

# Meesho Limited

## IPO Note



## Not rated

### Growth in Value E-commerce with Structural Constraints

Meesho Limited, incorporated in 2015, operates a value-focused, asset-light e-commerce marketplace centered on low-ASP categories such as fashion, home & kitchen, beauty, and lifestyle. Its proposition is built on affordability and unbranded assortment targeted at Tier 2+ India, supported by a discovery-led app experience. The company does not hold inventory and relies on a broad seller base and third-party logistics partners, enabling rapid scale but limiting control over product quality, fulfilment consistency, and customer experience—key challenges in value-led online retail.

As of FY25, Meesho had 198.77 million annual transacting users, 1.83 billion orders, and marketplace NMV of INR 299.88 billion, translating into high traffic but relatively low monetization per user due to its focus on low-priced categories. Revenue reached INR 9,389.9 cr in FY25 with contributions from commissions, logistics, and advertising, though margins remain thin amid intense competition, high return rates, and dependence on discount-led demand. Contribution margin slipped to 4.95% of NMV in FY25, reflecting pressures from logistics costs and quality-related inefficiencies. Technology investments—AI-led recommendations, vernacular support, and catalog tools—improve discoverability but do not fully offset structural challenges around counterfeit risks and seller churn.

Financially, the company remains loss-making, posting a restated loss of INR 3,941.7 cr in FY25, with only partial improvement in adjusted EBITDA. While free cash flow turned positive in FY25, sustainability hinges on strict cost discipline and maintaining marketing efficiency. Though the broader value e-commerce segment continues to grow, Meesho faces persistent competitive intensity, regulatory scrutiny on marketplace practices, and structural constraints on long-term margin expansion, making the path to durable profitability dependent on execution and tighter operational control.

Industry	E-commerce
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#### Scrip Details

Listing	BSE & NSE
Open Date	Dec 03, 2025
Close Date	Dec 05, 2025
Price Band	INR 105 -111
Face Value	INR 1
Market Lot	135 Shares
Minimum Lot	1

#### Issue Structure

Issue Size (INR cr)	INR 5,421.2
Issue Size (Shares)	48,83,96,721
QIB Share (%)	≥ 75%
Non-Inst Share (%)	≤ 15%
Retail Share (%)	≤ 10%
Pre-Issue sh. (in cr.)	413
Post Issue sh. (in cr.)	451
Post Issue Market Cap (in cr)	50,095.8

Shareholding (%)	Pre (%)	Post (%)
Promoter	18.5	14.6
Public	81.5	85.4
<b>TOTAL</b>	<b>100</b>	<b>100</b>

#### Key Consolidated Financial Data (INR Cr, unless specified):

	Net Revenue	EBITDA	Net Profit	EBITDA (%)	Net (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoCE (%)	P/E (X)	EV/EBITDA (X)
FY23	5,734.5	-1,803.7	-1,671.9	-31.5	-29.2	-34.2	50.6	-67.6	-74.2	-3.2	-1.8
FY24	7,615.1	-494.1	-327.6	-6.5	-4.3	-6.7	45.7	-14.7	-24.8	-16.5	-9.2
FY25	9,389.9	-580.9	-3,941.7	-6.2	-42.0	-80.7	29.6	-272.7	-115.1	-1.4	-0.1

Source: Ventura Research & Company update

### Issue Structure and Offer Details:

Meesho Ltd IPO is a book build issue of INR 5,421.20 cr. The issue is a combination of fresh issue of 38.29 cr shares aggregating to INR 4,250 cr and offer for sale of 10.55 cr shares aggregating to INR 1,171.20 cr.

Issue Structure	
Investor Category	Allocation
QIB	Not less than 75.00% of the net offer
NII (HNI)	Not more than 15.00% of the net offer
Retail	Not more than 10.00% of the net offer

*Number of shares based on a higher price band of INR 111*

*Source: Company Reports*

### Objects of the Issue:

1. Investment for cloud infrastructure, in MTPL – Subsidiary – INR 1,390 cr
2. Payment of salaries of the existing and replacement hires for the Machine Learning and AI and technology teams for AI and technology development undertaken by MTPL, the Subsidiary – INR 480 cr.
3. Investment in MTPL for expenditure towards marketing and brand initiatives – INR 1,020 cr.
4. Funding inorganic growth through acquisitions and other strategic initiatives and general corporate purposes.

