Initiating Coverage

Choice
Institutional Equities

# MEESHO LIMITED

## Bharat’s E-commerce Engine:
## Built for Value. Designed for Scale.

December 10, 2025

institutional.equities@choiceindia.com

# Meesho Limited

Choice Institutional Equities

**BUY**

**December 10, 2025 | CMP: INR 111 | Target Price: INR 200**

**Expected Share Price Return: 81.7% I Dividend Yield: 0.0% I Expected Total Return: 81.7%**

meesho

**Meesho** is a multi-sided technology platform that connects **Consumers, Sellers, Logistics partners and Content creators**, offering a value focused e-commerce marketplace across India. It caters mainly to price-sensitive customers (especially in Tier-2 / Tier-3 cities) by **enabling low-cost sellers to offer everyday-low-price products** across categories. Its **in-house logistics stack, Valmo**, integrates proprietary routing and allocation with third-party networks to **reduce fulfilment costs**, improve reliability and strengthen unit economics. Differentiated through **a zero-commission seller model, long-tail supply depth and everyday-low-price positioning**, Meesho targets unbranded high-frequency categories underserved by traditional platforms. The company leverages AI/ML-driven personalisation, discovery, pricing, ad-tech and logistics optimisation, creating a scalable flywheel, structurally lower cost base and improving profitability trajectory relative to peers.

### Issue Details

| Particulars | INR Mn |
|---|---|
| Fresh Issue | 42,500 |
| Offer for sale | 11,712 |
| **Total** | **54,212** |
| No. of shares issued at upper band | 48,83,96,722 |
| **Post Issue Mkt Cap (INR Bn)** | **476-501** |

### Objects of the Issue

| Particulars | INR Mn |
|---|---|
| Investment for cloud infrastructure | 13,900 |
| Marketing & Brand initiatives exp. | 10,200 |
| Salaries for ML/AI and tech teams | 4,800 |
| Acquisitions, Strategic initiatives & GCP* | - |
| **Total** | **42,500** |

***Note:** Acquisitions, Strategic initiatives & GCP shall not exceed 25% of Gross Proceeds*

### Past Fund Raises & Key Investors

Meesho has raised multiple rounds from Seed to Series F, issuing ~3.23Bn CCPS cumulatively, backed by marquee global investors including SoftBank, Prosus/ Naspers, Peak XV, Elevation, Fidelity, B-Capital (Eduardo Saverin) and WestBridge. The OFS involves INR 1,171.2Cr of secondary sale, with select investors (e.g., Elevation, Peak XV) undertaking partial stake monetisation and no full exits, leaving the core shareholder base largely intact post-IPO.

Key Management Takeaways

Detailed Valuation Analysis

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### Meesho: Unlocking India's Underpenetrated Retail Through Value E-Commerce

India's retail market is set to scale from INR 83Tn in FY25 to INR 123–135Tn by FY30E (8–10% CAGR), yet per-capita consumption is only 15–20% of China's, indicating a long formalisation runway. Organised retail penetration should rise from 21% to ~33%, shifting USD 470–540Bn to formal channels; e-commerce will capture most of this at 20–25% GMV CAGR. Key categories remain deeply underpenetrated online i.e. Fashion & BPC Home essentials and Grocery—with more than 75% unbranded supply favouring value-led e-commerce models. **Meesho is best placed to monetise this shift via its zero-commission, low-AOV, discovery-led platform serving Tier-2/3 users. Long-tail depth, content-led demand and logistics integration enable superior unit economics, with rising ad/fintech/fulfilment monetisation makes Meesho the most leveraged play on the next 100–150Mn mass-market users.**

### Structural Competitive Moats Driven by Scale, Network Effects & Cost Leadership

Meesho has built a defensible moat by scaling India's largest two-sided marketplace for value-conscious Tier-2/3 consumers and long-tail sellers. Strong network effects are evident with Annual Transacting Users (ATU) rising from 136Mn in FY23 to 234Mn in FY25, driving superior assortment, sharper pricing and higher purchase frequency. **Logistics is now a core differentiator with Valmo handling 67% of overall shipments** in Q2FY26 (vs. 2% in FY23) at INR 32–34 per shipment i.e. 1–11% below peers. Combined with zero commissions, a lean cost base and AI-led personalisation (75% orders via recommendations), **Meesho's industry-leading cost structure provides a sustained competitive edge in low-ASP categories, with incremental scale further widening the competitive gap.**

### Strong Monetization Runway & Accelerating Path to Profitability

Meesho's improving unit economics and scale advantages underpin a strong monetisation runway and a clear path to profitability. The platform commands 29–31% of India's ecommerce shipment volumes, **with NMV expected to grow at 31% CAGR over FY25–28E**, supported by category leadership in Fashion, Home, Kids and BPC. **Order frequency has risen from 7.5x (FY23) to 9.7x (LTM FY26)**, while Customer Acquisition Cost (CAC) continues to decline, **driving contribution margin expansion from 2.9% (FY23) to 5.0% (FY25), with 5.8% expected by FY28E**. Logistics leverage through Valmo, fulfilment cost compression and stable take rates (30–31%) strengthen profitability visibility. **Meesho is on track for EBITDA breakeven in FY27E, with operating leverage accelerating thereafter.**

**View and Valuation:** We initiate coverage on Meesho with a **BUY rating** and a **TP of INR 200 (81.7% upside)**, valuing the company at **4x FY28E EV/Revenue**, with a three-stage DCF performed purely as a sanity check. Meesho remains in the high-growth phase of the platform lifecycle and is expected to deliver **31% FY25–28E revenue CAGR**, supported by **deep value-commerce penetration** and **logistics efficiencies** as Valmo scales. **EBITDA is projected to turn positive by FY27E** on operating leverage and improving unit economics. Despite this outlook, **Meesho trades at 2.4x FY28E EV/Revenue versus the peer average of 5.4x,** indicating substantial upside potential as fundamentals strengthen.

**Optionality:** Adjacencies (Meesho Mall, Financial Services, AI-led efficiency) provide incremental monetisation upside with minimal dilution to the core value-led model.

**Upside Trigger:** Faster road to profitability.

**Key Risks:** Elevated execution and margin risk amid Amazon Bazaar/Shopsy competition, ~77% COD mix and reliance on fragmented logistics.

**Key Financials**

| INR Mn | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| **GMV (INR Bn)** | 400 | 503 | 655 | 859 | 1,125 |
| GMV Growth (%) | 16.1 | 25.7 | 30.2 | 31.1 | 31.0 |
| **NMV (INR Bn)** | 232 | 300 | 380 | 507 | 675 |
| **Revenue** | 76,151 | 93,899 | 1,15,884 | 1,54,588 | 2,09,302 |
| YoY Growth (%) | 32.8 | 23.3 | 23.4 | 33.4 | 35.4 |
| **EBITDA** | -4,941 | -5,785 | -4,791 | 119 | 5,461 |
| EBITDA Margin (%) | -6.5 | -6.2 | -4.1 | 0.1 | 2.6 |
| **PAT** | -3,276 | -39,417 | -2,162 | 2,556 | 8,027 |
| **EPS** | -0.9 | -10.0 | -0.5 | 0.6 | 1.7 |
| **EV/ Revenue (x)** | 6.6 | 5.3 | 4.3 | 3.2 | 2.4 |
| **ROE (%)** | -14.7 | -272.7 | -3.6 | 3.8 | 9.9 |

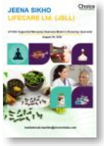
*Source: Meesho, Choice Institutional Equities*

## Report Structure



## Our recent 'Initiating Coverage' reports

Game of Liquor_Indian AlcoBev_Spirits Industry_Thematic



Jeena Sikho Lifecare Initiating Coverage

Artemis Medicare Services Limited_Initiating Coverage

Supriya Lifescience Ltd. Initiating Coverage

Nazara Technologies Ltd. Initiating Coverage

B2B Jewellery Story_Where Craft turns into Commerce & Gold becomes Growth_Thematic

Convex_Choices_Quarterly_Q2FY26

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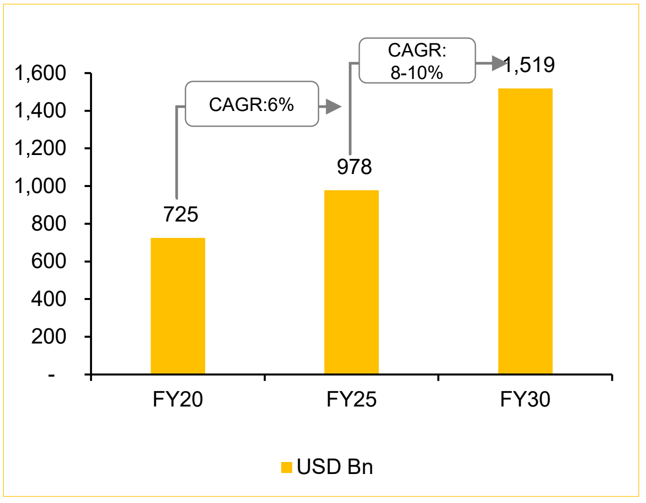
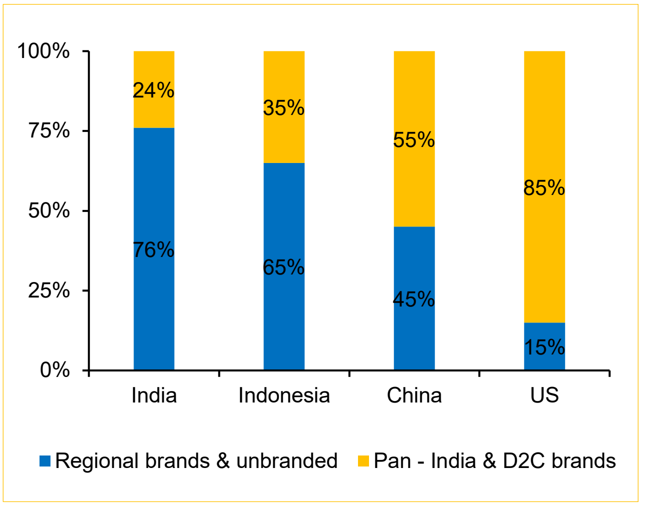
## Investment Thesis in Charts (1/2)

**India Retail Market projected to grow at a CAGR of 8-10%**



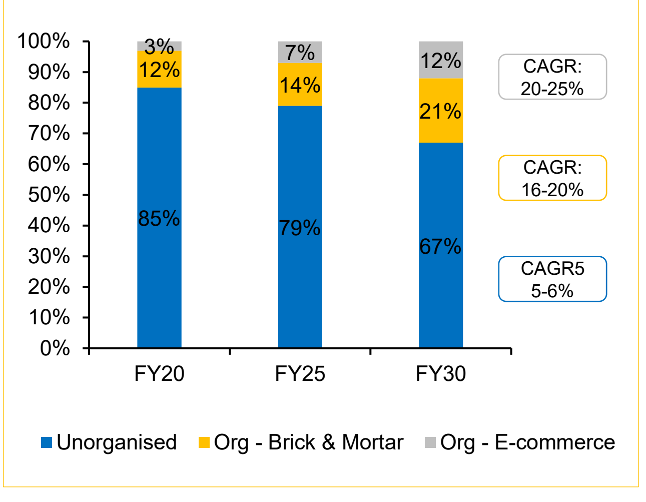

*Source: Meesho RHP, Choice Institutional Equities*

**India Leads Regional & Unbranded categories Vs Peers**



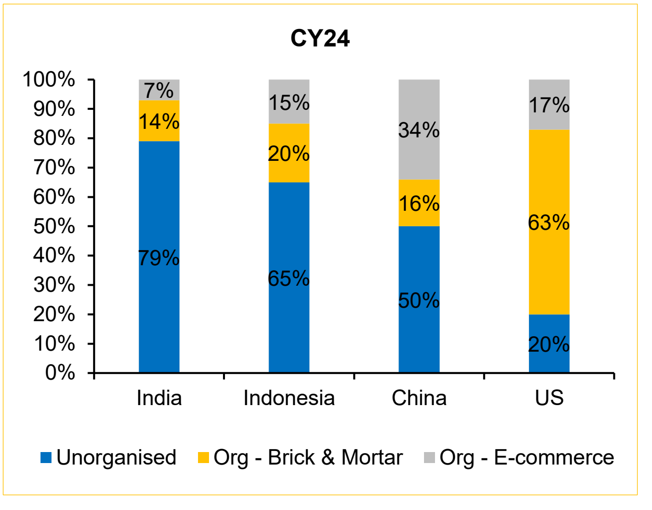

*Source: Meesho RHP, Choice Institutional Equities*

**Organised E-commerce share to expand to 12% by FY30E**



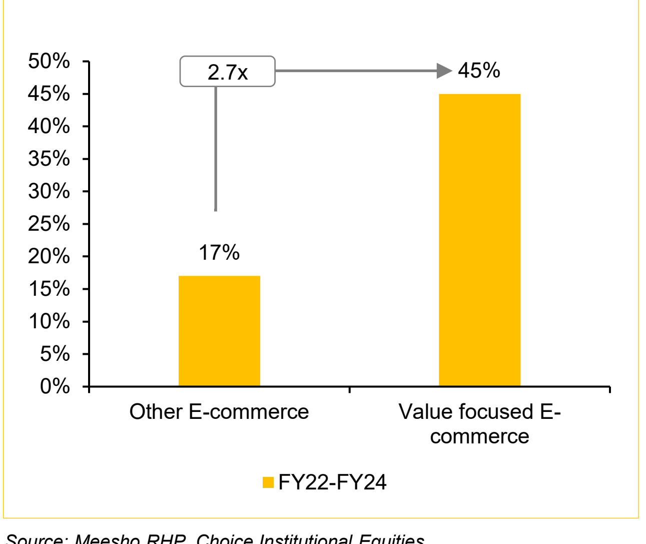

*Source: Meesho RHP, Choice Institutional Equities*

**India has largest share of Unorganised market share globally**



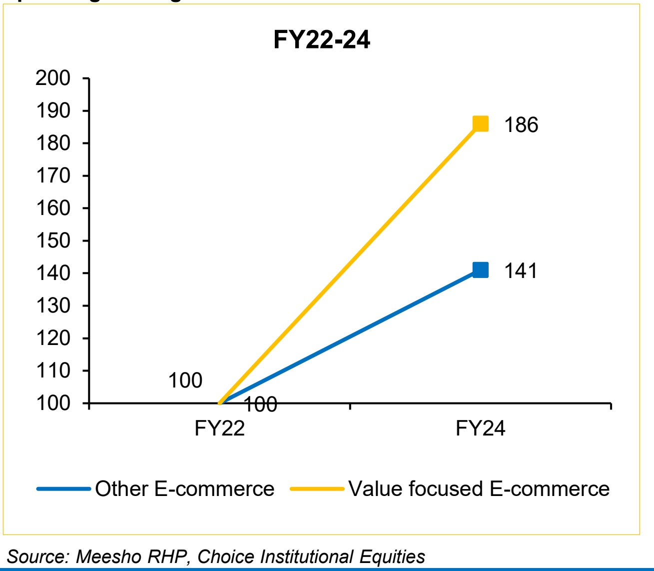

*Source: Meesho RHP, Choice Institutional Equities*

**Value E-Commerce Grew 2.7× Faster in GMV CAGR (FY22-24)**




*Source: Meesho RHP, Choice Institutional Equities*

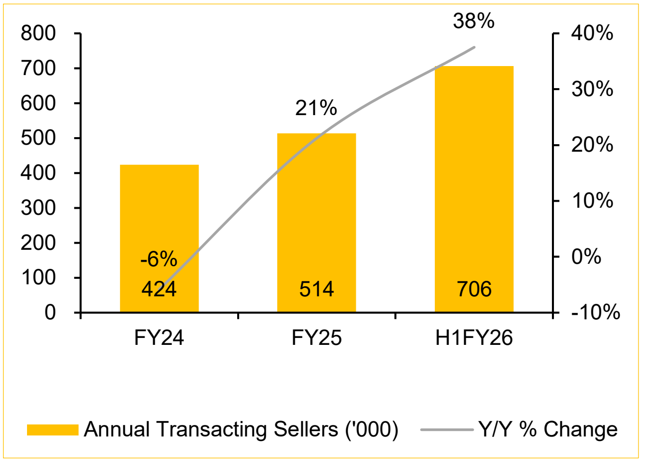
**EBITDA Expands 2x for Value E-Commerce owing to operating leverage**



