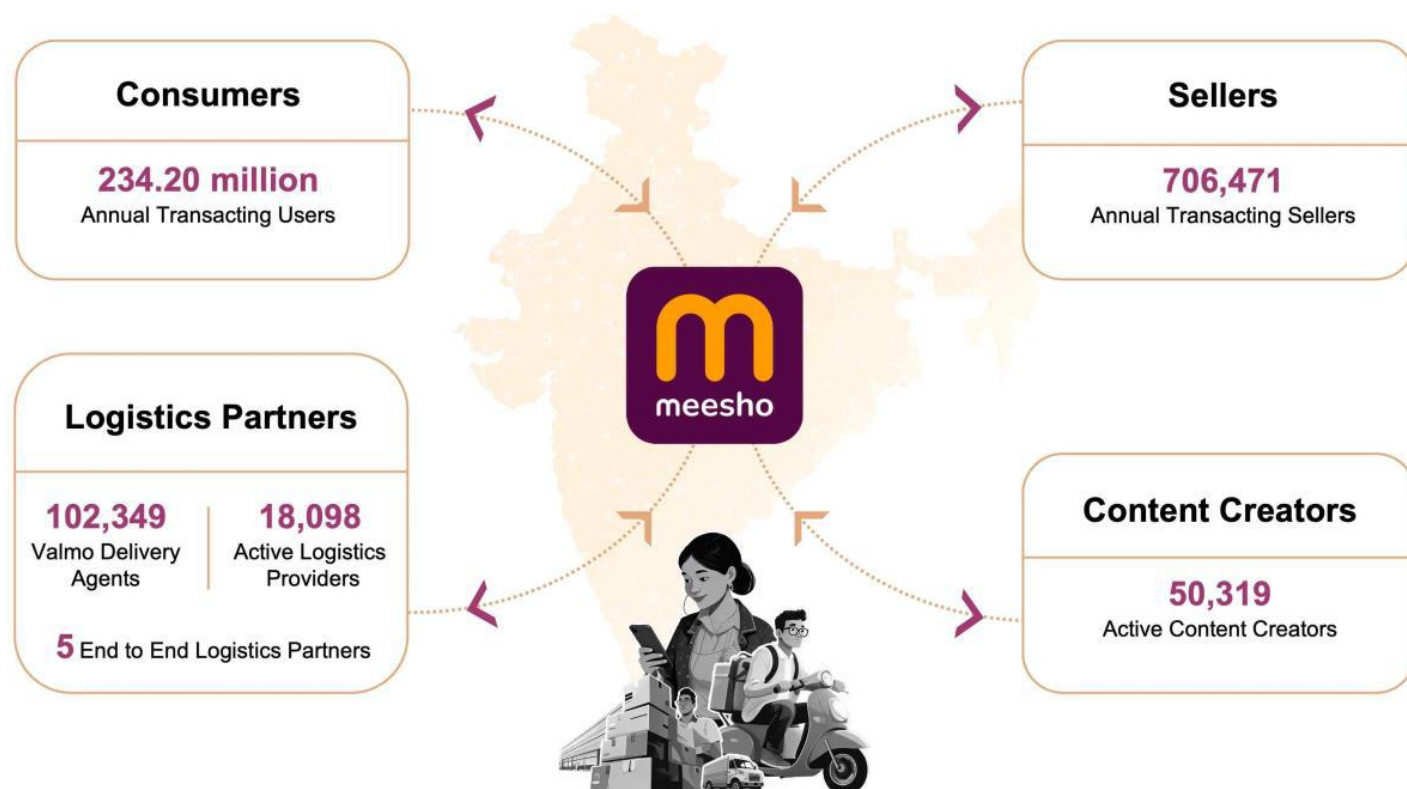
- Increase consumer base and transaction frequency by expanding product listing and seller base.
- Invest further in technology, product development and enhance AI capabilities.
- Deepen ability to make e-commerce affordable and accessible.
- Increase cash flow generation by enhancing platform monetization.
- Drive innovations through Horizon 2 initiatives.