## Financial Summary

Fig in INR Cr (unless specified)	FY23	FY24	FY25	Fig in INR Cr (unless specified)	FY23	FY24	FY25
<b>Income Statement</b>				<b>Per share data &amp; Yields</b>			
Revenue	5,734.5	7,615.1	9,389.9	Adjusted EPS (INR)	(34.2)	(6.7)	(80.7)
<b>YoY Growth (%)</b>	<b>0.0</b>	<b>32.8</b>	<b>23.3</b>	Adjusted Cash EPS (INR)	(33.6)	(5.5)	(80.0)
Raw Material Cost	0.0	0.0	0.0	Adjusted BVPS (INR)	50.6	45.7	29.6
<b>RM Cost to Sales (%)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	Adjusted CFO per share (INR)	(47.3)	4.5	11.0
Employee Cost	728.3	757.7	848.2	CFO Yield (%)	(42.6)	4.1	9.9
<b>Employee Cost to Sales (%)</b>	<b>12.7</b>	<b>10.0</b>	<b>9.0</b>	Adjusted FCF per share (INR)	(48.0)	3.9	11.0
Other Expenses	6,810.0	7,351.5	9,122.6	FCF Yield (%)	(43.2)	3.5	9.9
<b>Other Exp to Sales (%)</b>	<b>118.8</b>	<b>96.5</b>	<b>97.2</b>	<b>Solvency Ratio (X)</b>			
EBITDA	(1,803.7)	(494.1)	(580.9)	Total Debt to Equity	0.0	0.0	0.0
<b>Margin (%)</b>	<b>(31.5)</b>	<b>(6.5)</b>	<b>(6.2)</b>	Net Debt to Equity	(0.9)	(0.4)	(3.7)
<b>YoY Growth (%)</b>	<b>0.0</b>	<b>(72.6)</b>	<b>17.6</b>	Net Debt to EBITDA	1.2	1.8	9.2
Depreciation & Amortization	30.0	58.1	34.0	<b>Return Ratios (%)</b>			
EBIT	(1,833.7)	(552.3)	(614.9)	Return on Equity	(67.6)	(14.7)	(272.7)
<b>Margin (%)</b>	<b>(32.0)</b>	<b>(7.3)</b>	<b>(6.5)</b>	Return on Capital Employed	(74.2)	(24.8)	(115.1)
<b>YoY Growth (%)</b>	<b>0.0</b>	<b>(69.9)</b>	<b>11.3</b>	Return on Invested Capital	(583.3)	(41.1)	15.7
Other Income	163.2	244.1	511.0	<b>Working Capital Ratios</b>			
Finance Cost	1.3	6.4	6.9	Payable Days (Nos)	53	42	42
Fin Charges Coverage (X)	(1,369.5)	(86.7)	(89.2)	Inventory Days (Nos)	0	0	0
Exceptional Item	0.0	(13.1)	(1,346.4)	Receivable Days (Nos)	0	0	0
PBT	(1,671.9)	(327.6)	(1,457.3)	Net Working Capital Days (Nos)	(53)	(42)	(42)
<b>Margin (%)</b>	<b>(29.2)</b>	<b>(4.3)</b>	<b>(15.5)</b>	Net Working Capital to Sales (%)	(14.5)	(11.5)	(11.4)
<b>YoY Growth (%)</b>	<b>0.0</b>	<b>(80.4)</b>	<b>344.8</b>	<b>Valuation (X)</b>			
Tax Expense	0.0	0.0	2,486.8	P/E	(3.2)	(16.5)	(1.4)
<b>Tax Rate (%)</b>	<b>0.0</b>	<b>0.0</b>	<b>(170.7)</b>	P/BV	2.2	2.4	3.8
PAT	(1,671.9)	(327.6)	(3,944.1)	EV/EBITDA	(1.8)	(9.2)	(0.1)
<b>Margin (%)</b>	<b>(29.2)</b>	<b>(4.3)</b>	<b>(42.0)</b>	EV/Sales	0.6	0.6	0.0
<b>YoY Growth (%)</b>	<b>0.0</b>	<b>(80.4)</b>	<b>1,103.8</b>	<b>Cash Flow Statement</b>			
Min Int/Sh of Assoc	0.0	0.0	2.4	PBT	(1,671.9)	(327.6)	(1,457.3)
Net Profit	(1,671.9)	(327.6)	(3,941.7)	Adjustments	(136.3)	519.9	1,837.8
<b>Margin (%)</b>	<b>(29.2)</b>	<b>(4.3)</b>	<b>(42.0)</b>	Change in Working Capital	(490.0)	40.9	195.8
<b>YoY Growth (%)</b>	<b>0.0</b>	<b>(80.4)</b>	<b>1,103.1</b>	Less: Tax Paid	(10.0)	(13.0)	(37.0)
<b>Balance Sheet</b>				Cash Flow from Operations	(2,308.2)	220.2	539.4
Share Capital	0.0	0.0	0.3	Net Capital Expenditure	(36.5)	(34.7)	(22.9)
Total Reserves	2,471.9	2,229.6	1,445.2	Change in Investments	534.9	(131.0)	(2,612.4)
Shareholders Fund	2,471.9	2,229.6	1,445.5	Cash Flow from Investing	498.4	(165.6)	(2,635.3)
Long Term Borrowings	0.0	0.0	0.0	Change in Borrowings	(10.5)	(5.0)	(184.4)
Deferred Tax Assets / Liabilities	0.0	0.0	0.0	Less: Finance Cost	(1.3)	(6.4)	(6.9)
Other Long Term Liabilities	0.0	58.3	42.4	Proceeds from Equity	0.0	0.0	2,296.6
Long Term Trade Payables	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0
Long Term Provisions	11.5	14.3	21.2	Dividend Paid	0.0	0.0	0.0
Total Liabilities	2,483.4	2,302.2	1,509.1	Cash flow from Financing	(11.8)	(11.4)	2,105.3
Net Block	56.1	112.0	95.8	Net Cash Flow	(1,821.6)	43.2	9.4
Capital Work in Progress	0.0	0.0	0.0	Forex Effect & Amalgamation	1,494.5	0.7	(2.7)
Intangible assets under development	1.7	0.0	0.0	Opening Balance of Cash	423.7	96.5	140.4
Non Current Investments	295.1	0.0	0.0	Closing Balance of Cash	96.5	140.4	147.1
Long Term Loans & Advances	252.5	46.8	84.8				
Other Non Current Assets	608.5	835.0	258.1				
Net Current Assets	1,269.5	1,308.6	1,070.4				
Total Assets	2,483.4	2,302.2	1,509.1				

Source: Ventura Research



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*Corporate Office: I-Think Techno Campus, 8<sup>th</sup> Floor, 'B' Wing, Off Pokhran Road No 2, Eastern Express Highway, Thane (W) – 400608*