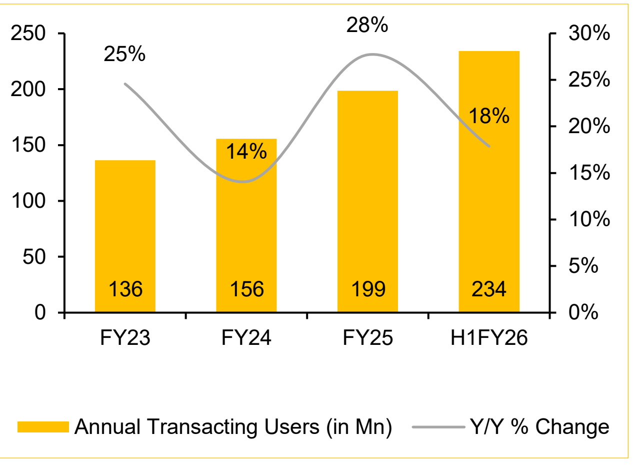

*Source: Meesho RHP, Choice Institutional Equities*

## Investment Thesis in Charts (2/2)

### Strong Growth in Annual Transacting Sellers and Annual Transacting Users creates a strong Network Effect

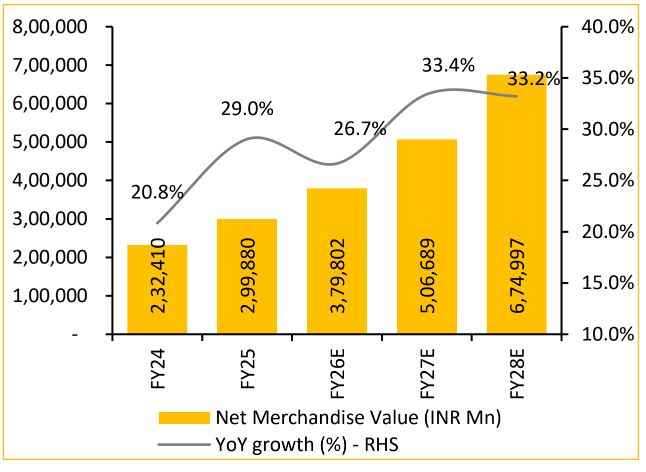



*Source: Meesho RHP, Choice Institutional Equities*



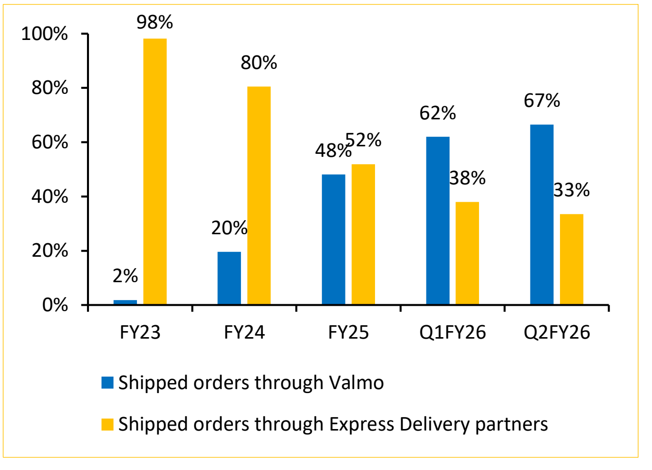

*Source: Meesho RHP, Choice Institutional Equities*

### NMV Expected to Expand at a CAGR of 31.1% (FY25-28E)



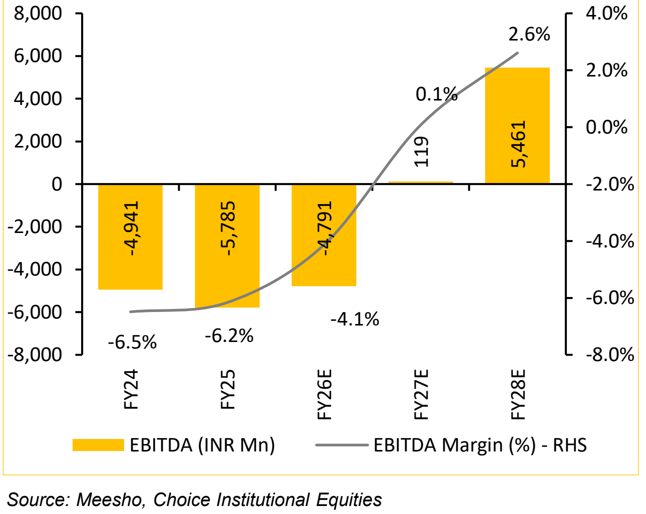

*Source: Meesho RHP, Choice Institutional Equities*

### Shipped Orders via Valmo Rising, Outpacing Express Delivery Partners



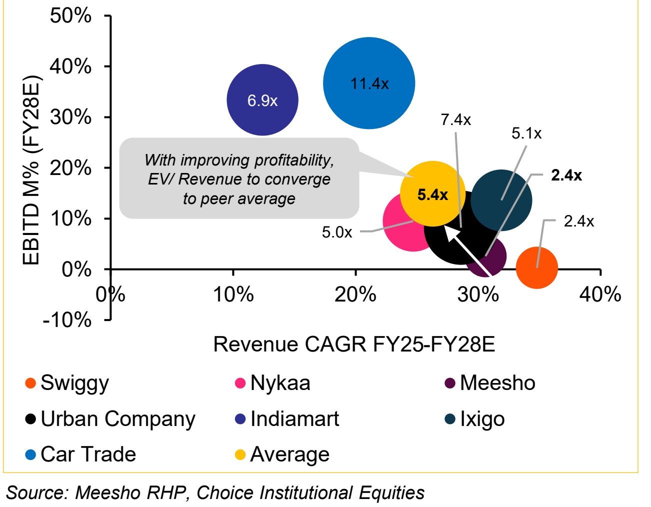

*Source: Meesho RHP, Choice Institutional Equities*

### EBITDA margin expected to turn positive in FY27E




*Source: Meesho, Choice Institutional Equities*

### Strong Growth & Profitability; Valuation Lagging Peers




*Source: Meesho RHP, Choice Institutional Equities*

*Note: The size of the bubble represents EV/ Revenue of FY28E*

## 1.1 Meesho: Unlocking India's Underpenetrated Retail through Value E-Commerce

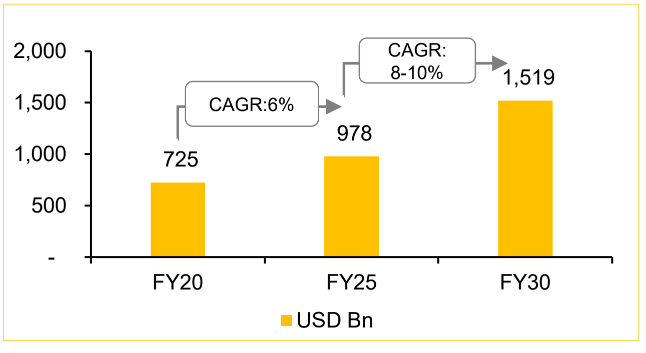
India's retail market is set to scale from INR 83Tn in FY25 to INR 123–135Tn by FY30E (8–10% CAGR), yet per-capita consumption is only 15–20% of China's, indicating a long formalisation runway. Organised retail penetration should rise from 21% to ~33%, shifting USD 470–540Bn to formal channels; e-commerce will capture most of this at 20–25% GMV CAGR. Key categories remain deeply underpenetrated online i.e. Fashion & BPC Home essentials and Grocery with more than 75% unbranded supply favoring value-led e-commerce models. **Meesho is best placed to monetise this shift via its zero-commission, low-AOV, discovery-led platform serving Tier-2/3 users. Long-tail depth, content-led demand and logistics integration enable superior unit economics, with rising ad/fintech/fulfilment monetisation makes Meesho the most leveraged play on the next 100–150Mn mass-market users.**

### 1.1.1 Deep Under-Penetration Provides Long-Runway for E-Commerce and Formal Retail

*India's retail market entering long-duration growth cycle with significant per-capita consumption headroom.*

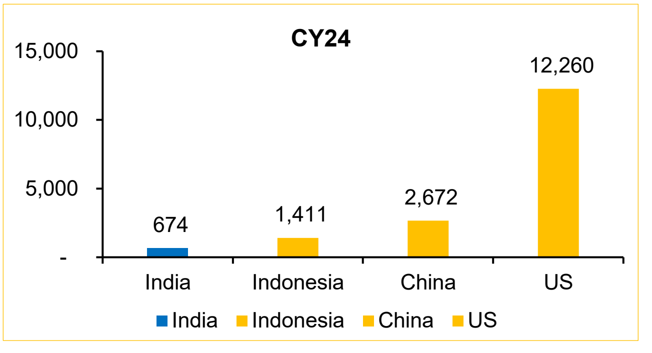
- India's retail market, at INR 83Tn in FY25, is entering a long-duration expansion cycle, with the market projected to grow to INR 123–135Tn by FY30 (8–10% CAGR). Rising middle-income households, Tier-2/3 urbanisation and broader discretionary spending are key structural drivers accelerating consumption depth.
- Despite this growth momentum, India's per-capita retail spend is only ~15–20% of China's, signaling a multi-year convergence opportunity as affordability improves and mix shifts from essentials to discretionary.

**India Retail Market projected to grow at a CAGR of 8-10%**




*Source: Meesho RHP, Choice Institutional Equities*

**Low Per-capita Retail Spends Signals Long-Term Growth**



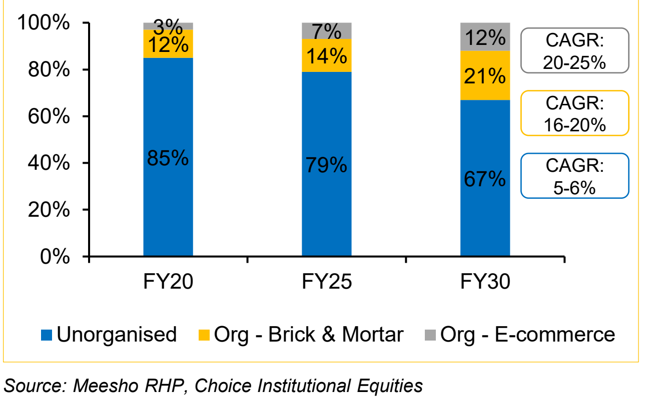

*Source: Meesho RHP, Choice Institutional Equities*

**Note:** *India retail market is defined as the purchase of products across categories including BPC, Home and Furniture, General Merchandise, Jewellery, Electronics, Fashion, FMCG, Pharma, Staples and Fresh*

*Organised retail penetration set to accelerate, with e-commerce capturing outsized share of formalisation-led growth.*

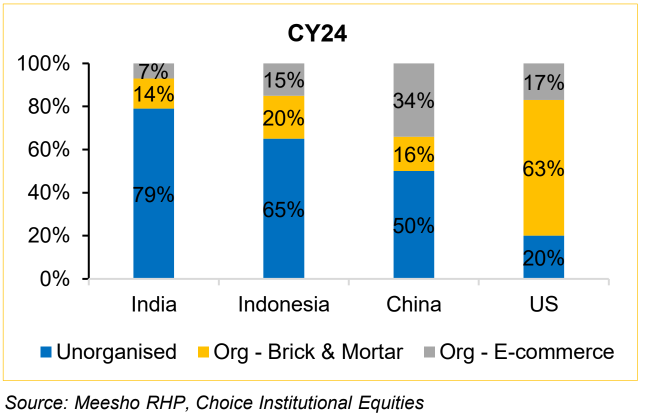
- Organised retail penetration remains structurally low at ~21% in FY25, significantly below China (~62%) and the US (>80%). With GST-led formalisation, supply-chain consolidation and rising brand adoption, penetration is estimated to reach 32–34% by FY30, creating an incremental USD 470–540bn formal retail opportunity.
- E-commerce is poised to absorb a disproportionate share of this transition, growing at 20–25% GMV CAGR vs. 10–12% for offline organised retail. Penetration gains are accelerating due to simplified digital payments (UPI at >13B monthly transactions) and deeper access to Bharat consumers.

**E-commerce expected to grow at 20-25% CAGR (FY25-30E)**




*Source: Meesho RHP, Choice Institutional Equities*

**India's E-commerce Market Remained Largely Underpenetrated**



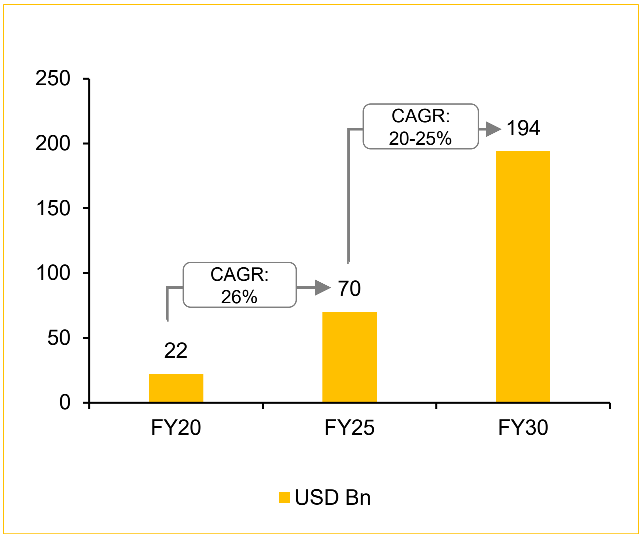

*Source: Meesho RHP, Choice Institutional Equities*

## 1.1 Meesho: Unlocking India's Underpenetrated Retail through Value E-Commerce

*Non-electronics (Fashion, Home, Grocery) to drive the next USD 80–90Bn online profit pool.*

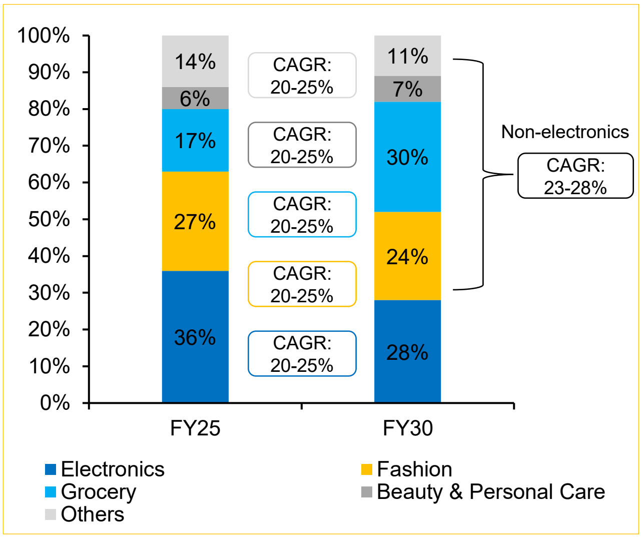
- The next leg of online growth will be dominated by non-electronics categories with materially low penetration—Fashion & BPC at ~19%, Home at ~5%, Grocery at ~2%—representing an estimated USD 80–90Bn incremental e-commerce profit pool over the medium term.
- These categories remain underserved offline due to fragmented supply chains, with >75% of merchandise produced by unbranded/regional manufacturers lacking distribution reach or brand equity to scale through physical retail formats.

**India E-commerce Market to grow 20-25% CAGR (FY25-FY30)**



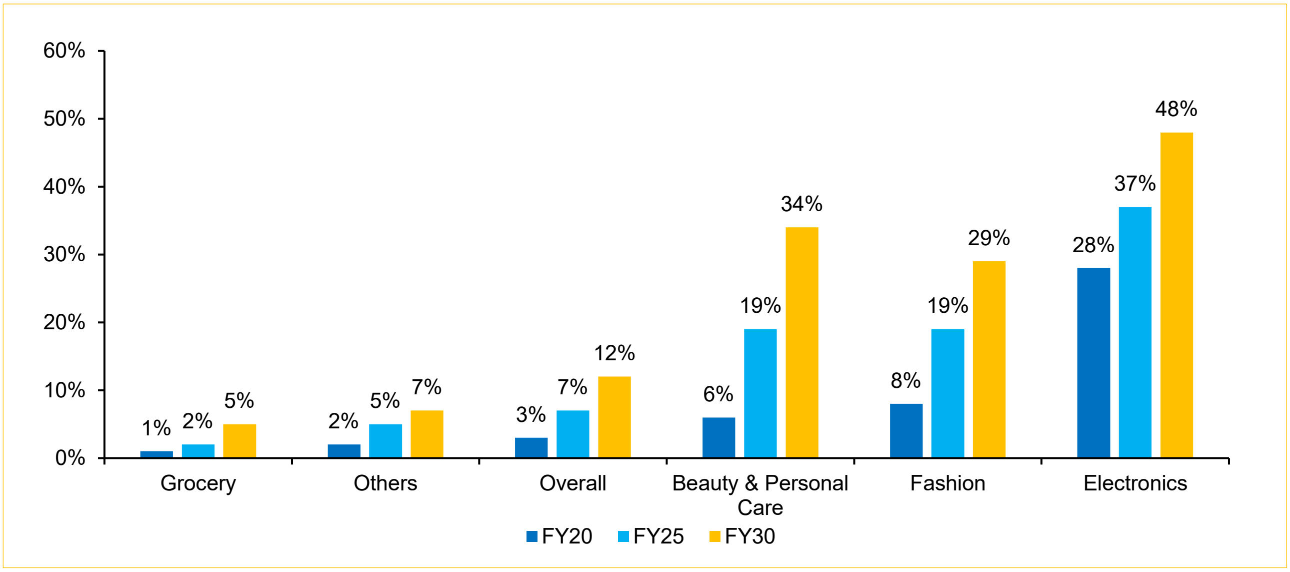

*Source: Meesho RHP, Choice Institutional Equities*

**Non-electronics Categories to Expand their Share by FY30**




*Source: Meesho RHP, Choice Institutional Equities*

**India's E-Commerce to Expand Across Categories by FY30**




*Source: Meesho RHP, Choice Institutional Equities*

- In such a landscape, marketplaces become the most efficient aggregation layer, enabling assortment depth, low barriers to seller participation and high pricing transparency. Digital platforms leveraging variable cost structures and manufacturer-direct sourcing are therefore structurally positioned to unlock the next wave of category penetration.

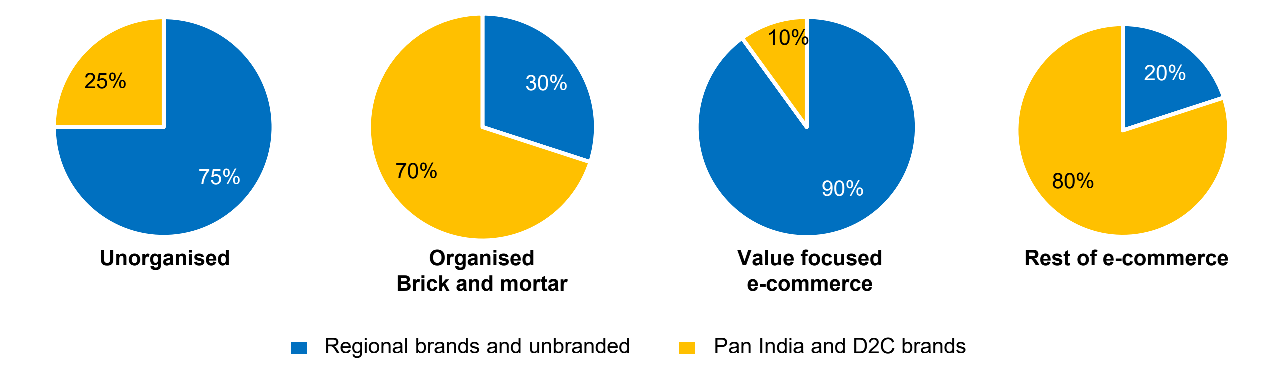
## 1.1 Meesho: Unlocking India's Underpenetrated Retail through Value E-Commerce

### 1.1.2 Value Commerce Emerges as the Primary Driver of Incremental E-Commerce Penetration

*The next E-commerce wave will be led by value-first platforms digitising long-tail supply.*

- Put together, the early-stage formalisation of retail, low online penetration in fragmented categories, and the dominance of unbranded supply collectively point to a clear outcome: the next leg of India's ecommerce penetration will be driven overwhelmingly by value-first platforms that can aggregate and digitise long-tail supply at scale.