## Top Selling Shareholders through Offer for Sale (OFS)

Particulars	Number of Shares Offered
<b>Promoter</b>	
Vidit Aatrey	1,60,00,000
Sanjeev Kumar	1,60,00,000
<b>Total Promoter Selling through OFS</b>	<b>3,20,00,000</b>
<b>Public</b>	
Elevation Capital V	2,44,45,349
Peak XV Partners Investments V	1,73,80,873
Venture Highway Series I	86,36,727
Global Summit Ltd	79,61,640
Y Combinator Continuity Holdings I, LLC	71,95,453
Man Hay Tam	33,01,140
Sarin Family India LLC	15,91,044
Gemini Investments, LP	12,47,351
<b>Total Public Selling through OFS</b>	<b>7,17,59,577</b>
<b>Total</b>	<b>10,37,59,577</b>

Source: RHP, SSL Research

## Stakeholder Ecosystem as of Sep'25



Source: RHP, SSL Research

## Key Operating Metrics

Particulars	FY23	FY24	FY25	1HFY26
Annual Transacting Users (cr)*	13.6	15.6	19.9	23.4
Annual Transacting Sellers*	4,49,966	4,23,749	5,13,757	7,06,471
Number of Orders placed (cr)	102.4	134.2	183.4	126.1
Order Frequency*	7.5	8.6	9.2	9.7

Source: RHP, SSL Research

\*On a TTM Sep'25 basis.

## Gross Merchandise Value (GMV) & Net Merchandise Value (NVM) on Marketplace

Particulars (Rs bn)	FY23	FY24	FY25	1HFY26
Gross Merchandise Value <sup>^1</sup>	344.9	400.4	503.1	334.8
Net Merchandise Value <sup>^2</sup>	192.3	232.4	299.9	191.9

Source: RHP, SSL Research

<sup>^1</sup> Gross Merchandise Value (GMV) is the total value of Placed Orders by consumers on the Marketplace during a given period, inclusive of all applicable taxes and discounts, gross of cancelled, Return to Origin orders and orders that have been returned by consumers.

<sup>^2</sup> Net Merchandise Value (NVM) is the cumulative checkout value of successfully delivered orders to consumers on the marketplace in a given period inclusive of all taxes. This excludes value of Placed Orders that were cancelled, not delivered or returned by consumers and any discounts applied at checkout.

## Contribution Margin on Marketplace

Particulars	FY23	FY24	FY25	1HFY26
Contribution Margin (Rs cr)	565.9	1,303.2	1,483.7	733.3
Contribution Margin as a % of GMV	1.6%	3.3%	2.9%	2.2%
Contribution Margin as a % of NMV	2.9%	5.6%	4.9%	3.8%
Adj. Free Cash Flow (Rs cr)*	(2,336.4)	199.6	591.2	581.5
Adj. Free Cash Flow as a % NMV	(12.2)	0.9%	2.0%	1.6%

Source: RHP, SSL Research

\*Adj. Free Cash Flow and Adj. Free Cash Flow as a % of NVM for 1HFY26 is on a TTM Sep'25 basis and excludes impact of exceptional items.

