



IPO Note

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**MEESHO LIMITED**

Dec 03<sup>rd</sup>, 2025



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Price Band	₹ 105 - ₹ 111
Issue Size	₹ 5,421.20 Cr
Face Value	₹ 1
Bid Lot	135
Listing on	BSE, NSE
Post Issue Mcap	₹ 50,095.75 Cr
Investment Range	₹ 14,175 - ₹ 14,985

**Important Indicative Dates (2025)**

Opening	03 - Dec
Closing	05 - Dec
Basis of Allotment	08 - Dec
Refund Initiation	09 - Dec
Credit to Demat	09 - Dec
Listing Date	10 - Dec

**Lead Manager**

Kotak Mahindra Capital Ltd
J.P. Morgan Ltd
Morgan Stanley Company Pvt Ltd
Axis Capital Ltd
Citigroup Global Market India Pvt Ltd

**Offer Details**

Offer Size	₹ 5,421.2 Cr
Fresh Issue	₹ 4,250 Cr
OFS	₹ 1,171.2 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	4,066	366.31	387.23	75
NII	813.2	73.26	77.45	15
Retail	542.1	48.84	51.63	10
Em-ploy.	-	-	-	-
Total	5,421.2	488.40	516.30	100

**Invest Now****Company Profile**

Meesho Limited is a multi-sided technology platform that powers India's e-commerce ecosystem by connecting consumers, sellers, logistics partners, and content creators. Its marketplace, operated under the Meesho brand, offers consumers a wide range of affordable products while providing sellers with a low-cost, tech-enabled platform to scale their businesses. The company operates through two segments: Marketplace - a technology-driven platform enabling transactions across stakeholders, earning revenue from seller services such as fulfilment, advertising, and insights. New Initiatives - comprising a low-cost local logistics network for daily essentials and a digital financial services platform.

Meesho continues to deliver strong operational growth, reflected in rising placed orders and a widening base of active sellers and users. For the twelve months ended September 30, 2025, the platform recorded 706,471 annual transacting sellers and 234.20 million annual transacting users. Its logistics arm, Valmo, integrates multiple third-party logistics partners including first/last-mile providers, sorting centres, and truck operators—to ensure efficient nationwide fulfilment. As of September 30, 2025, Meesho had 2,082 full-time employees. With a strong focus on cost efficiency and technology-led innovation, the company maintains positive cash flows while investing strategically to expand its digital ecosystem.

**GEPL's Insights & Investment Thesis:**

- Meesho Ltd is a technology led e-commerce platform that connects consumers, sellers, logistic partners, and content creators. On a TTM basis, as of September 2025, the platform recorded 7.06 lakh transacting sellers and 23.4 crore annual transacting users.
- The company has been reporting losses on a net basis, however, it has been generating positive free cash flow over the last two years.
- Based on the FY25 earnings, relative to the company's post-IPO paid up capital, the issue is priced at a P/S ratio of 5.2x. We believe that the company is fairly valued, investing in technology and GenAI capabilities, asset light business model, and continued optimization of its logistic services "Valmo". Therefore, we recommend a "Subscribe for listing gains" rating for the issue.

**Business Highlights & Services**

Meesho is a technology-led value e-commerce platform with powerful flywheels across commerce, logistics, and content that reinforce growth and build high entry barriers. Its AI-driven infrastructure, including BharatMLStack and GeoIndia LLM, enables hyper-personalization, cost efficiency, and deep automation, supporting a capital-efficient operating model. Rapid expansion of Valmo has significantly reduced fulfilment costs, strengthening Meesho's everyday low-price positioning and attracting a large base of 234 million users and over 706,000 sellers. Strong trust mechanisms, extensive user-generated content, and fast refunds enhance credibility, while content commerce and experimentation platforms create new monetization avenues. Overall, Meesho's network effects, technology moat, scalable logistics, and cost leadership position it for sustained long-term growth in India's value-focused e-commerce market.

Meesho's asset-light operating model, supported by zero inventory ownership and out-sourced logistics infrastructure, enables highly capital-efficient scalability compared to traditional retail and inventory-led e-commerce models.