**India's Unorganised & Value-focused E-commerce is dominated by Regional Brands & Unbranded** *(In %, FY2025)*




*Source: Meesho RHP, Choice Institutional Equities*

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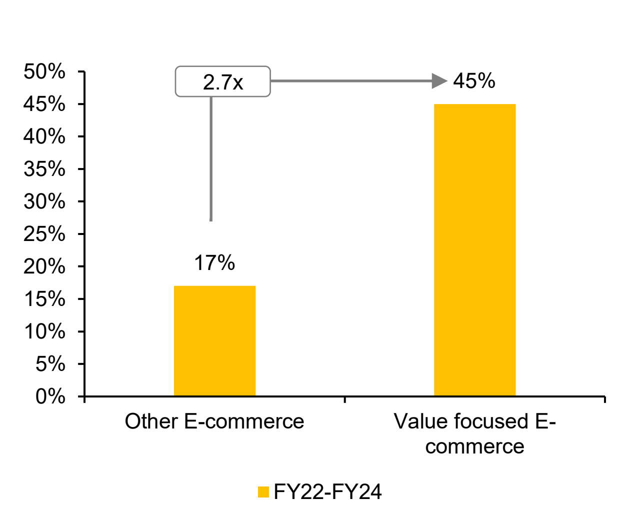
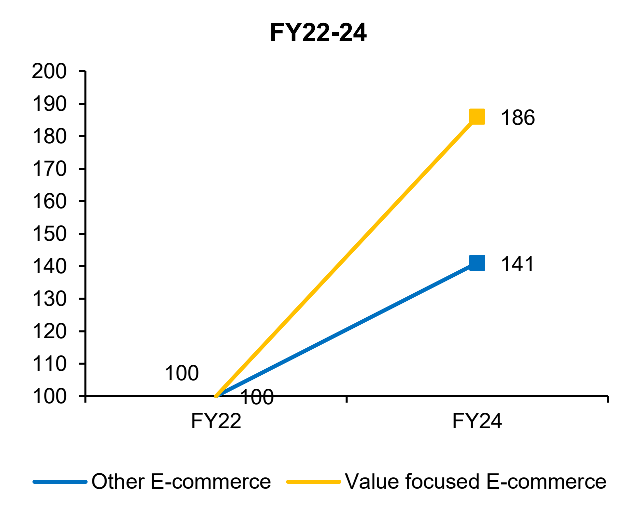
**Value E-Commerce Grew 2.7× Faster in GMV CAGR (FY22-24)**




*Source: Meesho RHP, Choice Institutional Equities*

**EBITDA Expands 2x for Value E-Commerce owing to operating leverage**




*Source: Meesho RHP, Choice Institutional Equities*

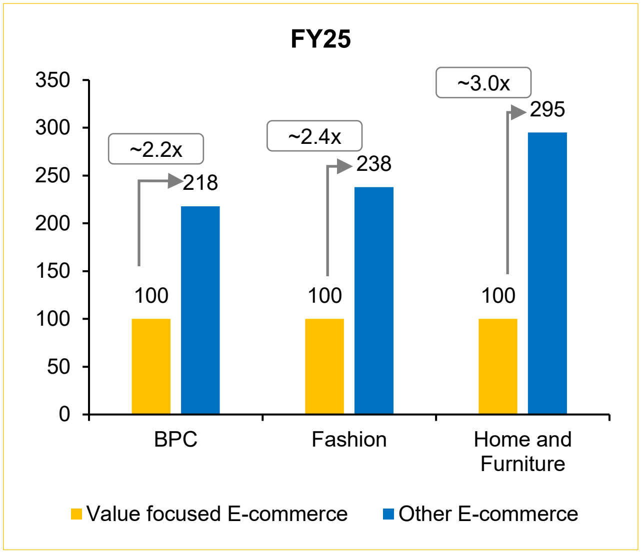
*India's e-commerce is value-led and discovery-driven, mirroring China's path, favoring long-tail marketplaces.*

- India's ecommerce evolution diverges sharply from Western markets dominated by premium brands and convenience-driven consumers; instead, India's growth engine is anchored in value-led, low-ASP, high-frequency categories that mirror China's 2015–2020 ecommerce trajectory.
- With >75% of domestic retail supply coming from unbranded or regional players, the consumption journey naturally skews toward discovery-led behaviour rather than brand-led intent—creating structural advantages for marketplace-led platforms aggregating long-tail supply.
- As internet and UPI penetration deepen in Tier-2/3 regions, the profile of the incremental online shopper is shifting to value-conscious households with strong price elasticity and limited brand affinity. These characteristics echo the behavioural curve that propelled Pinduoduo to >60% share in certain Chinese ecommerce cohorts.

## 1.1 Meesho: Unlocking India's Underpenetrated Retail through Value E-Commerce

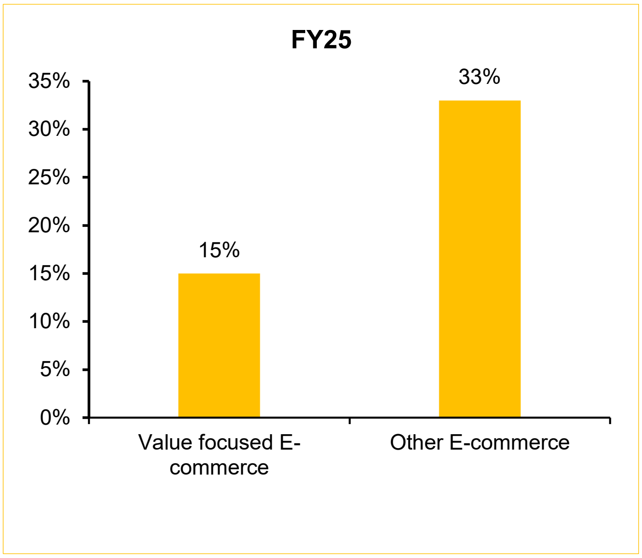
- Low-ticket categories display the highest online purchase frequency, enabling platforms with broad SKU assortments and low fulfilment costs to achieve faster scale and superior unit economics vs. inventory-led peers whose fixed-cost structures are misaligned with low-ASP baskets

**Avg Selling Price: Value vs. Others (Value Indexed to 100)**




*Source: Meesho RHP, Choice Institutional Equities*

**Lower Cost Burden in Value Commerce (% of GMV)**




*Source: Meesho RHP, Choice Institutional Equities*

*The next 150–180M shoppers will be value-led, driving TAM expansion and favoring marketplace platforms like Meesho.*

- The next 150–180M online shoppers are expected to emerge predominantly from these value-centric cohorts, making value ecommerce the core engine of India's incremental user growth, not a peripheral subsegment. This unlocks meaningful TAM expansion rather than cannibalisation of incumbent ecommerce traffic.
- Platforms like Meesho built around marketplace economics—high seller density, flexible fulfilment and mass-market pricing architecture—are therefore positioned to capture disproportionate penetration as non-electronic categories enter their accelerated adoption phase.

**Meesho: TAM & SAM – SAM to Grow at 21–25% CAGR (FY25–30E)**

| Categories | TAM (INR Tn/ USD Bn) | Currently Serviced by Meesho | SAM (INR Tn/ USD Bn) | SAM e-commerce penetration FY2025 | SAM e-commerce market growth (FY25–FY30E) |
|---|---|---|---|---|---|
| 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 & 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 (Beauty & Personal Care) | ~₹2 (~US$23) | ✓ | ~₹2 (~US$23) | ~19% | 23–26% |
| **Total** | **~₹83 (~US$978)** | **–** | **~₹33 (~US$384)** | **~8%** | **21–25%** |

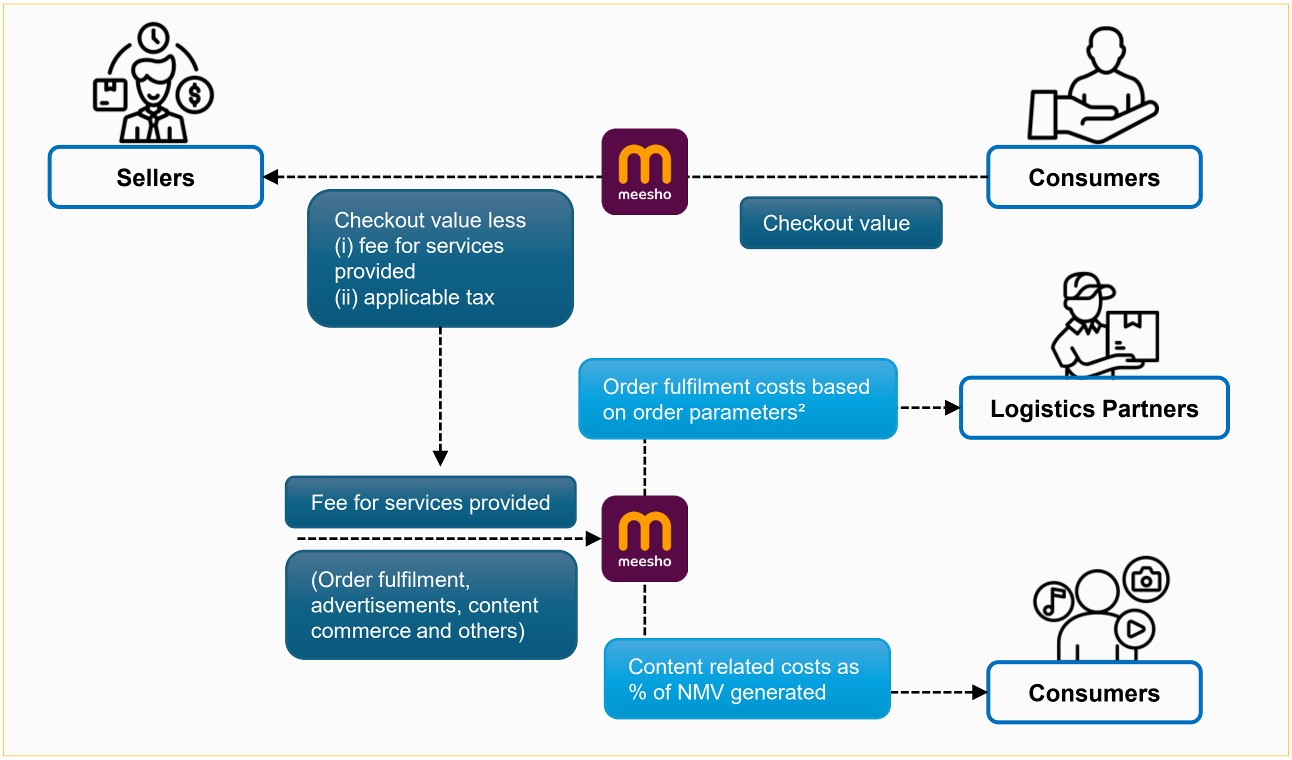
*Source: Meesho RHP, Choice Institutional Equities*

## 1.1 Meesho: Unlocking India's Underpenetrated Retail through Value E-Commerce

*Meesho leads net-new ecommerce users, driven by Tier-2/3 value demand and an asset-light, zero-commission marketplace model.*

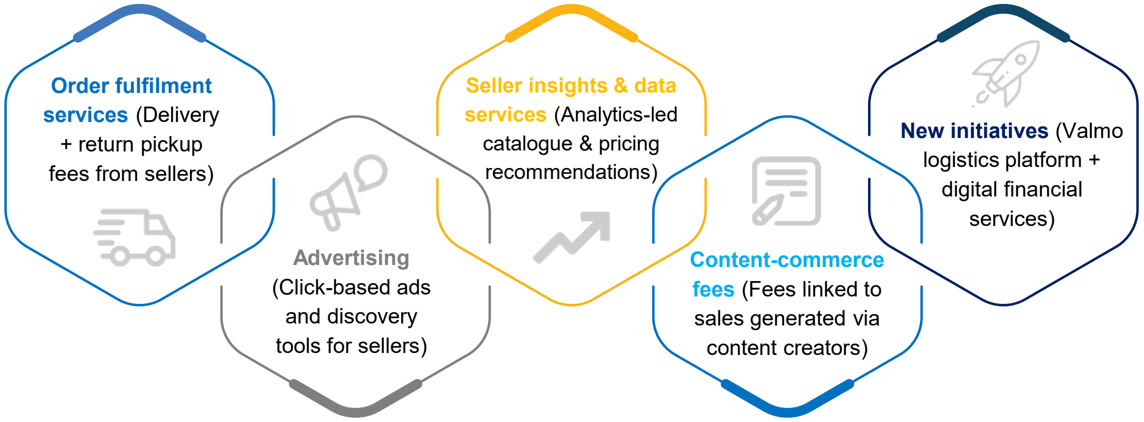
### 1.1.3 Meesho's Category Leadership in Expanding the Value E-Commerce Shopper Base

- Meesho has emerged as leading contributor of net-new e-commerce shoppers in India, scaling its Annual Transacting Users from 136Mn in FY23 to 234Mn in LTM FY25 which grew at CAGR of 31.2%, the fastest user addition in ecommerce space.
- A majority of these new users (70%+) originate from Tier-2/3 India, where affordability and discovery drive purchase intent; this aligns strongly with Meesho's value-first consumption thesis.
- This consumer base requires breadth of choice at low price points rather than branded, premium SKUs, positioning Meesho's value-led proposition more favorably than Amazon and Flipkart's high-AOV, brand-centric models.
- To serve this segment, Meesho operates as a pure marketplace model, structurally distinct business – a zero-commission, asset-light marketplace that monetizes through seller services instead of product margins, enabling scale without capital intensity.




*Source: Meesho RHP, Choice Institutional Equities*

**Monetization Stream**




*Source: Meesho RHP, Choice Institutional Equities*

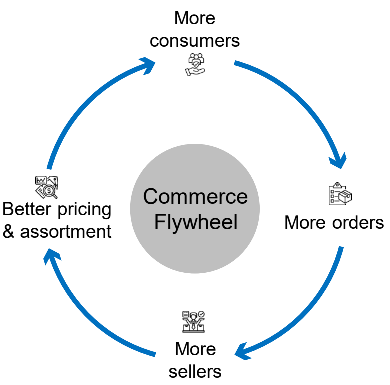
## 1.1 Meesho: Unlocking India's Underpenetrated Retail through Value E-Commerce

*Low-cost scale drives long-tail supply and superior unit economics, positioning Meesho as the key beneficiary of value-led ecommerce growth.*

- The low-cost architecture attracts millions of regional and unbranded sellers, creating unmatched long-tail supply, which in turn expands assortment and deepens consumer engagement across high-frequency categories.
- As seller density increases, discovery-led shopping reinforces order throughput and GMV velocity, driving higher order density and structurally lower fulfilment costs through Valmo-enabled logistics scale.
- With fulfilment cost per order steadily declining (INR 50.45 in FY23 to INR 38.38 in 6MFY26) and high-margin streams – ads, fintech, content-commerce, in-house fulfilment – scaling, contribution profitability continues to improve despite low AOV.
- This creates a self-reinforcing loop of low CAC, high-frequency repeat behavior, dense seller ecosystems and improving unit economics – a cycle that incumbents struggle to replicate without impairing margins.
- As India's next 100–150Mn e-commerce users come online through value-commerce rather than premium retail, Meesho is positioned as the most direct and scaled beneficiary of this structural shift, making it a long-duration market share gainer and a category-defining platform for mass-market e-commerce.

## 1.2 Structural Competitive Moats Driven by Scale, Network Effects & Cost Leadership

Meesho has built a defensible moat by scaling India's largest two-sided marketplace for value-conscious Tier-2/3 consumers and long-tail sellers. Strong network effects are evident with ATU rising from 136Mn in FY23 to 234Mn in FY25, driving superior assortment, sharper pricing and higher purchase frequency. **Logistics is now a core differentiator with Valmo handling 67% of overall shipments** in Q2FY26 (vs. 2% in FY23) at INR 32–34 per shipment i.e. 1–11% below peers. Combined with zero commissions, a lean cost base and AI-led personalisation (75% orders via recommendations), **Meesho's industry-leading cost structure provides a sustained competitive edge in low-ASP categories, with incremental scale further widening the competitive gap.**

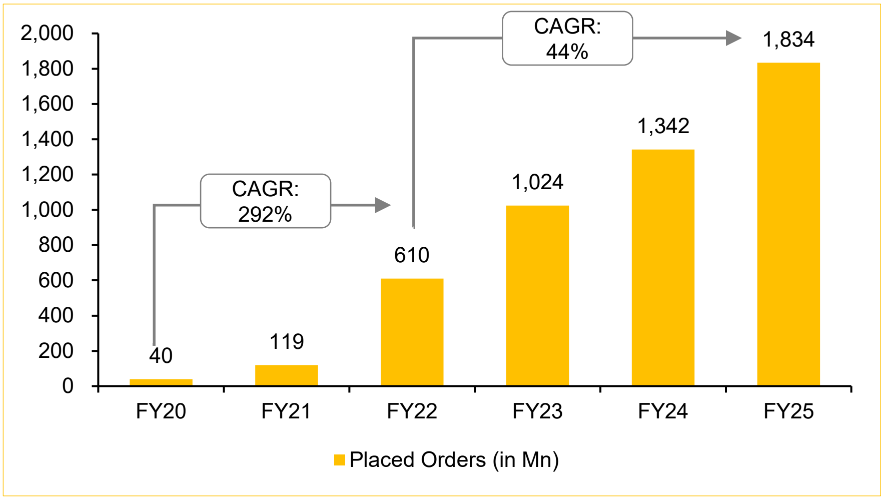



### 1.2.1 Scaled Platform Accelerates Network Effects & Cost Efficiency

- Unlike other E-commerce companies, Meesho's E-commerce platform connects a completely different set of user base on both the sides. On one side, it connects consumers who are value-conscious and users primarily from Tier-2 and Tier-3 cities.
- On the other side, the platform connects with the widest and deepest base of small and medium sellers in India who specialize in unbranded fashion, local manufacturing, fast-moving, low-price inventory and fresh designs.
- As more consumers transact and order volumes increase, more sellers are attracted to Meesho. This creates a strong network effect as more number of consumers consistently attract more sellers, which expands assortment breadth and freshness, allowing competitive pricing and enabling higher conversions and repeat frequency.