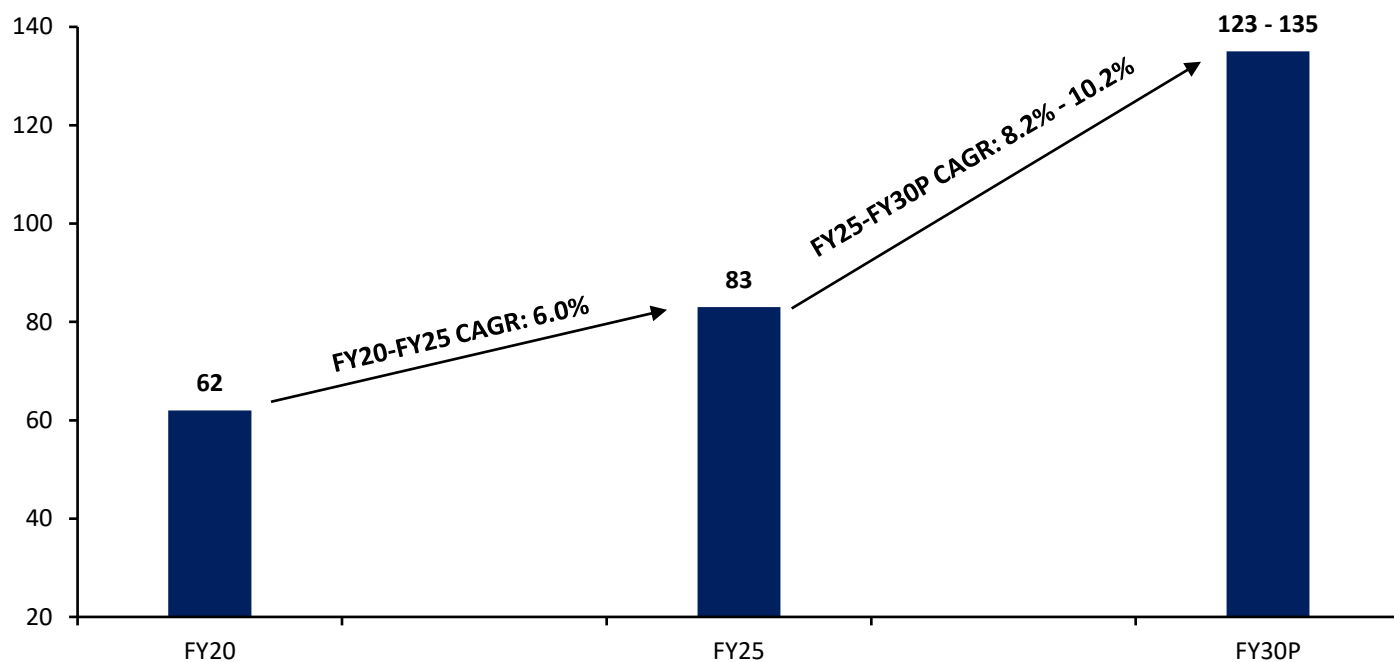
## Customer Feedback & Average Product Rating

Particulars	FY23	FY24	FY25	1HFY26
Average Rating on popular Appstore in India	4.35	4.37	4.47	4.58
Average Product Rating	3.97	4.00	4.08	4.11