By leveraging the existing capabilities of its large seller and logistics partner ecosystem, the company has delivered strong growth—Annual Transacting Users rising from 136.40 million in FY23 to 234.20 million in the LTM ended September 2025, and Placed Orders increasing from 1.02 billion to 2.27 billion over the same period while maintaining tight cost discipline. Operating efficiencies are visible across key expense lines: advertising costs reduced both in absolute terms and as a percentage of NMV and total expenses; server and software costs declined as a percentage of NMV despite significant traffic and engagement growth; and employee benefit expenses reduced meaningfully as the company scaled. Meesho's ability to launch high-impact verticals with minimal investment is demonstrated by Valmo, which with people costs of only ₹471 million till FY25 processed over 763 million shipped orders in FY25 and contributed 64.5% of shipped orders in the LTM ended September 2025 with a lean team. The company's disciplined capital allocation framework, structured Horizon 2 innovation process, and strong cultural focus on financial prudence, agility, and user-centric decision-making ensure that new initiatives achieve product-market fit and viable unit economics before scaling. Supported by experienced founders, a professional leadership team, and a culture anchored in innovation, accountability, and customer-first thinking, Meesho has consistently adapted to shifts in India's digital commerce landscape. This combination of capital-efficient growth, disciplined execution, cost leadership, and proven ability to scale new flywheels positions Meesho as a structurally strong and sustainably profitable player in the value-focused e-commerce market.

Meesho is positioned to capture India's large e-commerce headroom by democratizing online shopping for both metro and non-metro consumers, supported by strong ATU growth, rising order frequency, and sharply improving marketing efficiency. With online shoppers still far below smartphone users, Meesho's disciplined spend has reduced new consumer acquisition costs while scaling engagement, reflected in order frequency rising from 7.51 in FY23 to 9.23 in FY25 and platform wide order growth of 52.94% in the six months ended September 2025. Growth catalysts include expanding into low-penetration, high-frequency categories, scaling content commerce, strengthening Meesho Mall for branded products, and building a low cost local logistics network. Continued investment in AI-driven seller tools, discovery, trust, and platform safety enhances the ecosystem further. Overall, Meesho's strong user flywheel, improving unit economics, and multi-pronged expansion strategy position it for sustained, capital-efficient growth in India's value-driven e-commerce market.

Meesho's sustained investment in technology and AI-driven innovation forms a strong competitive moat, enabling superior personalisation, enhanced product discovery, and robust transaction risk management. Through Meesho AI Labs, the company is developing India-specific language models, agentic AI, and automated advertising systems that are set to materially improve user experience and seller outcomes while building long-term defensibility. Its technology roadmap spanning logistics optimisation, creator-tech, cataloguing automation, and AI-enabled seller tools—supports significant cost efficiencies and operational scalability. Meesho is also strengthening cloud infrastructure to ensure resilience during peak traffic and is investing in talent, retention, and specialised AI/ML capabilities to accelerate innovation.

On the logistics front, continued optimisation of Valmo and automation across fulfilment workflows position Meesho to structurally reduce seller costs and improve unit economics. With Indian logistics yields still materially higher than China, the company has meaningful runway for cost savings, which can translate into sharper pricing, broader assortments, and deeper penetration across low-ticket, high-frequency categories—strengthening its value-commerce positioning. Meesho's monetisation engine is scaling rapidly, with Marketplace revenue rising from ₹573 billion in FY23 to ₹93.9 billion in FY25, supported by growing adoption of seller services, rising placed orders, and strong advertising returns (8.62x-13.55x ROAS). As digital advertising continues to shift toward measurable, high-intent platforms, Meesho is well placed to capture increasing budgets. The company is further expanding its revenue stack through Horizon 2 initiatives, including a financial services platform offering high-margin, low-capex ancillary products. Backed by platform operating leverage, a large engaged user-seller base, low capital intensity, and scalable technology architecture, Meesho is positioned to convert future growth into stronger free cash flows. Its multi-layered monetisation strategy, AI-led cost innovations, and logistics efficiencies create a durable foundation for long-term, capital-efficient value creation.