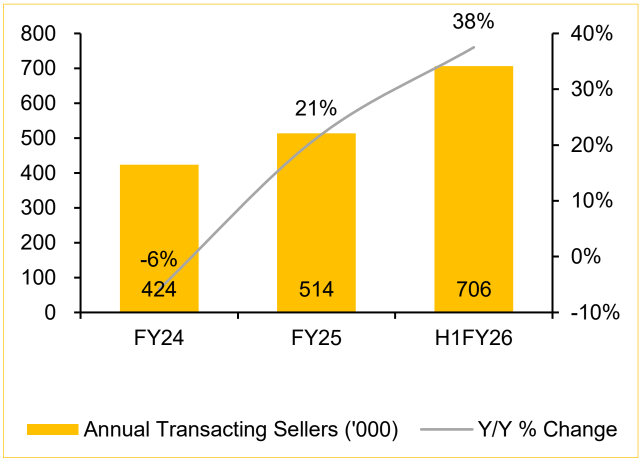
*Meesho introduced the zero-commission model in FY21, which encouraged more sellers to join the platform, and the network effect led to 292% CAGR increase in placed orders from FY20-FY22.*

**Meesho's Zero-Commission Model Sparks Rapid Order Growth**

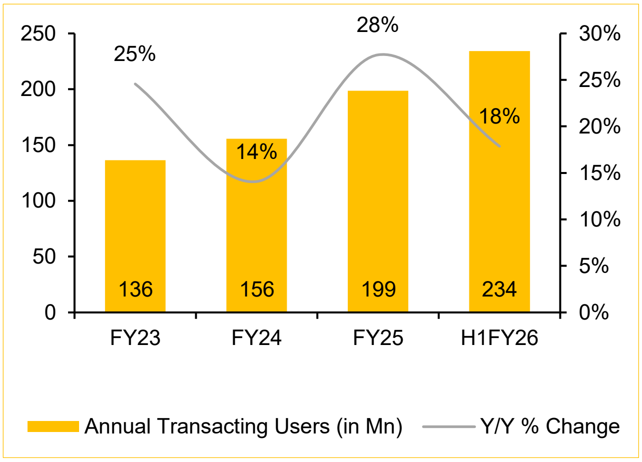



*Source: Meesho RHP, Choice Institutional Equities*

**Strong Growth in Annual Transacting Sellers and Annual Transacting Users creates a strong Network Effect**




*Source: Meesho RHP, Choice Institutional Equities*

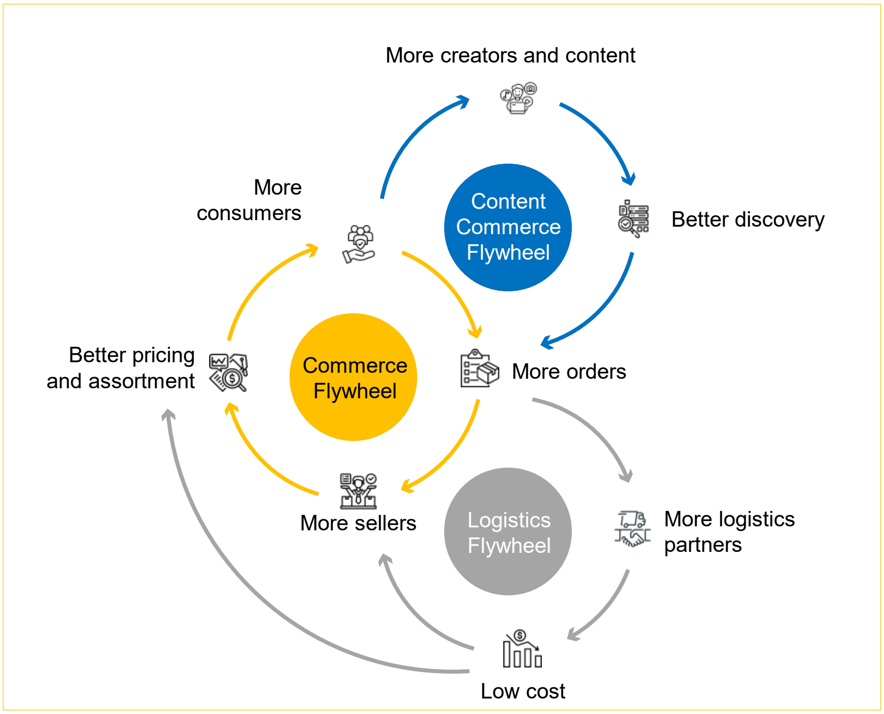



*Source: Meesho RHP, Choice Institutional Equities*

## 1.2 Structural Competitive Moats Driven by Scale, Network Effects & Cost Leadership

*Meesho's expanding ecosystem of sellers, users, logistics partners, and content creators generates strong network effects.*

- Meesho introduced Valmo, its in-house logistics arm, to provide cost-effective shipping services for the e-commerce platform's sellers.
- As order volumes on Meesho increases, it helps logistics partners better utilise their capacity, reduce the price of their services on a per order basis.
- **With Valmo, more number of logistics partners without full end-to-end capabilities can plug into the network, enabling broader participation and strengthening the platform's overall network effects.**
- Meesho has also created a content creator model, enabling content creators to collaborate with sellers for marketing and monetisation. **This enhances product discovery and engagement on Meesho.**

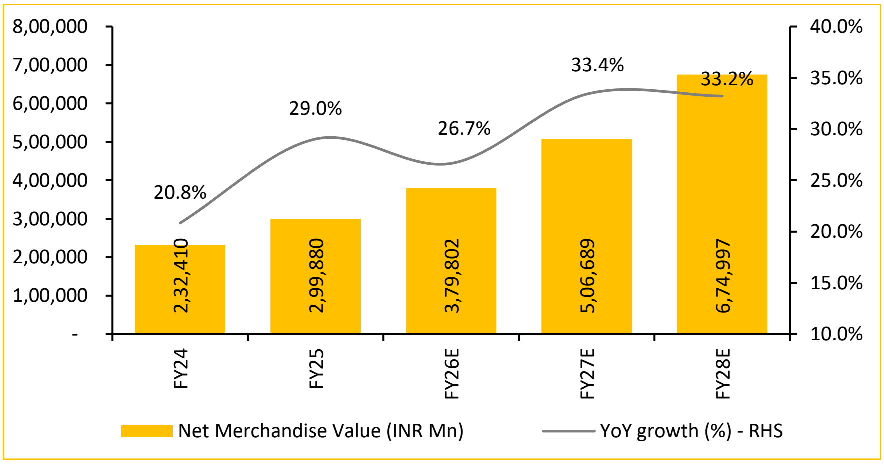



*Source: Meesho RHP, Choice Institutional Equities*

*Meesho's expanding ecosystem led to strong growth in Net Merchandise Value (NMV)*

- Despite operating a zero-commission model, Meesho's expanding ecosystem of sellers, users, logistics partners, and content creators **generates strong network effects that meaningfully enhance service-fee monetisation**, through advertising and logistics revenues.

**NMV Expected to Expand at a CAGR of 31.1% (FY25-28E)**

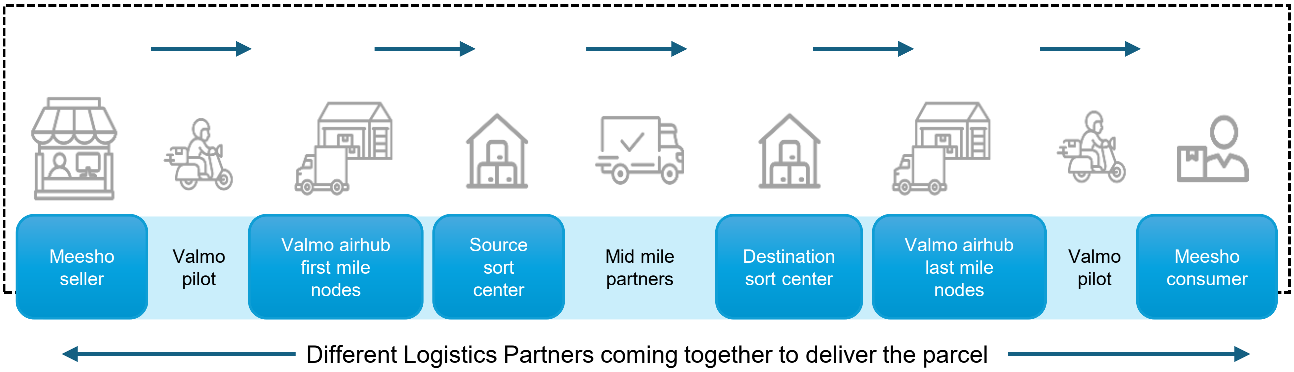



*Source: Meesho RHP, Choice Institutional Equities*

## 1.2 Structural Competitive Moats Driven by Scale, Network Effects & Cost Leadership


### 1.2.2 Valmo: Meesho's Hidden Moat for Ultra-Low-Cost Delivery

- Meesho charges shipping fees to the sellers on its platform and earns the spread between fees collected and the actual logistics cost. **Logistics revenue represents about 50% of total revenue for the company.**
- **Meesho launched Valmo, its own asset-light logistics platform that partners with smaller and more fragmented logistics players for services like first-mile, last-mile, and sorting, rather than investing in its own physical assets like warehouses and trucks**. The company manages logistics services through Valmo and also through third-party logistics services providers.
- Valmo operates on disaggregated network nodes, including first-mile, last-mile, and sorting centres across the country.

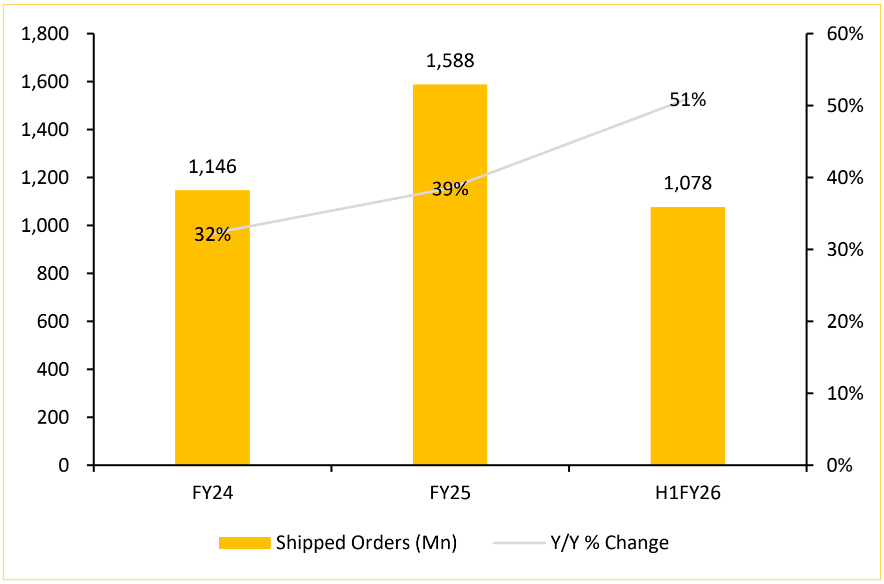



*Source: Meesho RHP, Choice Institutional Equities*

The key differentiating factors in Meesho's logistics supply chain is that the company uses **different delivery partners for each delivery leg such as first mile or last mile, reducing the overall delivery cost while also utilizing the unused capacity of their logistics partners.**

*Meesho introduced Valmo in Feb'24, which led to strong growth in shipment volumes.*

**Shipped Orders Surge as Platform Scales Buyers, Sellers and Logistics**




*Source: Meesho RHP, Choice Institutional Equities*

## 1.2 Structural Competitive Moats Driven by Scale, Network Effects & Cost Leadership

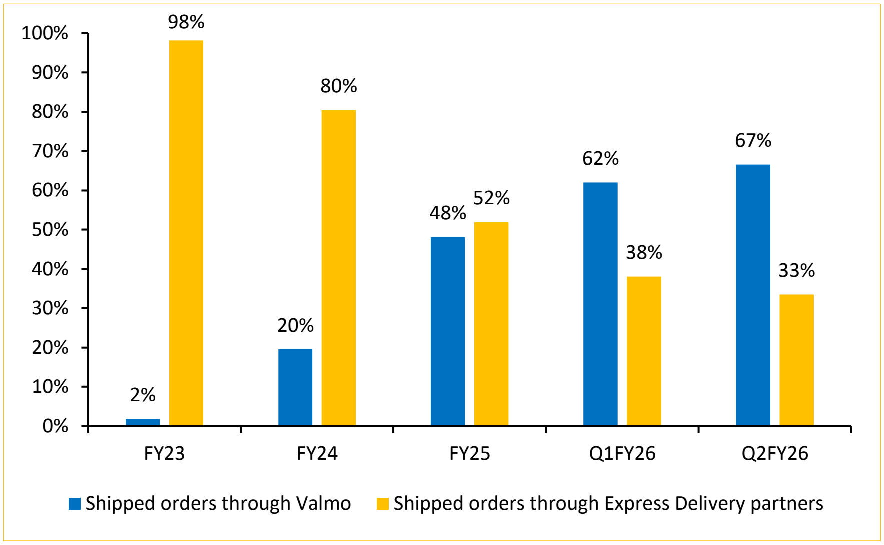
- The creation of Valmo has helped Meesho to reduce the overall delivery cost charged to its sellers. **Valmo's average cost per shipment weighing 0.5-1kg is 1%-11% lower than that of a scaled E-commerce provider.**

- An order fulfilled through Valmo had an **average of 4–4.5 handovers** between different logistics providers from first-mile pickup to last-mile delivery. While this increases overall delivery time, it significantly reduces costs. **Since Meesho's customers are highly value-conscious, the slightly longer delivery timelines do not materially impact their purchase decisions.**

- The company has about **18,098** active logistics providers, **5** end-to-end logistics partners, and **102,349** Valmo Delivery Agents respectively.

*Currently orders shipped through Valmo represents 67% of the total orders shipped in Q2FY26 which we believe would go to 75% to 80% in the near-term.*

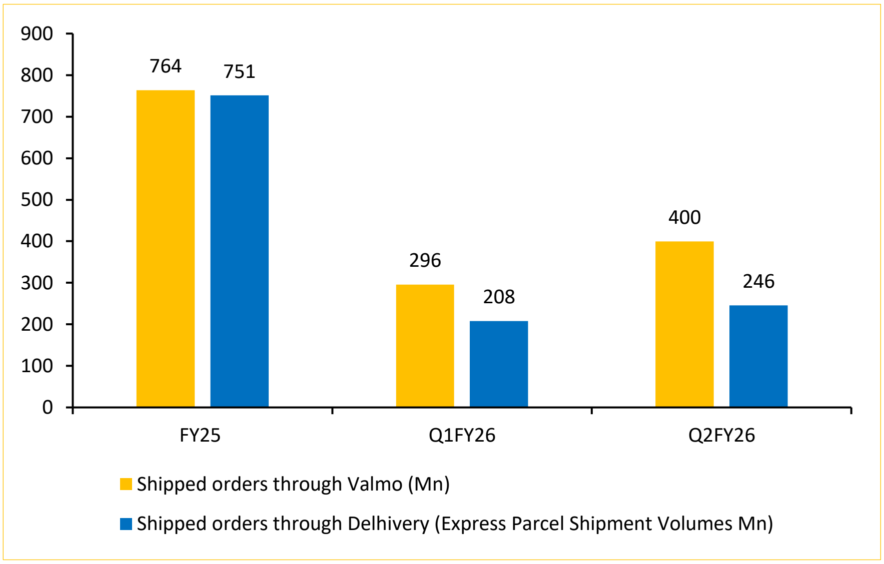
**Shipped Orders via Valmo Rising, Outpacing Express Delivery Partners**




*Source: Meesho RHP, Choice Institutional Equities*

Our comparative analysis of Meesho's shipped volumes through Valmo versus those of Delhivery, a major listed logistics player, shows that **Valmo's shipped order volumes now exceed Delhivery's express parcel shipment volumes.**

*Through Valmo, the company has reduced its dependence on on third-party logistics providers such as Delhivery, Shawdowfax and Xpressbees.*




*Source: Meesho RHP, Choice Institutional Equities*

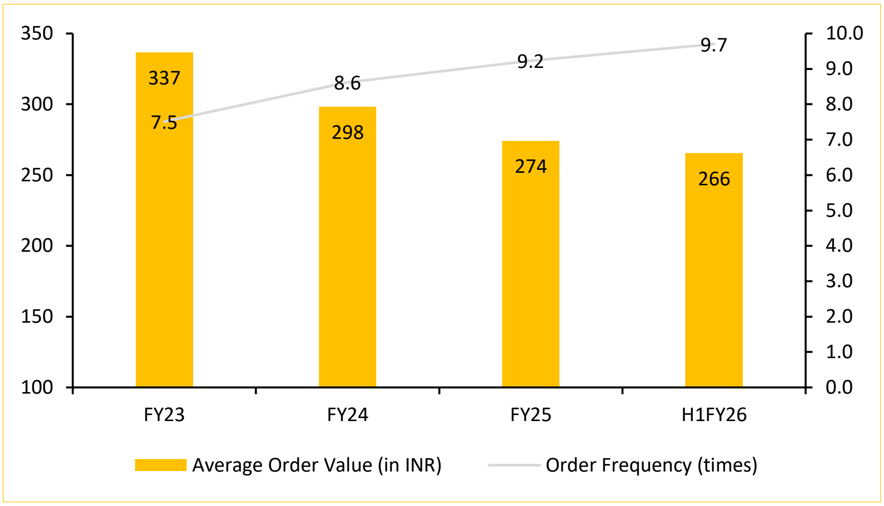
## 1.2 Structural Competitive Moats Driven by Scale, Network Effects & Cost Leadership

### 1.2.3 Lowest Cost Operating Structure among Peers with AI-driven Efficiency

- Meesho benefits from a fundamentally lower cost base compared to inventory-led or commission-heavy E-commerce models.
- Unlike traditional e-commerce models, the company does not run private labels or carry inventory, resulting in a leaner, asset-light operating structure.
- The asset-light logistics model eliminates fixed cost burden while maintaining a minimal logistics employee footprint. **As Meesho does not charge any direct commission to sellers and passes on the logistics efficiency, the sellers on the platform are able to offer "Everyday Low Prices" to the consumers.**
- **Meesho's AOV is declining because its growth strategy prioritizes volume over ticket size, focusing on low-cost products, mass-market users, and affordability, supported by a logistics model optimized for ultra-low-value shipments.**

*Meesho's AOV has been decreasing but the customer frequency is increasing and moving towards 10 i.e. the same user is buying more number of products. Overall Customer stickiness has been improving for the company.*

**Rising customer frequency offsets declining AOV**




*Source: Meesho RHP, Choice Institutional Equities*

*Meesho's Personalized Feed*


**Meesho's Tech Capabilities:**

- **Personalization:** The consumer feed is personalized using state-of-the-art AI models, leading to 75% of orders coming from these recommendations.
- **Geo India:** An in-house technology built to understand non-absolute, descriptive Indian addresses (e.g., "300 meters from this petrol town, take a left") and convert them to map locations.
- **Automation:** AI is used extensively to automate large parts of customer support chats and voice calls.
- **Meesho plans to invest about INR 13.9Bn of the IPO proceeds towards cloud infrastructure and INR 4.8Bn towards hiring talent for its Artificial Intelligence (AI) and Machine Learning (ML) capabilities.**

## 1.3 Strong Monetization Runway and Accelerating Path to Profitability

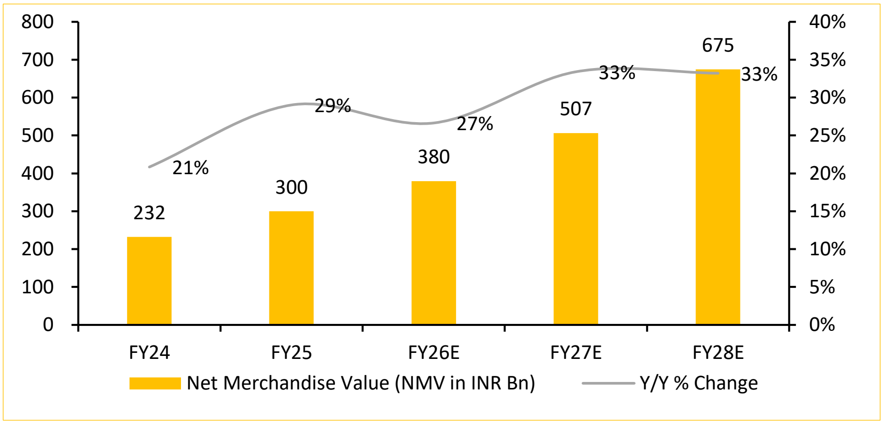
Meesho's improving unit economics and scale advantages underpin a strong monetisation runway and a clear path to profitability. The platform commands 29–31% of India's ecommerce shipment volumes, **with NMV expected to grow at ~31% CAGR over FY25–28E**, supported by category leadership in Fashion, Home, Kids and BPC. **Order frequency has risen from 7.5 (FY23) to 9.7 (LTM FY26)**, while CAC continues to decline, **driving contribution margin expansion from 2.9% (FY23) to 5.0% (FY25), with ~5.8% expected by FY28E**. Logistics leverage through Valmo, fulfilment cost compression and stable take rates (30–31%) strengthen profitability visibility. **Meesho is on track for EBITDA breakeven in FY27E, with operating leverage accelerating thereafter.**

### 1.3.1 Consistent Improvement in Unit Economics & Strong Market Share Gains

- Meesho now holds a 29-31% share of the e-commerce market by shipment volume. **We expect that Mesho's NMV would expand at a 31% CAGR over FY25-FY28**, driven by strong E-commerce growth in key categories in India such as Apparel, Footwear and accessories, Kid & Baby Products, Home, Kitchen & Furnishings and Beauty & Personal Care.
- **Meesho holds a 21-23% market share in the fashion category, 23-25% share in home and kitchen products, and is the third-largest player in beauty and personal care with 8-10% market share.**
- India's e-commerce market (including quick commerce) is expected to grow at **20–25% CAGR** over the next five years. **With rising market share in core categories and strong penetration across Tier-2 and Tier-3 cities,** the company is well positioned to outpace the industry growth.