Source: RHP, SSL Research

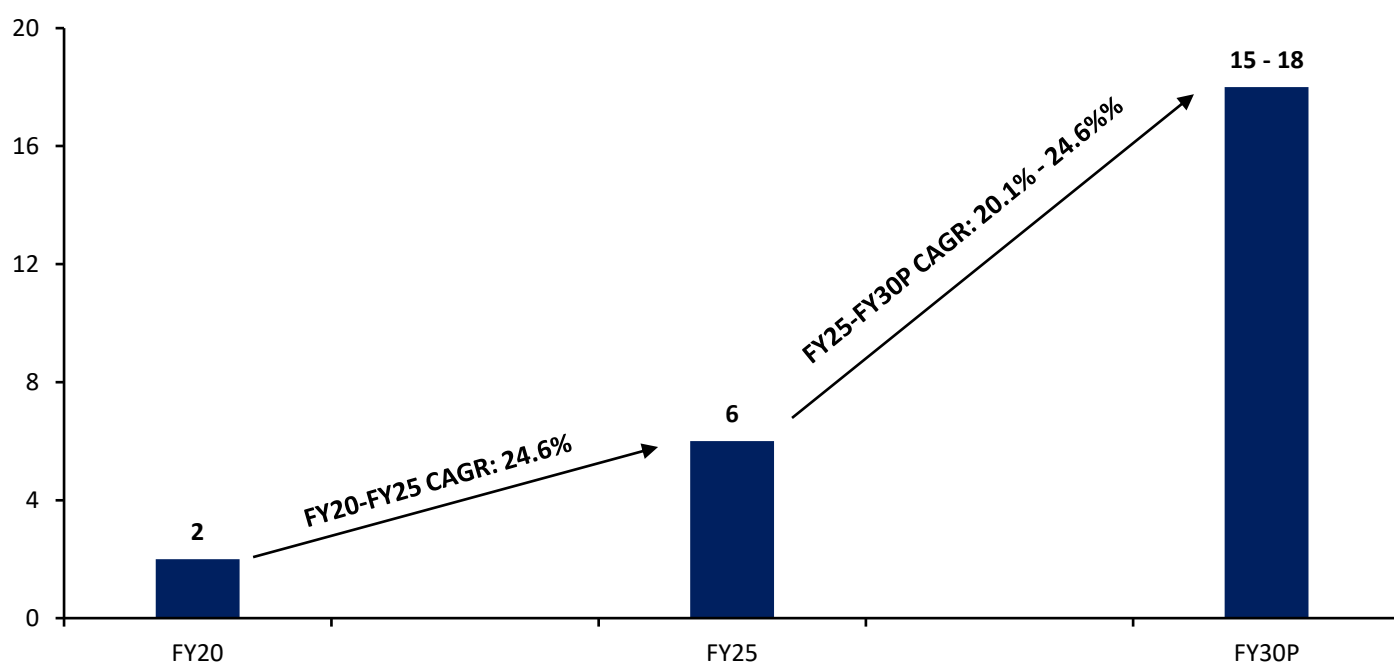
## Industry Overview

### Indian Retail Market (Rs trillion)



Source: RHP, SSL Research

### Indian E-commerce Market (Rs trillion)



Source: RHP, SSL Research

## Financial Snapshot

INCOME STATEMENT				
Particulars (Rs cr)	FY23	FY24	FY25	1HFY26
Revenue from Operations	5,735	7,615	9,390	5,578
YoY growth	-	32.8%	23.3%	29.4%
Employee Cost	728	758	848	445
Other Operating Expenses	6,810	7,352	9,120	5,826
EBITDA	(1,804)	(494)	(579)	(693)
EBITDA margin	(31.5%)	(6.5%)	(6.2%)	(12.4%)
Adj. EBITDA	(1,694)	(230)	(220)	(552)
Adj. EBITDA margin	(29.5%)	(3.0%)	(2.3%)	(9.9%)
Other Income	163	244	511	280
Interest Exp.	1	6	7	3
Depreciation	30	58	34	17
PBT	(1,672)	(315)	(108)	(433)
Exceptional item	-	(13)	(1,346)	(137)
Tax	-	-	2,487	130
Adj. PAT	(1,672)	(315)	(2,595)	(563)
Adj. PAT margin	(29.2%)	(4.1%)	(27.6%)	(10.1%)
Adj. EPS	(4.0)	(0.8)	(6.3)	(1.4)

BALANCE SHEET				
Particulars (Rs cr)	FY23	FY24	FY25	1HFY26
<b>Assets</b>				
Net Block	23	52	52	59
Intangible Assets	22	2	-	-
Intangible Assets under development	2	-	-	-
Right of use assets	11	58	44	59
Other Noncurrent Assets	1,156	882	343	604
<b>Current Assets</b>				
Current Investment	2,049	744	4,983	2,989
Trade receivables	-	-	-	2
Cash and Bank Balances	109	141	378	500
Short-term loans and advances	5	2	3	3
Other Current Assets	477	2,281	1,422	2,422
<b>Total Current Assets</b>	<b>2,639</b>	<b>3,167</b>	<b>6,787</b>	<b>5,917</b>
<b>Current Liabilities &amp; Provisions</b>				
Trade payables	834	875	1,071	1,386
Other current liabilities	503	961	2,132	1,735
Short-term provisions	21	9	2,498	2,573
<b>Total Current Liabilities</b>	<b>1,358</b>	<b>1,845</b>	<b>5,701</b>	<b>5,694</b>
<b>Net Current Assets</b>	<b>1,281</b>	<b>1,323</b>	<b>1,086</b>	<b>223</b>
<b>Total Assets</b>	<b>2,495</b>	<b>2,316</b>	<b>1,525</b>	<b>946</b>
<b>Liabilities</b>				
Share Capital	354	354	398	413
Reserves and Surplus	2,118	1,876	1,048	437
<b>Total Shareholders' Funds</b>	<b>2,472</b>	<b>2,230</b>	<b>1,446</b>	<b>850</b>
<b>Total Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long Term Provisions	11	14	21	23
Lease Liabilities	12	72	58	73
<b>Total Liabilities</b>	<b>2,495</b>	<b>2,316</b>	<b>1,525</b>	<b>946</b>