### KIP's of the Business

Particular	Q1FY26	FY25	FY24	FY23
Annual Transacting Users (Cr)	23	20	16	14
Annual Transacting Sellers	7,06,471	5,13,757	4,23,749	4,49,966
Number of Orders placed (Cr)	126	183	134	102
Order Frequency	10	9	9	8

### GMV & NMV on the Marketplace

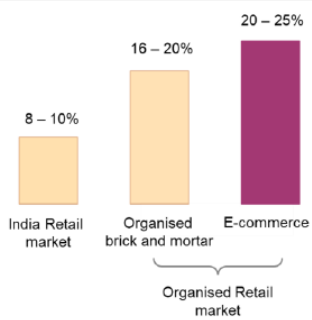
Particular	Q1FY26	FY25	FY24	FY23
Gross Merchandise Value	335	503	400	345
Net Merchandise Value	192	300	232	192

### Contribution Margins on Marketplace

Particular	Q1FY26	FY25	FY24	FY23
Contribution Margin (Rs Cr)	733	1,484	1,303	566
Contribution Margin as a % of GMV	2.2%	2.9%	3.3%	1.6%
Contribution Margin as a % of NMV	3.8%	4.9%	5.6%	2.9%
Adj. Free Cash Flow (Rs Cr)	582	591	200	-2,336
Adj. Free Cash Flow as a % NMV	2%	2%	1%	-12%

### Industry Outlook

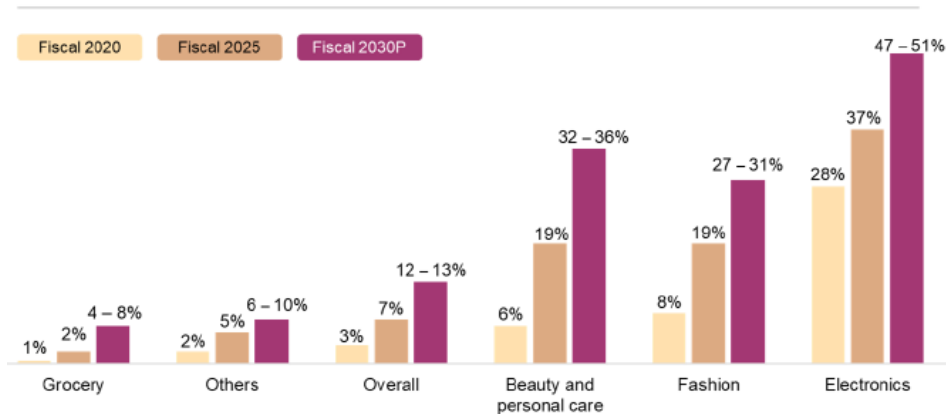
**Figure 15: Retail format growth projections (CAGR Fiscal 2025 – Fiscal 2030P) – India**  
In %



As a result, e-commerce is projected to grow at 20-25% CAGR over the next five years, outpacing the India retail market and the organised brick and mortar format.

**Figure 17: E-commerce penetration evolution by category and overall – India**

As a % of overall Retail market





### Company's Competitive Strength

- Meesho platform is built on multiple scaled self-reinforcing flywheels.
- Meesho has technology-first approach with focus on AI driven solutions.
- Delivering everyday low prices for consumers.
- Ability to scale in a capital-efficient manner.
- Organisation built on culture of agility and innovation, with experienced management team.

### Key Strategies Implemented by Company

- Increase consumer base and their transaction frequency by expanding the product listings and seller base.
- Further invest in technology and product development and enhance the AI capabilities.
- Deepen the ability to make e-commerce affordable and accessible.
- Increase the cash flow generation by enhancing platform monetization.
- Drive innovation through Horizon 2 Initiatives.

Particular (INR in Cr)	Q1 FY26	FY25	FY24	FY23
Equity Capital	195	1	-	-
Reserves and Surplus	656	1,445	2,230	2,472
Net Worth	850	1,446	2,230	2,472
Revenue	5,578	9,390	7,615	5,735
Growth (%)		23%	33%	
EBITDA	-693	-579	-494	-1,804
EBITDAM (%)	-12%	-6%	-6%	-31%
PAT	-563	-2,595	-315	-1,672
PATM (%)	-10.1%	-27.6%	-4.1%	-29.2%



## Notes

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