*India's E-commerce growth in Tier-2 and Tier-3 cities is expected to outpace the growth in Tier-1 cities and Meesho will be a prime beneficiary of it.*

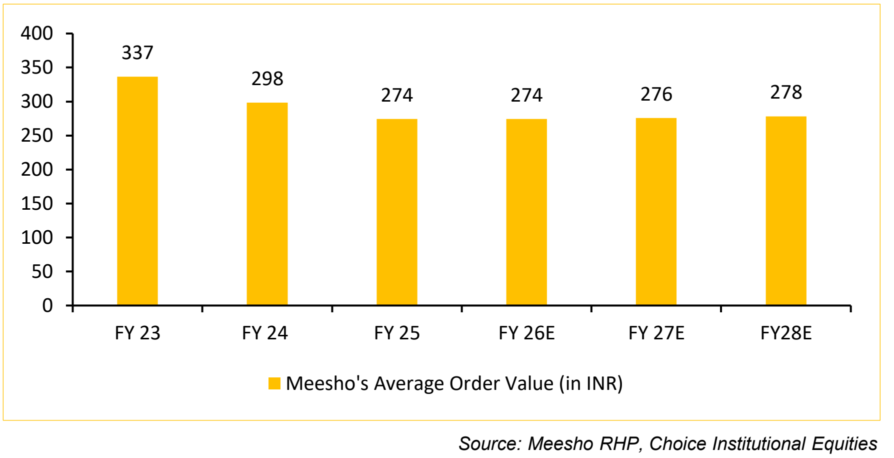
**Meesho's NMV is expected to expand at a 31% CAGR over FY25-28E**




*Source: Meesho RHP, Choice Institutional Equities*

We expect Meesho's average order value (AOV) to remain broadly stable with only marginal increases going forward. This is because the company is unlikely to aggressively scale high-ticket categories such as Electronics, given that **Valmo's disaggregated logistics model is structurally optimized for low-ticket categories and unbranded products.**

**Meesho's AOV is expected to remain stable going forward**




*Source: Meesho RHP, Choice Institutional Equities*

## 1.3 Strong Monetization Runway and Accelerating Path to Profitability

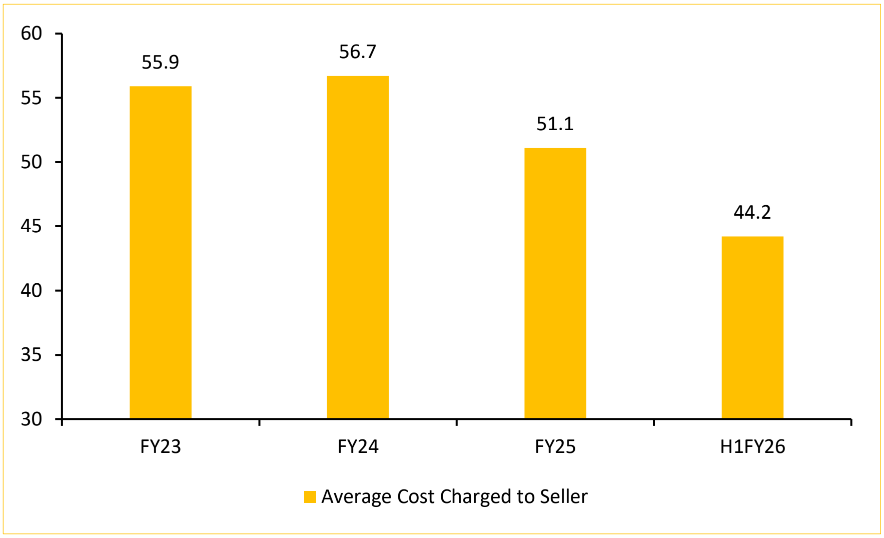
- The platform is demonstrating strong improvement in profitability, supported by reducing ad spend compared to peers, increasingly efficient CAC and lower infrastructure costs at scale.

*Order frequency rising from 7.5 to 9.7 per user signals strong stickiness and higher monetisation.*

- Improving order frequency from 7.5 orders per user in FY23 to 9.7LTM Sep'25 indicates strong behavioural stickiness, driving higher cumulative monetisation per customer without incremental acquisition cost.
- **Valmo delivers an order for just INR 32–34**. **For context, the industry average for delivery cost sits between INR 45 and INR 50 per order. Thus, through Valmo, company has reduced** the overall delivery costs charged to sellers.

*Through Valmo and its zero-commission model, the company has been able to pass on the benefits to the sellers and reduce the average cost charged to them.*

**Meesho Zero-Commission Model Lowers Seller Costs**

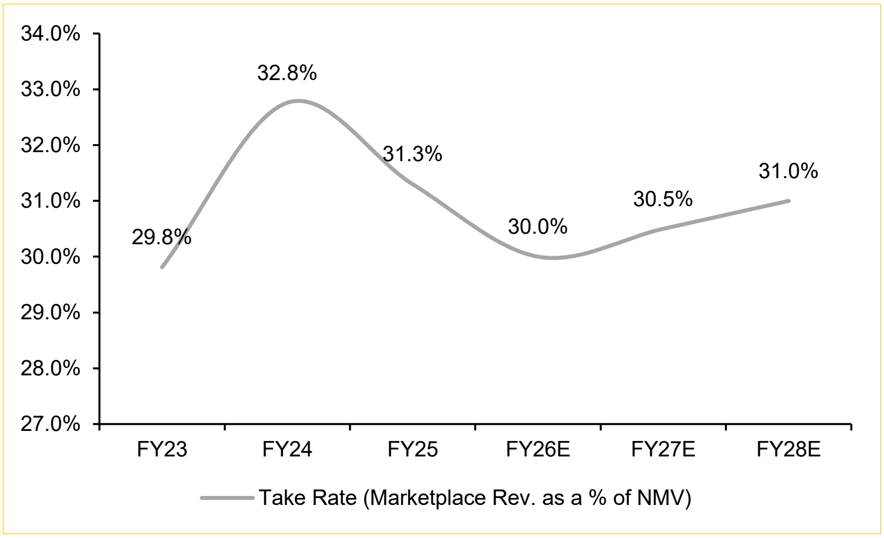



*Source: Meesho RHP, Choice Institutional Equities*

Take-rate calculated as Marketplace Revenue divided by Net Merchandise Value (NMV).

*The take-rate has remained relatively stable at an average of 30.7% and we expect it will gradually expand in the future.*

**Take-rate Expected to Gradually Improve to 31.0% by FY28E**




*Source: Meesho RHP, Choice Institutional Equities*

## 1.3 Strong Monetization Runway and Accelerating Path to Profitability

### 1.3.2 Strong Margin Levers Accelerating Path to Profitability

- Over the past 3 years, Meesho has seen a meaningful improvement in its contribution margin, driven primarily by structural efficiencies and strong scale benefits. The biggest catalyst has been the rapid expansion of Valmo, its in-house logistics platform, which now handles a large share of total shipments. This shift significantly reduced per-order fulfilment costs and improved overall unit economics.

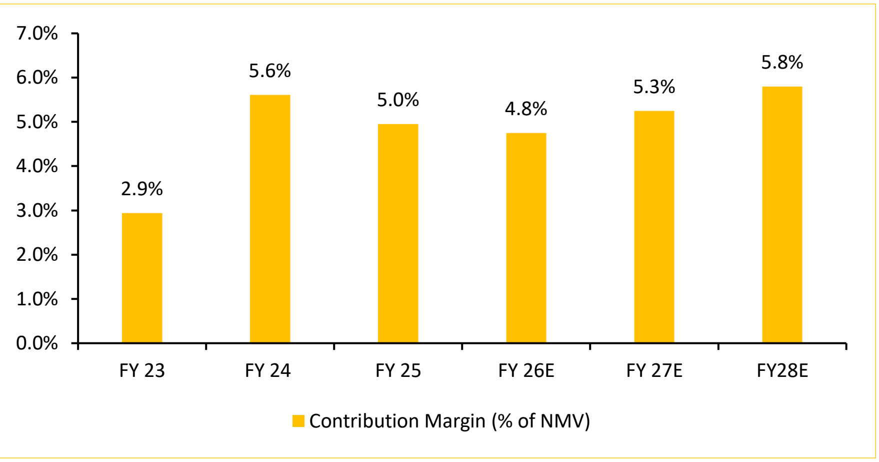
- We believe that the company would be able to improve its contribution margin over a period **as Valmo will scale to 75% to 80% of total orders from current 50%.** Other key margin levers include **gradual improvement in take rates, tech efficiencies, lower fixed costs etc.**

- Management emphasized that both low-AOV and high-AOV orders generate similar contribution margins as a percentage of NMV, indicating that the platform does not sacrifice profitability when serving lower-priced orders.

- **We believe that with these key margin levers, company would turn EBITDA positive in FY27E.**

*We expect that Contribution margin of the company will improve to 5.8% in FY28E, as Valmo will scale to 75% to 80% of total orders in the near-term from current 52% in FY25.*

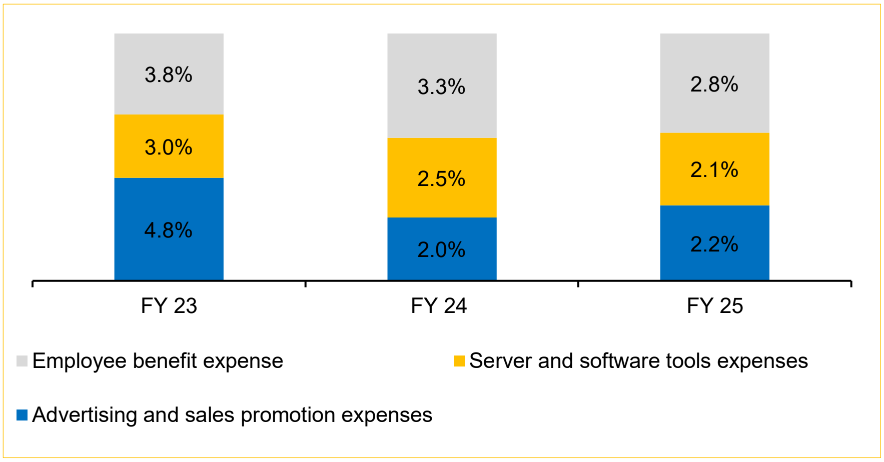
**Contribution Margin to improve from 5.0% in FY25 to 5.8% in FY28E**




*Source: Meesho RHP, Choice Institutional Equities*

*With increasing order volumes, fixed costs of the company as a percentage of NMV has relatively remained stable in the last 2 years.*

**Advertising, Server Costs & Employee Benefit Expense as a % of NMV**




*Source: Meesho RHP, Choice Institutional Equities*

## 1.3 Strong Monetization Runway and Accelerating Path to Profitability


### 1.3.3 Key Strategic Long-Term Bets

The company announced key strategic long-term initiatives during its IPO roadshow which are as follows:

- **Meesho Mall**

Meesho plans to enter branded retail via Meesho mall. Meesho Mall is a dedicated “branded products” storefront or vertical within Meesho — a place where established national or regional brands can sell directly to consumers via Meesho.

- **Financial Services**

The company plans to monetise its platform by offering financial products such as working capital loans to sellers or Deferred Payment products for consumers.

- **Low-Cost Logistics Network**

Building a specialized supply chain within Valmo to make very low price, low margin products viable, potentially targeting categories like grocery.

- **Meesho AI Labs**

Continuous heavy investment in AI known as Meesho AI labs to improve the shopping experience, upgrade recommendation models, and enhance trust and safety.

## 2.1 Key Risks

*Rising competition from Amazon Bazaar and Shopsy could pressure Meesho's growth. Heavy reliance on COD (77% of orders) adds delivery, cash-handling, and efficiency challenges. Valmo's decentralized partner-led logistics network also poses execution and reliability risks.*

- **Strong Competition:** Meesho faces rising competitive pressure as Amazon (via Amazon Bazaar) and Flipkart (via Shopsy) aggressively expand into the value-conscious market. These large incumbents bring significant capital, brand trust, and deep logistics capabilities, which could impact Meesho's revenue growth.

- **Exposure to COD orders:** About 77% of total shipped orders are Cash on Delivery (Cod) which reduces the rate of successful deliveries and increases operational inefficiencies and cash-handling risks.

- **Logistics Risk:** While Valmo is in-house, it operates as an online marketplace **connecting multiple independent logistics providers.** This means performance and reliability still depend heavily on managing a complex, decentralized network of various partners.

## Key Investor Questions Answered

**1. How does the company plan to use the IPO proceeds**

Meesho plans to invest about **INR 13.9Bn** of the IPO proceeds towards cloud infrastructure and **INR 4.8Bn** towards hiring talent for its AI and ML capabilities. Thus, about **44% of the IPO proceeds** will be used to strengthen **Meesho's cloud systems and increase its tech talent**. With millions of orders, Meesho's investment directly supports better scalability, uptime & user experience. Hiring talent for AI & ML capabilities would significantly improve algorithmic optimization, AI-driven personalization, and automated logistics mapping. About **24%** of the IPO proceeds is going to be utilized **towards marketing and brand initiatives** which we believe would improve brand visibility of the company and to counter competition. Remaining funds will be utilized towards **inorganic growth plans.**

**2. How did Valmo crack the logistics code for the e-commerce industry?**

Valmo's scale-up has shifted a meaningful share of incremental E-commerce volumes away from third-party logistics networks, tightening the pool of external orders available to them. **The model is structurally sustainable because Valmo operates as an asset-light, partner-aggregated logistics network. Instead of owning the entire delivery infrastructure, Valmo plugs in multiple independent logistics partners.** We expect that the model is sustainable as Meesho does not have any plans to operate as an **external logistics service like Delhivery or Ecom Express**. It is an internal, platform-exclusive network built to handle Meesho's unique ultra-low AOV, high-volume, small-parcel shipments. The goal of Valmo is to create a more efficient, affordable, and accessible supply chain for E-commerce logistics in India.

**3. Will Meesho face increasing competitive pressure from major e-commerce players entering the value-conscious segment?**

Meesho has built its in-house logistics aggregator platform Valmo, which now handles a large share of deliveries and has helped to reduce fulfilment cost and improve reach into smaller towns. The company continues to scale Valmo which has improved its efficiency without relying on third-party logistics players. Also, the company has strong tech capabilities which it further plans to improve by utilizing the IPO proceeds. Meesho's core customer base are the value-seeking buyers in Tier-2 and Tier 3 cities, often shopping for low-ticket items. **While both giants have entered the value segment through Shopsy and Amazon Bazaar, these platforms remain limited in scope – Amazon Bazaar, for instance, exists only on the mobile app, suggesting they are unlikely to scale aggressively due to potential cannibalization of their core businesses. Therefore, we believe, Meesho is well positioned to counter competitive pressures, supported by its strong delivery network through Valmo and robust technology capabilities.**

## 2.2 Key Insights from Management Meet

*The core value proposition is affordability and offering the lowest prices across categories. 88% of users come from beyond the top eight cities.*

*Management noted that the efficiency gains are passed on to sellers, enabling them to reduce product prices.*

*Management emphasized that both low-AOV and high-AOV orders generate similar contribution margins as a percentage of NMV, indicating that the platform does not sacrifice profitability when serving lower-priced orders.*

**We attended the IPO Roadshow meet held in Mumbai. Following are the key takeaways from the meet:**

- Meesho positioned itself as India's largest e-commerce platform in terms of the number of users and orders, focusing on democratizing internet commerce for **Bharat (non-Tier 1 cities)**.
- The core value proposition is **affordability** and **offering the lowest prices** across categories. **88%** of users come from beyond the top eight cities.
- **Unique Model:** Meesho operates on a zero-commission model, which allows the seller to offer lower prices and makes their products more affordable for the buyer. The company does not do private labels, which makes sellers more comfortable.
- **Order Frequency and AOV:** Transacting frequency per user per year increased from roughly 7.5 times in FY23 to close to 10 times currently. AOV is about 70% lower than the e-commerce average. The AOV has trended down over the last few years as the platform becomes more efficient and products become more affordable, attracting more buyers
- Meesho's IPO totals **INR 54.2 Bn** at the upper end of the price band, comprising a **fresh issue of INR 42.5 Bn** and an **OFS of INR 11.7 Bn.** The company plans to utilize the fresh issue for investments in **technology, brand building, marketing, and potential inorganic opportunities**. The price band is set at **INR 105–111** per share.
- Meesho emphasized its technology-first approach and the integrated **flywheel** ecosystem driving growth. **57%** of the entire headcount is in engineering and product.
- The company intends to continue taking disciplined, long-term bets post-IPO. Key investment areas include **Financial Services, low-cost Logistics Network and AI investments.** These initiatives can become large which can crack low **service category like grocery through Valmo.**
- Management highlighted the company's strategy, noting that the platform has consistently become more efficient each year. **These efficiency gains are passed on to sellers, enabling them to reduce product prices**. This, in turn, drives two key effects: **existing products become cheaper**, and certain items that were previously at a price **threshold where consumer demand was limited, begin to see higher traction.**
- **Importantly, management emphasized that both low-AOV and high-AOV orders generate similar contribution margins as a percentage of NMV, indicating that the platform does not sacrifice profitability when serving lower-priced orders.**
- Meesho charges sellers for both forward and return logistics. This minimizes losses from returns and incentivizes sellers to maintain product quality.
- Meesho maintains a Seller Protection Fund (SPF) to reimburse sellers when conflicts cannot be resolved.
- This overall approach positions Meesho in the **"Value Focused E-commerce" market segment,** appealing to mass consumers who prioritize **affordability over convenience.**