CASH FLOW STATEMENT				
Particulars (Rs cr)	FY23	FY24	FY25	1HFY26
Cash flow from Operating Activities	(2,308)	220	539	(851)
Cash flow from Investing Activities	498	(166)	(2,635)	968
Cash flow from Financing Activities	(12)	(11)	2,105	(9)
Free Cash Flow	(2,346)	185	516	(865)
Adj. Free Cash Flow	(2,336)	200	591	582

RATIOS			
Particulars	FY23	FY24	FY25
<b>Profitability</b>			
Return on Capital Employed	(67.6%)	(13.8%)	(7.0%)
Return on Equity	(67.6%)	(14.1%)	(179.5%)
<b>Margin Analysis</b>			
Contribution Margin as a % of GMV	1.6%	3.3%	2.9%
Contribution Margin as a % of NMV	2.9%	5.6%	4.9%
EBITDA Margin	(31.5%)	(6.5%)	(6.2%)
Adj. EBITDA Margin	(29.5%)	(3.0%)	(2.3%)
Adj. Net Profit Margin	(29.2%)	(4.1%)	(27.6%)
<b>Short-Term Liquidity</b>			
Current Ratio (x)	1.9	1.7	1.2
Quick Ratio (x)	1.9	1.7	1.2
Avg. Days Sales Outstanding	0	0	0
Avg. Days Payables	40	39	39
Fixed asset turnover (x)	167.9	69.0	98.5
Debt-service coverage (x)	(1247.6)	(48.4)	(14.7)
<b>Long-Term Solvency</b>			
Net Debt / Equity (x)	(0.0)	(0.1)	(0.3)
Interest Coverage Ratio (x)	(1247.6)	(48.4)	(14.7)
<b>Valuation Ratios*</b>			
EV/EBITDA (x)	(25.4)	(92.5)	(78.6)
P/E (x)	(27.4)	(145.8)	(17.7)
P/B (x)	18.5	20.6	31.7
EV/Sales (x)	8.0	6.0	4.8
Mkt Cap/Sales (x)	8.0	6.0	4.9

*\*Valuation ratios are based on pre-issue capital at the upper price band*

*Source: RHP, SSL Research*

## Peer Comparison – FY25

Particulars (Rs cr)	Meesho Ltd	Eternal Ltd (Zomato)	Swiggy Ltd	FSN E-Commerce Ventures Ltd (Nykaa)
CMP (Rs)	111	301	378	267
Sales	9,390	20,243	15,227	7,950
Gross Merchandise Value (GMV)	50,312	74,715	46,549	15,604
Contribution Profit	1,484	4,045	-	1,524
EBITDA	(579)	637	(2,787)	477
Adj. Net Profit	(2,595)	527	(3,129)	66
Mkt Cap.	50,096	2,90,331	94,322	76,523
Enterprise Value	45,383	2,86,717	91,051	77,268
EBITDA Margin (%)	(6.2)	3.1	(18.3)	6.0
Contribution Margin as a % of GMV	2.9%	5.4%	-	9.8%
Adj. Net Profit Margin (%)	(27.6)	2.6	(20.5)	0.8
RoE (%)	(50.9)	1.7	(30.6)	5.1
RoCE (%)	(2.0)	2.8	(29.3)	10.4
P/E (x)	(19.3)	550.9	(30.1)	1,158.0
EV/EBITDA (x)	(78.4)	450.1	(32.7)	162.0
EV/Sales (x)	4.8	14.2	6.0	9.7
Mkt Cap/Sales (x)	5.3	14.3	6.2	9.6

Source: RHP, Exchange Filings, SBI Securities Research

For Meesho Limited, the Market Cap, P/E(x), EV/EBITDA (x), EV/Sales (x), Mkt Cap/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

RoE (%) and RoCE (%) are calculated on pre-issue capital

CMP for peer companies is closing price as on 28<sup>th</sup> November, 2025



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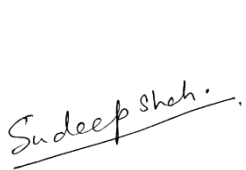
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