## 2.3 View & Valuation Rationale

**Meesho is Trading at the Lowest EV/Revenue Multiple among Peers Despite Sector-Leading Growth & Profitability Visibility**

| Company | CMP (INR) | Market Cap (INR Bn) | Revenue CAGR (FY25-28E) | EPS Growth (FY27-28E) | EBITDA Margin (%) | | | | EV/ Revenue (x) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | FY25 | FY26E | FY27E | FY28E | FY25 | FY26E | FY27E | FY28E |
| Meesho | 111 | 513.2 | 31% | 214% | -6.2% | -4.1% | 0.1% | 2.6% | 5.3x | 4.3x | 3.2x | 2.4x |
| Swiggy | 397 | 943.4 | 34% | NM | -18.3% | -13.3% | -3.6% | 2.8% | 6.2x | 4.2x | 3.2x | 2.6x |
| Eternal | 292 | 2898.0 | 86% | 101% | 3.1% | 2.1% | 4.0% | 5.1% | 14.4x | 5.9x | 3.2x | 2.2x |
| Nykaa | 253 | 759.7 | 23% | 61% | 7.2% | 8.4% | 9.5% | 10.2% | 7.7x | 6.2x | 5.0x | 4.1x |
| Brainbees | 290 | 159.7 | 15% | 291% | 3.0% | 3.1% | 5.9% | 8.1% | 2.2x | 1.9x | 1.6x | 1.4x |
| Cartrade Tech | 2,734 | 136.2 | 21% | 29% | 23.5% | 30.7% | 34.0% | 35.9% | 21.2x | 17x | 14x | 11.9x |
| Ixigo | 264 | 118.5 | 32% | 58% | 8.8% | 8.9% | 11.4% | 13.6% | 13x | 9.2x | 7.2x | 5.6x |
| Urban Company | 129 | 199.9 | 29% | 705% | -5.0% | -12.4% | -5.1% | 3.9% | 17.5x | 12.9x | 10.1x | 8.2x |
| Indiamart Intermesh | 2,261 | 137.4 | 12% | 13% | 37.7% | 34.5% | 33.6% | 33.4% | 9.9x | 8.9x | 7.8x | 6.9x |
| **Mean** | | | | | | | | | **11.5x** | **8.3x** | **6.5x** | **5.4x** |
| **Median** | | | | | | | | | **11.4x** | **7.5x** | **6.1x** | **4.8x** |

***Note:***

*Source: BBG Consensus, Meesho RHP, Choice Institutional Equities*

*1. We benchmark Meesho against first 4 peers (Swiggy, Eternal, Nykaa, Brainbees) due to their pan-India scale and comparable B2C platform business models.*

*2. We compare companies like Cartrade, Ixigo, Urban Company and Indiamart as they are scaled tech platforms across differing B2C/B2B themes – given comparable growth and monetisation trajectories.*

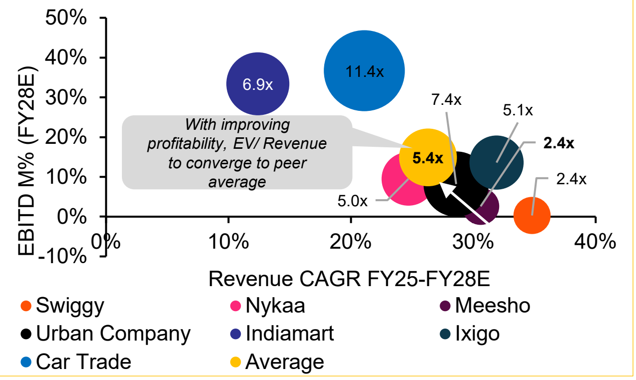
- Meesho remains in the high-growth phase of the platform lifecycle, rapidly scaling revenue and users, while peers such as Eternal, Nykaa and Brainbees (FirstCry) operate in more mature, post-profitability stages (with Swiggy the only major exception still loss-making).
- Meesho is expected to deliver one of the strongest growth among peers, with a 31% FY25–28E revenue CAGR – well ahead of listed internet platforms – driven by its leadership in value-commerce categories.
- EBITDA profitability is expected by FY27E, with steady margin expansion, thereafter, supported by improving operating leverage and scale benefits.
- Despite superior growth and improving margin visibility, Meesho trades at a discount on forward EV/Revenue versus profitable peers, creating valuation headroom as operating metrics converge.
- Relative benchmarking against internet platform companies indicates that higher-margin peers command materially stronger EV/Revenue multiples; the sharp valuation gap versus Meesho appears disproportionate to its growth trajectory and improving profitability outlook, implying scope for normalization as operating leverage materialises.

## 2.3 View & Valuation Rationale

**Peers traded at materially higher EV/Revenue multiples at listing than Meesho**

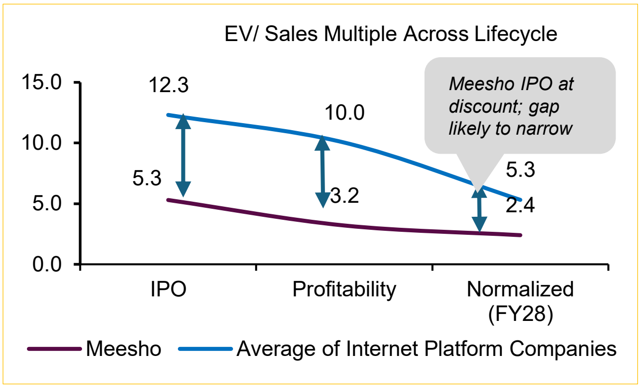
| Companies | EV/ Revenue at IPO Listing | EBITDA Positive | CFO Positive | Overall Profitability |
|---|---|---|---|---|
| Cartrade Tech | 29.7 | ✓ | ✓ | ✓ |
| Nykaa | 21 | ✓ | ✓ | ✓ |
| Urban Company | 12.9 | ✗ | ✓ | ✗ |
| Eternal | 12.6 | ✗ | ✗ | ✗ |
| Indiamart Intermesh | 6.8 | ✓ | ✓ | ✓ |
| Ixigo | 5.5 | ✓ | ✓ | ✓ |
| Swiggy | 4.7 | ✗ | ✗ | ✗ |
| Meesho | **5.3** | ✗ | ✓ | ✗ |

**Strong Growth & Profitability; Valuation Lagging Peers**




*Note: The size of the bubble represents EV/ Revenue of FY28E*

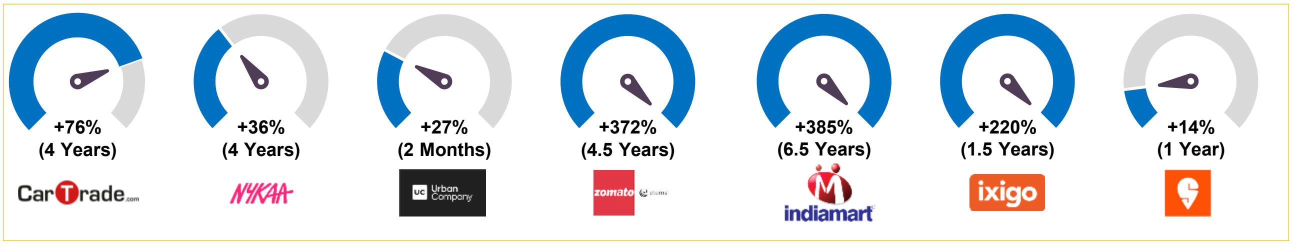
**Valuation Discount Despite Scale and Margin Visibility**




*Assumption in Normalized: Most Platform companies are likely to be at same lifecycle stage*

*Source: BBG Consensus, Choice Institutional Equities*

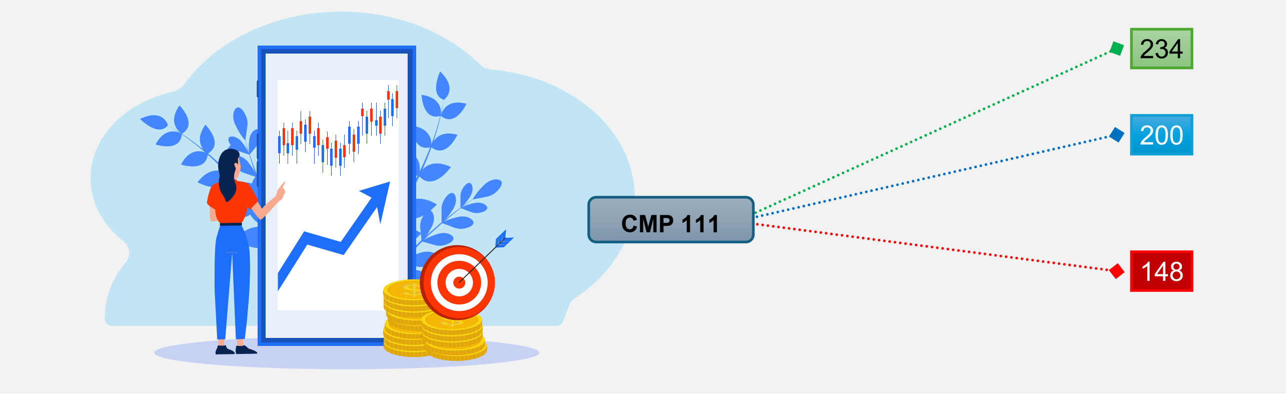
**Market Cap Performance Since IPO Compared Across Peers**




*Source: Choice Institutional Equities*

- We initiate coverage with a **BUY** rating and a **Target Price of INR 200 (81.7% upside vs. IPO upper band),** valuing Meesho at **4x FY28 EV/Revenue**, reflecting its differentiated zero-commission model, sector-leading ~31% revenue CAGR and strengthening margin trajectory supported by Valmo-driven operating leverage.
- Given Meesho's pan-India, scalable, tech-enabled platform, strong operating metrics, positive CFO and a clear path to profitability, we believe the company is entering the public markets at a discount in the IPO-to-profitability phase of its lifecycle, **valued at 2.4× FY28E EV/Revenue versus the peer average of 5.4×**, despite one of the strongest sector growth profiles (~31% FY25–28E revenue CAGR).
- While EBITDA margin are presently lower than peers, **operating leverage and scale efficiencies** are expected to drive **meaningful improvement through FY27–28E**, supporting earnings visibility.
- Valuation benchmarking highlights a **persistent spread between Meesho and listed internet platforms**, which continue to command materially higher multiples owing to proven profitability.
- As a sanity check, we also ran a three-stage DCF valuation, which yields an implied fair value range of INR 160-185 per share considering WACC in range of 13.0%-15.2% over different time period & terminal growth of 4%.
- **As margins continue to improve and profitability visibility strengthens**, the current valuation gap appears increasingly difficult to justify on fundamentals, **suggesting potential for gradual convergence toward peer levels over time**.

## 2.4 Bull/ Bear Case




**INR 234**
**110.6% Upside**

**BULL Assumptions**

- Revenue growth from FY25-FY28E assumed at **37.9% CAGR**
- Take rate assumed at **32.0%** in the forecast period.
- AOV assumed to **increase** in the forecast period.

**INR 200,**
**81.7% Upside**

**BASE Assumptions**

- Revenue growth from FY25-FY28E assumed **at 30.6% CAGR**.
- Take rate assumed at **30.5%** and gradual improvement taken in the forecast period.
- AOV growth assumed to be **show a marginal increase** in the forecast period.

**INR 148**
**33.3% Upside**

**BEAR Assumptions**

- Revenue growth from FY25E-FY28E assumed **at 16.1%** CAGR.
- Take rate assumed at **25.0%** in the forecast period.
- AOV assumed to **decline** in the forecast period.

## 3.1 Financials & Ratios

### Income Statement (INR Mn)

| Particulars | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Revenue | 76,151 | 93,899 | 1,15,884 | 1,54,588 | 2,09,302 |
| Gross profit | 68,574 | 85,417 | 1,05,023 | 1,40,686 | 1,90,956 |
| EBITDA | -4,941 | -5,785 | -4,791 | 119 | 5,461 |
| Depreciation | 581 | 340 | 2,664 | 2,818 | 3,037 |
| EBIT | -5,523 | -6,125 | -7,455 | -2,699 | 2,424 |
| Other Income | 2,441 | 5,110 | 4,635 | 6,184 | 8,372 |
| Interest Expenses | -64 | -69 | -69 | -69 | -69 |
| PAT | -3,276 | -39,417 | -2,162 | 2,556 | 8,027 |
| EPS | -0.9 | -10.0 | -0.5 | 0.6 | 1.7 |

| Ratio Analysis | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| **Growth Ratios (%)** | | | | | |
| Revenue | 32.8 | 23.3 | 23.4 | 33.4 | 35.4 |
| EBITDA | - | - | - | - | 4,476.7 |
| PAT | - | - | - | - | 214.0 |
| EPS | - | - | - | - | 214.0 |
| **Margins (%)** | | | | | |
| EBITDA | -6.5 | -6.2 | -4.1 | 0.1 | 2.6 |
| EBIT | -7.3 | -6.5 | -6.4 | -1.7 | 1.2 |
| **Profitability (%)** | | | | | |
| ROE | -14.7 | -272.7 | -3.6 | 3.8 | 9.9 |
| ROIC | -37.8 | -133.4 | -9.5 | -3.0 | 2.2 |
| ROCE | -24.0 | -110.0 | -9.1 | -2.9 | 2.1 |
| **Valuation** | | | | | |
| EV/Revenue (x) | 6.6 | 5.3 | 4.3 | 3.2 | 2.4 |
| EV/EBITDA (x) | NA | NA | NA | 4,190.1 | 91.6 |
| BVPS | 5.9 | 3.7 | 12.9 | 14.4 | 17.5 |

*Source: Meesho, Choice Institutional Equities*

### Balance Sheet (INR Mn)

| Particulars | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Tangible Fixed Assets | 523 | 516 | 1,879 | 3,263 | 4,677 |
| RTU & Intangible Assets | 597 | 441 | 1,594 | 2,765 | 3,961 |
| Investments | 7,436 | 49,834 | 62,293 | 77,866 | 97,332 |
| Cash & Cash Equivalents | 1,408 | 3,784 | 36,645 | 30,621 | 29,494 |
| Other Non-current Assets | 8,817 | 3,430 | 3,342 | 3,575 | 3,903 |
| Other Current Assets | 22,829 | 14,255 | 17,129 | 20,642 | 24,905 |
| **Total Assets** | **41,610** | **72,261** | **1,22,882** | **1,38,731** | **1,64,272** |
| Shareholder's Funds | 22,296 | 14,455 | 59,429 | 66,623 | 80,929 |
| Minority Interest | - | - | - | - | - |
| Lease liabilities | 723 | 583 | 2,119 | 3,680 | 5,274 |
| Other non-current liabilities | 143 | 212 | 212 | 212 | 212 |
| Other current liabilities | 18,448 | 57,011 | 61,122 | 68,216 | 77,857 |
| **Total Equity & Liabilities** | **41,610** | **72,261** | **1,22,882** | **1,38,731** | **1,64,272** |

| Cash Flows (INR Mn) | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Cash Flows From Operations | 2,202 | 5,394 | 3,201 | 8,553 | 15,404 |
| Cash Flows From Investing | -1,656 | -26,353 | -13,003 | -14,762 | -16,741 |
| Cash Flows From Financing | -114 | 21,053 | 42,431 | -69 | -69 |

| DuPont Analysis | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| **ROE (%)** | **-14.7%** | **-272.7%** | **-3.6%** | **3.8%** | **9.9%** |
| Net Profit Margin (%) | -4.3% | -42.0% | -1.9% | 1.7% | 3.8% |
| Asset Turnover | 1.8 | 1.3 | 0.9 | 1.1 | 1.3 |
| Equity Multiplier | 1.9 | 5.0 | 2.1 | 2.1 | 2.0 |

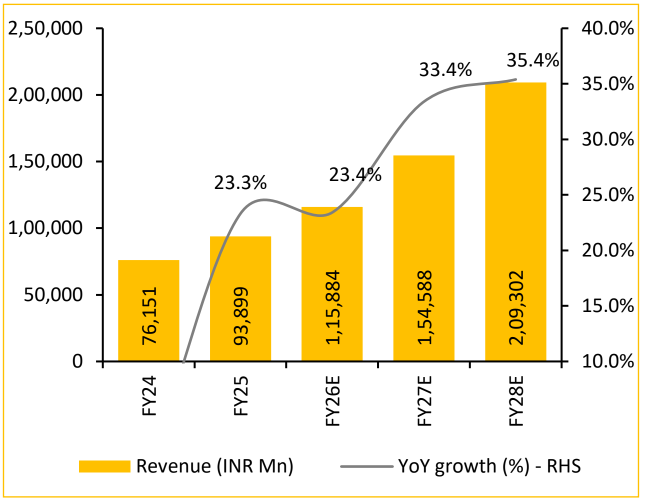
## 3.2 Key Operating Metrics

| | FY23 | FY24 | FY25 | 1QFY26 | 2QFY26 |
|---|---|---|---|---|---|
| **Income Statement** | | | | | |
| Revenues (INR Mn) | 57,345 | 76,151 | 93,899 | 25,039 | 30,737 |
| Gross Profit (INR Mn) | 50,063 | 68,574 | 85,417 | 22,966 | 28,359 |
| Gross Margin (%) | *87.3* | *90.1* | *91.0* | *91.7* | *92.3* |
| EBITDA (INR Mn) | -18,037 | -4,941 | -5,785 | -2,644 | -4,291 |
| EBITDA Margin (%) | *-31.5* | *-6.5* | *-6.2* | *-10.6* | *-14.0* |
| PAT (INR Mn) | -16,719 | -3,276 | -39,417 | -2,894 | -4,114 |
| EPS (INR) | -4.4 | -0.9 | -10.0 | -11.6 | -13.4 |
| | | | | | |
| **Operating Metrics** | | | | | |
| **INR Mn** | | | | | |
| Gross Merchandise Value | 3,44,910 | 4,00,380 | 5,03,120 | 1,51,340 | 1,83,490 |
| Net Merchandise Value | 1,92,330 | 2,32,410 | 2,99,880 | 86,790 | 1,05,150 |
| | | | | | |
| **Revenue Mix: Segments (%)** | | | | | |
| Marketplace | 100.0 | 100.0 | 100.0 | 99.9 | 99.9 |
| New initiatives | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| | | | | | |
| Placed orders (Mn) | 1024 | 1342 | 1834 | 562 | 699 |
| Average Order Value (INR) | 337 | 298 | 274 | 269 | 262 |
| Order Frequency (x) | 7.5 | 8.6 | 9.2 | 9.5 | NA |
| | | | | | |
| Shipped Orders (Mn) | 867 | 1146 | 1588 | 477 | 601 |
| Return orders (Mn) | 120 | 90 | 64 | 37 | NA |
| | | | | | |
| CoD orders as % of Shipped Orders | 88.7 | 85.4 | 77.0 | 75.1 | NA |
| Prepaid orders as % of Shipped Orders | 11.3 | 14.6 | 23.1 | 24.9 | NA |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| | | | | | |
| CoD orders success rate (%) | 76.6 | 78.6 | 77.7 | 75.6 | NA |
| Prepaid orders success rate (%) | 96.7 | 97.8 | 97.2 | 96.3 | NA |
| | | | | | |
| Shipped Order through Valmo (%) | 1.8 | 19.5 | 48.1 | 62.0 | 66.5 |
| Shipped Orders through express parcel delivery companies (%) | 98.2 | 80.5 | 51.9 | 38.0 | 33.5 |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| | | | | | |
| Annual Transacting Users | 136 | 156 | 199 | 213 | 234 |
| Annual Transacting Sellers | 4,49,966 | 4,23,749 | 5,13,757 | 5,75,465 | 7,06,471 |
| | | | | | |
| Total Headcount | 1,710 | 1,326 | 1,656 | 2,009 | NA |

*Source: Meesho, Choice Institutional Equities*

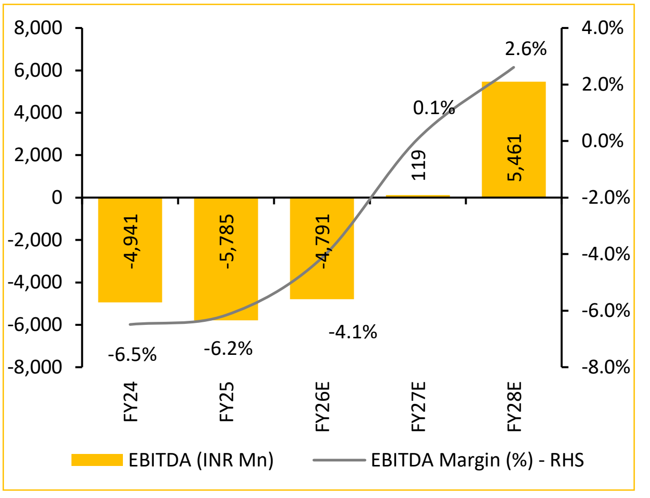
## 3.3 Graphs & Trends

**Revenue expected to expand at 35.4% CAGR over FY25-28E**



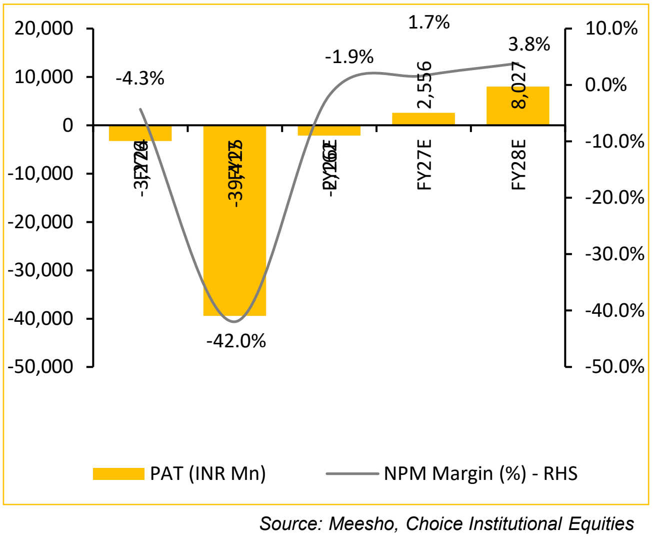

*Source: Meesho, Choice Institutional Equities*

**EBITDA margin expected to turn positive in FY27E**



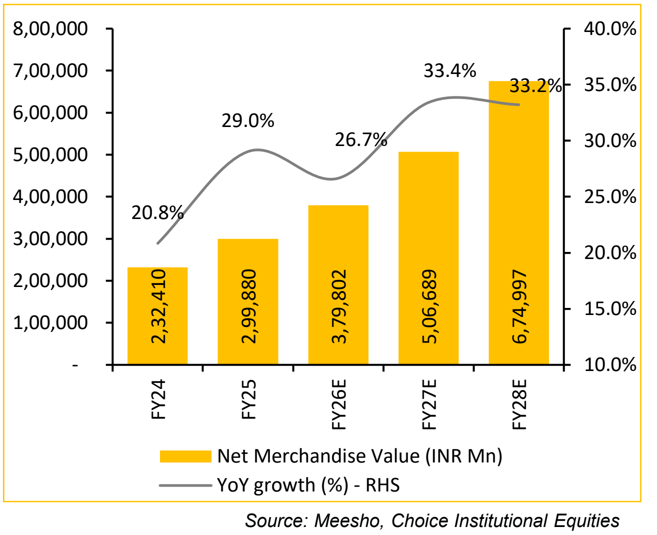

*Source: Meesho, Choice Institutional Equities*

**PATM expected to improve to 3.8% by FY28E**



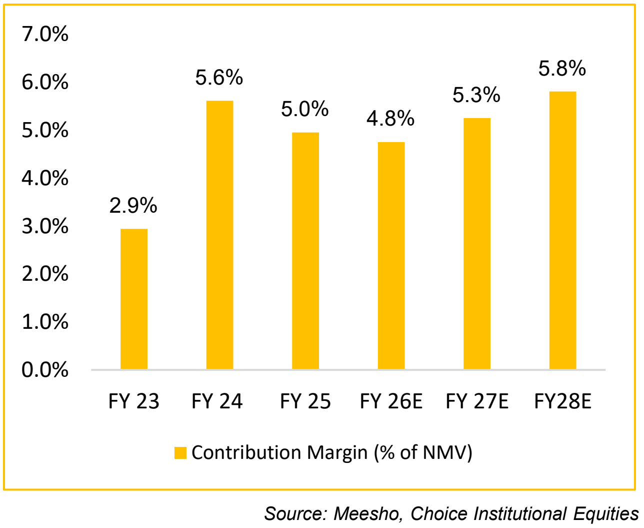

*Source: Meesho, Choice Institutional Equities*

**NMV expected to expand at 31.1% over FY25-28E**



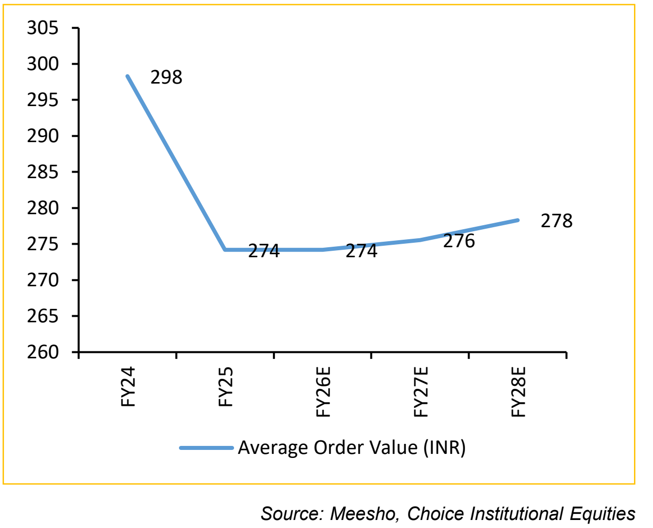

*Source: Meesho, Choice Institutional Equities*

**Contribution margin to expand to 5.8% in FY28E**




*Source: Meesho, Choice Institutional Equities*

**AOV Forecasted to Rise Marginally**



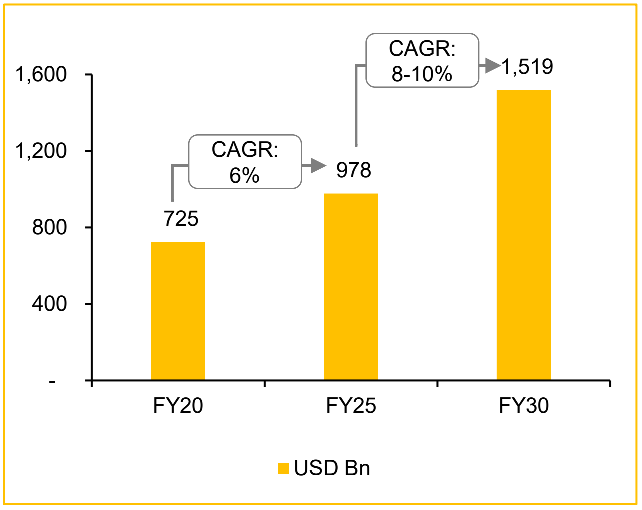

*Source: Meesho, Choice Institutional Equities*

## 4.1 Large Underpenetrated Consumption Base with Accelerating Growth Trajectory

### 4.1.1 Large Retail Market with Strong 8–10% CAGR Growth Visibility

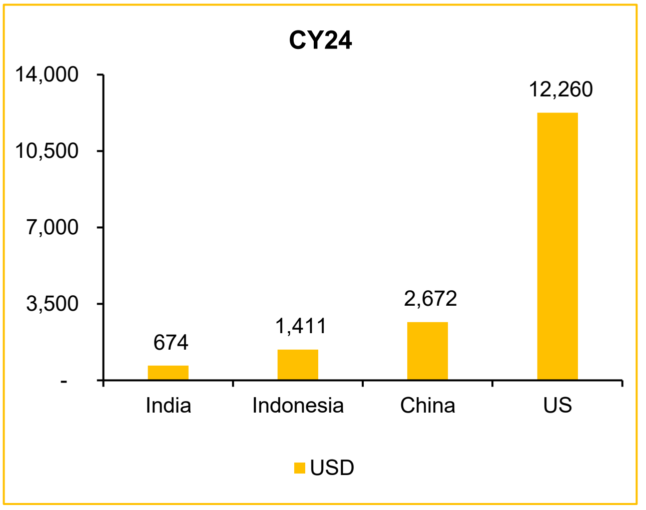
- India’s retail sector, estimated at **INR 83Tn in FY25**, is projected to reach **INR 123–135Tn by FY30E**, implying **8–10% CAGR** supported by post-COVID recovery and structural consumption tailwinds.
- Despite scale, **per-capita retail spend remains materially below peers** such as China, Indonesia and the US, indicating significant multi-year upside as incomes rise and consumption deepens.

**India Retail Market to expand at 8-10% CAGR (FY25-FY230E)**



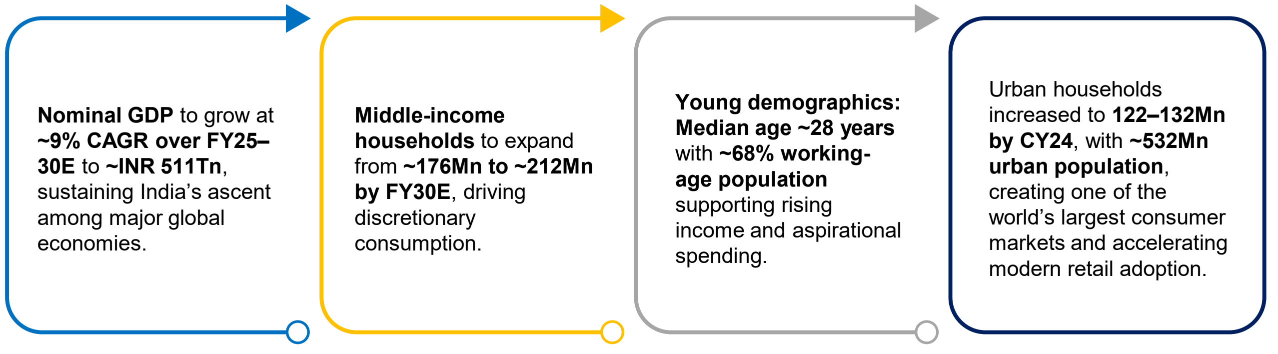

*Source: Meesho RHP, Choice Institutional Equities*

**Low Per-Capita Spend Signals Significant Multi-Year Upside**




*Source: Meesho RHP, Choice Institutional Equities*

**Strong Macro Fundamentals Supporting Multi-Year Consumption Growth**



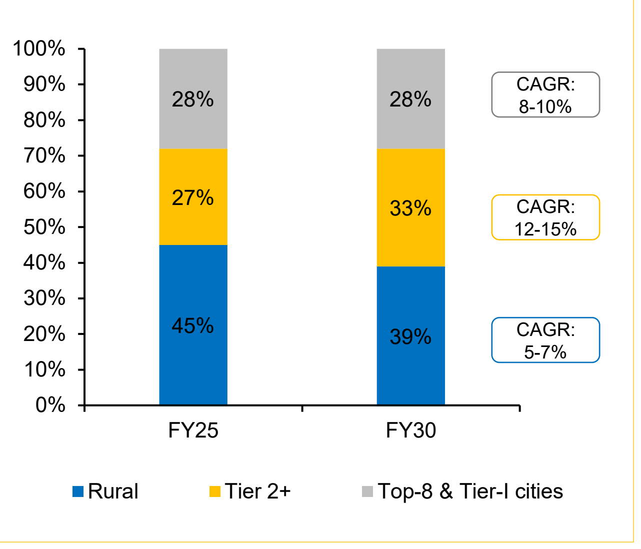

### 4.1.2 Rising Tier-2+ Purchasing Power and Low Discretionary Penetration Provide Deep Long-Term Growth Runway

Tier-2+ cities are witnessing strong income expansion, driving meaningful increases in purchasing power and retail participation. These markets are expected to contribute close to one-third of India’s retail spend by FY30E, making them a critical growth engine for organised retail and e-commerce penetration.

At the same  time, discretionary spending remain significantly underpenetrated relative to global benchmarks, even as GDP per capita rises. This gap provides substantial long-term growth headroom across Lifestyle, Fashion, Beauty, Home and other discretionary categories.

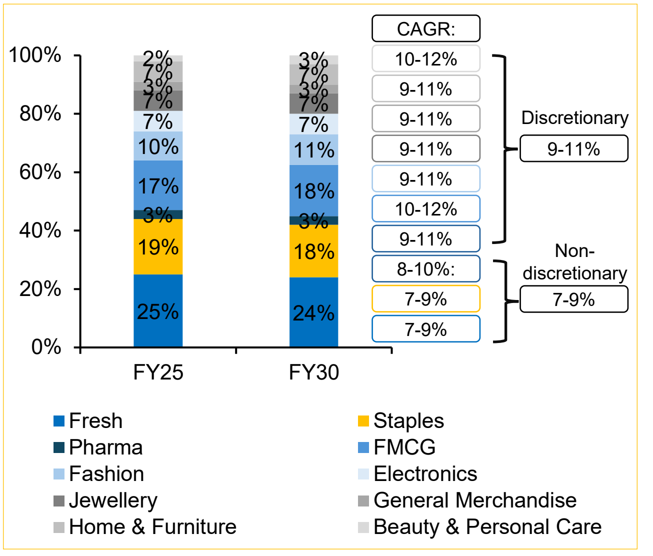
## 4.1 Large Underpenetrated Consumption Base with Accelerating Growth Trajectory

**Tier 2+ Cities to Lead India's Retail Growth**



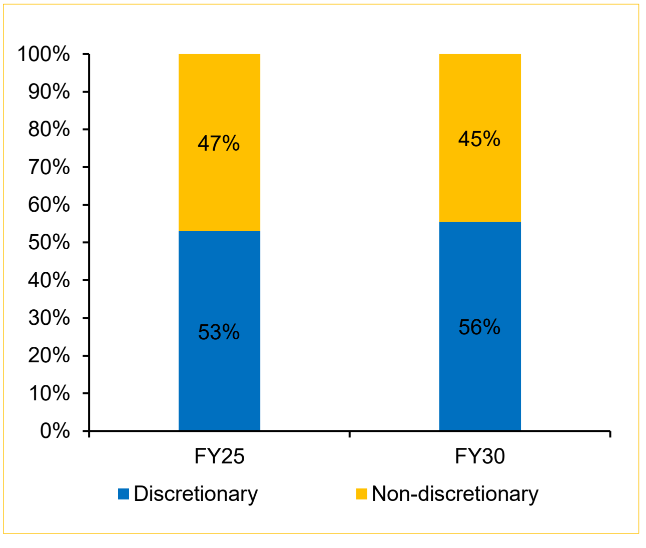

*Source: Meesho RHP, Choice Institutional Equities*

**Discretionary category to grow at 9-11% CAGR (FY25-FY30E)**



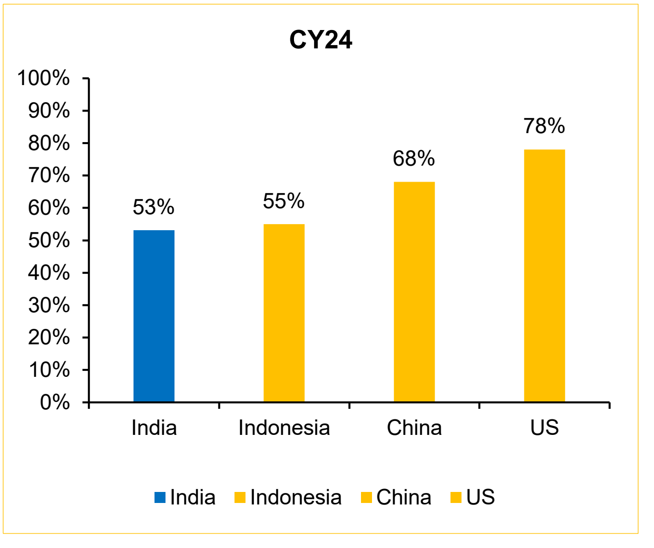

*Source: Meesho RHP, Choice Institutional Equities*

**India's Discretionary Spends Market Share to Expand**




*Source: Meesho RHP, Choice Institutional Equities*

**Discretionary Retail Share Still Low Vs Global Peers**



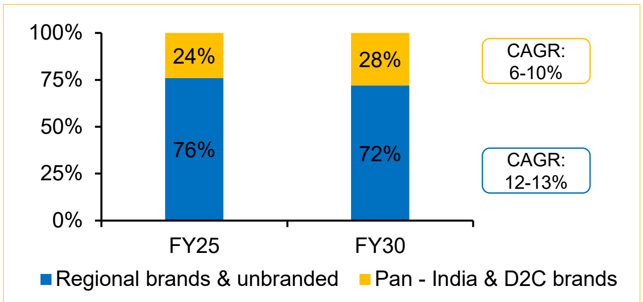

*Source: Meesho RHP, Choice Institutional Equities*

## 4.2 Highly Fragmented Supply Chain Creates Strong Case for Scaled Aggregation Platforms

### 4.2.1 Retail Supply Remains Highly Fragmented and Dominated by Regional & Unbranded Players

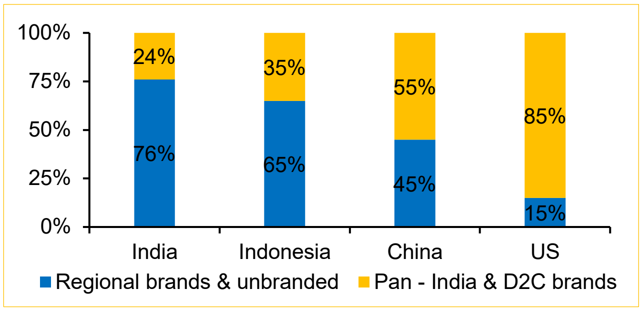
Supply in India retail remains highly fragmented. As of FY25, regional brands and unbranded products collectively accounted for more than 75% of the market. Even as Pan-India and D2C brands grow their footprint, projections indicate that regional and unbranded suppliers will still represent 70–74% of the market by FY30E. This fragmentation is not unique to India – China exhibits similar patterns in many categories despite a higher GDP per capita – and is driven by regional tastes, price sensitivity and distribution complexity.

**Regional & Unbranded to Hold 70%+ Market by FY30E**




*Source: Meesho RHP, Choice Institutional Equities*

**India Leads Regional & Unbranded categories Vs Peers**




*Source: Meesho RHP, Choice Institutional Equities*

**Drivers of Fragmentation**

**Regional variation:** Cultural, linguistic and taste diversity results in products that are locally relevant but not nationally scalable.

**Lower purchasing power:** High price sensitivity and low AOV dominate behavior; ~85% of P2M UPI transactions in FY25 were below INR 500.

**Complex supply chains:** A multi-layered network distributors, wholesalers and retailers adds reach but creates margin leakage and limited visibility.

**Factors Driving Sustenance of Unorganized Retail in India's Retail Landscape**

Unorganised retail aligns well with India's consumption patterns

| Highly accessible | Serve low-ticket transactions | Strongly integrated with traditional supply chains |
|---|---|---|
| On average, India has 4 retailers per square km | Driven by minimal operational costs | On both demand and supply ends |

**Unorganised Retail constraints**

**Insufficient Sourcing**

**Higher prices**
Margin leakages due to multiple intermediaries inflate end-consumer costs.

**Frequent stockouts**
Owing to sourcing dependency on multiple unorganised intermediaries.

**Quality deterioration**
Suboptimal storage, longer supply chains compromise product integrity.

**Price fluctuations & lack of transparency**
Margin leakages due to multiple intermediaries inflate end-consumer costs.

**Operational Limitations**

**Limited adoption of data-led decision making**
Retailers rely on intuition over data, leading to poor demand planning.

**Manual inventory and replenishment processes**
Dependency on multiple unorganised intermediaries affects restocking efficiency.

**Operational limitations due to manpower & space**
Small, family-run stores struggle with limited staff, training, and space.

**Constrained access to credit and infrastructure**
Informal credit and lack of modern tools hinder efficiency and growth.

*Source: Meesho RHP, Choice Institutional Equities*

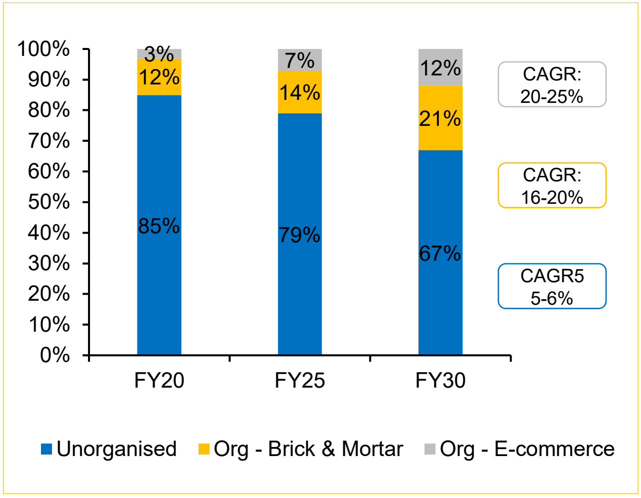
## 4.3 Organised Retail and E-Commerce Poised to Benefit from India's Formalisation Wave

### 4.3.1 Organised Retail Set for Rapid Share Shift, Led by E-Commerce

Organised retail (Modern Brick & Mortar + E-commerce) expanded from 15% of total retail in FY20 to 21% in FY25. It is projected to reach 32–34% by FY30E, representing a INR 39–46Tn opportunity. E-commerce, among organised formats, is the fastest growing owing to its ability to reach geographically dispersed customers and aggregate supply.

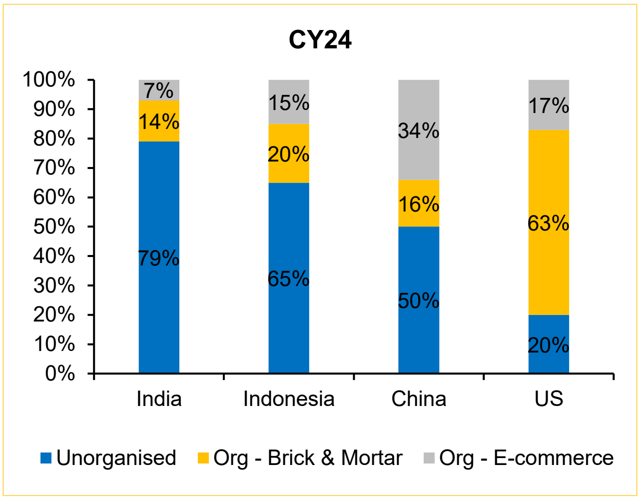
Organised retail comprises both physical formats (centrally managed brand retail outlets) and e-commerce platforms, with e-commerce uniquely able to expand reach without the physical constraints of stores.

**Organised E-commerce share to expand to 12% by FY30E**




*Source: Meesho RHP, Choice Institutional Equities*

**India has largest share of Unorganised market share globally**




*Source: Meesho RHP, Choice Institutional Equities*

**Key Enablers Strengthening Organised Retail Competitiveness**

**Efficient sourcing:**
Direct sourcing reduces intermediary leakage and improves availability, pricing and quality control.

**Assortment & discovery:**
Curated, wide and tiered assortments enabled by scale and data.

**Technology and infrastructure:**
Digital capabilities, logistics, warehousing and quality systems improve consumer experience and operational reliability.

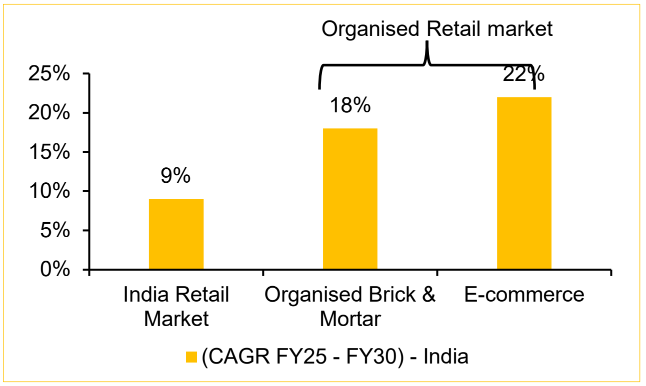
**Convenience & fulfilment:**
Better warehousing, route optimization, returns management and omnichannel integration reduce cost-to-serve and improve access.

### 4.3.2 Retail Evolution in India Bypasses Linear Transition, Mirroring China & Indonesia

Unlike the staged retail evolution in many developed markets (unorganised → organised stores → e-commerce), India is experiencing a more accelerated, parallel shift to e-commerce. This is similar to patterns observed in China and Indonesia, where e-commerce adoption grew rapidly and in parallel with the roll-out of organised Brick & Mortar.

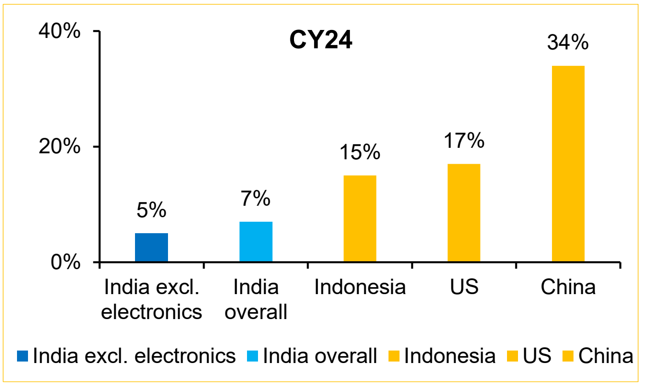
## 4.3 Organised Retail and E-Commerce Poised to Benefit from India's Formalisation Wave

**E-Commerce growth to outpace Retail and Brick & Mortar**




*Source: Meesho RHP, Choice Institutional Equities*

**Indian E-commerce Underpenetrated Vs Global Peers**

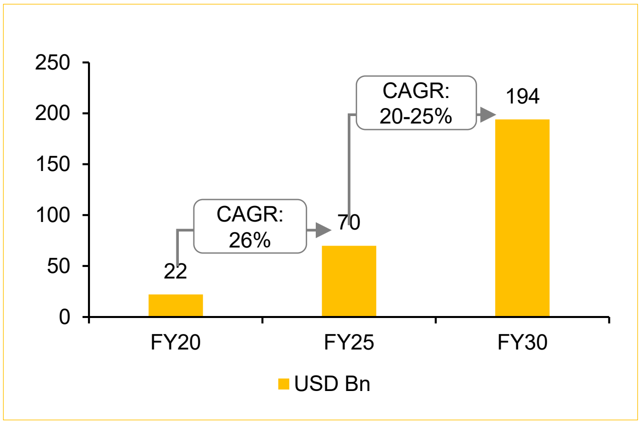



*Source: Meesho RHP, Choice Institutional Equities*

### 4.3.3 E-Commerce Growth Accelerating, Driven by Rapid Penetration Beyond Electronics

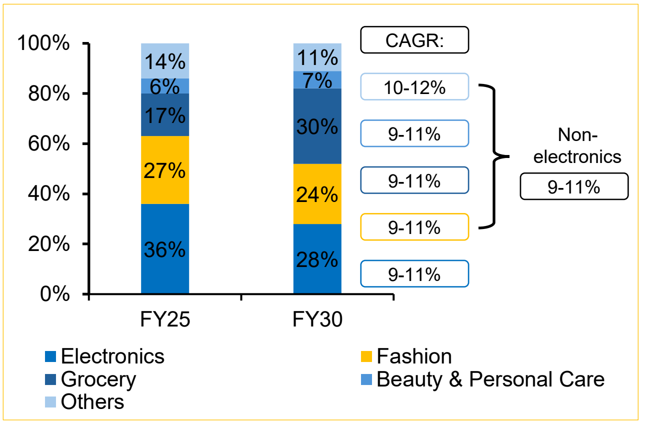
E-commerce is expected to grow at 20–25% CAGR over the next five years, significantly outpacing overall retail and organised brick & mortar. The market is projected to expand from ~INR 6Tn GMV in FY25 to INR 15–18Tn by FY30E, reaching 12–13% penetration of total retail. While adoption initially centered on Electronics, growth is increasingly driven by underpenetrated discretionary categories such as Fashion, Beauty & Personal Care and Grocery, which are expected to contribute 72–73% of e-commerce GMV by FY30E (vs 64% in FY25).

**India E-commerce Market to grow 20-25% CAGR (FY25-FY30E)**



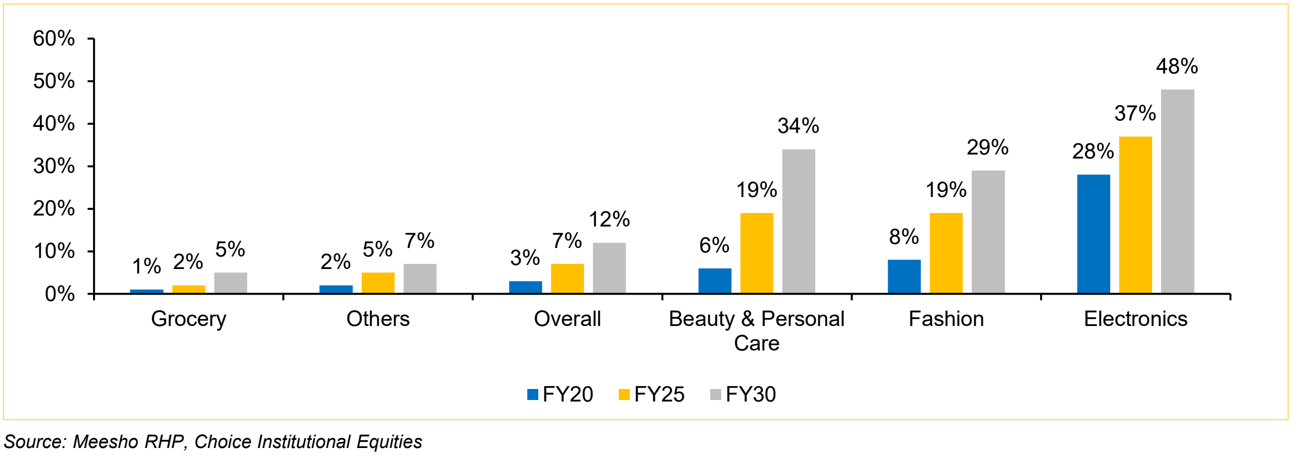

*Source: Meesho RHP, Choice Institutional Equities*

**Non-electronics Categories to Expand their Share by FY30E**




*Source: Meesho RHP, Choice Institutional Equities*

**India's E-Commerce to Expand Across Categories by FY30E**




*Source: Meesho RHP, Choice Institutional Equities*

## 4.4 Digital Infrastructure Driving Scale Benefits Across Shoppers, Sellers & Logistics

### Expanding Digital Shopper Base

- **Internet & smartphone adoption:** India's digital base has scaled rapidly, with internet users nearing 1Bn and smartphone penetration expanding strongly.
- **E-commerce shoppers:** Only ~1/3 of internet users shop online, indicating significant headroom vs mature markets.
- **Geographic shift:** Tier-2+ cities will drive most new shoppers and GMV growth, with penetration still materially below metros.

### Seller Digitization & Ecosystem Readiness

- **Large seller base**
  India's seller ecosystem is extensive, with strong post-COVID acceleration in digital adoption.
- **Seller growth on e-commerce**
  Marketplace sellers scaled rapidly from ~1Mn in FY20 to ~3–4Mn in FY25.
- **Platform enablers**
  Simplified onboarding, nationwide reach and data-driven enablement are expanding online seller participation.
- **Seller economics**
  Low/zero commissions and efficient fulfilment make value-commerce attractive for small and unbranded sellers.

### Logistics Evolution & Yield Compression

- **Shipment growth**
  E-commerce shipments growing rapidly, scaling ~35% CAGR FY20–25 and projected to maintain strong momentum through FY30.
- **Yield decline & low-ticket servicing**
  Falling AOV and declining per-shipment yields are enabling economical fulfilment of low-ticket, high-frequency categories.
- **Coverage expansion**
  Pan-India logistics reach expanding with fulfilment access across ~19k+ PIN codes, improving Tier-2+ serviceability.
- **Asset-light logistics**
  Tech-enabled, asset-light logistics models improving utilization and reducing cost-to-serve across distributed networks.
- **Yield compression headroom**
  Shipment yields remain above China benchmarks, indicating further room for efficiency-led cost compression.

## 4.5 Monetization Shifting from Transaction-Led to Multi-Layered Platform Economics

### 4.5.1 Value vs Convenience: Structuring the E-Commerce Landscape

As user engagement and seller network deepens, e-commerce monetization is expanding beyond transaction fees into a diversified, multi-layered revenue model.

**Typical monetization streams in e-commerce**

**Commission fees**

Fee charged for using the platform's marketplace infrastructure

**Advertising revenue**

Paid promotions by sellers and brands to boost visibility

**Logistics and fulfilment services**

Revenue from end-to-end logistics, including delivery and returns

**Loyalty and subscription programme**

Recurring income from consumer memberships offering benefits

**Financial services**

Earnings from credit, BNPL, insurance, and other fintech products

**Value-added services**

Monetisation of seller-facing tools like analytics, cataloguing, and brand support

**Affiliate and content monetization**

Sales driven through influencer and affiliate networks via promotional/content-based communication

*Source: Meesho RHP, Choice Institutional Equities*

**Consumer behavior in India can broadly be segmented into two archetypes:**

**Value-focused shoppers:**
Price sensitive, low-ticket, exploratory and influenced by assortment and affordability. Often gravitate towards unbranded/regional products and long-tail SKUs.

**Convenience-focused shoppers:**
Brand-aware, intent-driven, prioritize speed, reliability and curated assortments. Willing to pay a premium.

**India – prominent business models in E-commerce**

| Features | Value Focused E-commerce | Convenience Focused E-commerce |
|---|---|---|
| **Primary product categories** | Fashion, Home and Kitchen, Beauty and Personal care, General Merchandise | Grocery, Electronics, Fashion, Beauty and Personal care, Home Kitchen and Furniture, General Merchandise |
| **Target consumer segments** | Mass-market consumers in Tier 2+ cities and middle-income groups | Urban, affluent, and time-sensitive consumers |
| **Value propositions** | 1. Access to affordable, unbranded and regional products 2. Low-friction seller model enabling lowest pricing | 1. Speed and convenience 2. Curated assortment with high availability 3. Access to leading Pan-India, D2C and global brands |
| **Typical assortment type** | Unbranded products and regional brands, typically available at entry-level price points | Branded products and essentials, typically focused on high-velocity SKUs and known brands |
| **Assortment spread** | Broad within primary verticals, driven by long-tail unbranded products and regional brands | Curated assortment across categories |
| **Typical delivery timeframe** | 4–7 days | 10 minutes to few days |
| **Typical fulfilment model** | Typically fulfilled through a distributed network of third-party logistics partners and seller inventory | Typically fulfilled via centralized warehouses and owned/dedicated delivery fleets to ensure speed |
| **Typical consumer journey** | Discovery-led | Search-led |
| **Operational control** | Minimal control over product assortment and inventory & Open platform for sellers, buyers, and partners to interact | High platform control over product assortment and inventory & Centralized fulfilment and in-house/dedicated delivery networks |
| **Cost to seller** | Low | High |

*Source: Meesho RHP, Choice Institutional Equities*

Value-focused models are gaining market share and are expected to drive most of incremental user penetration especially among low-intent, discovery-led new shoppers coming from Tier 2+ and beyond.

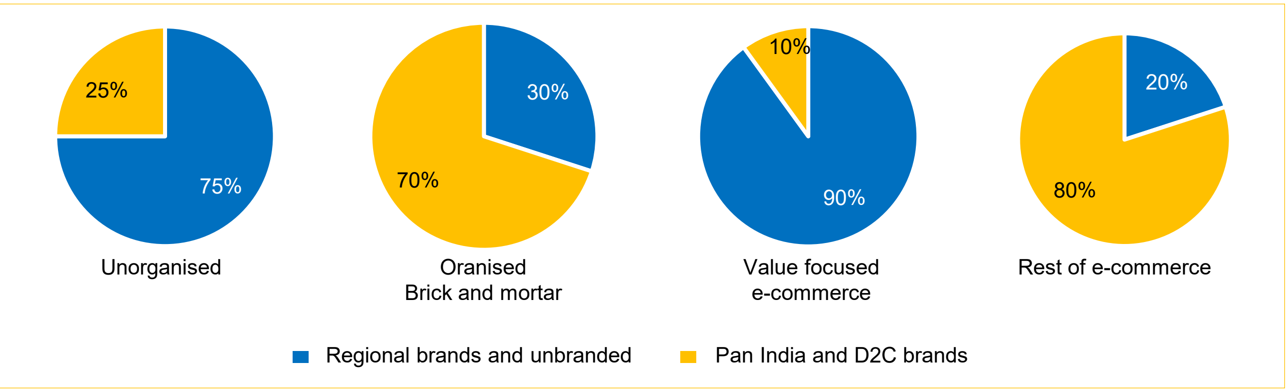
## 4.6 Value Commerce Architecturally Positioned for Scalable, Profitable Growth

### 4.6.1 Value Commerce Structurally Fits India's Retail Landscape

Value-focused e-commerce aligns naturally with India's fragmented supply, affordability priorities and large regional seller base.

- Aggregate unbranded and regional sellers excluded from traditional organised retail.
- Offer low-ASP SKU packs and entry points for national and D2C brands.
- Use technology, discovery and logistics orchestration to bridge the gap between small suppliers and dispersed buyers.

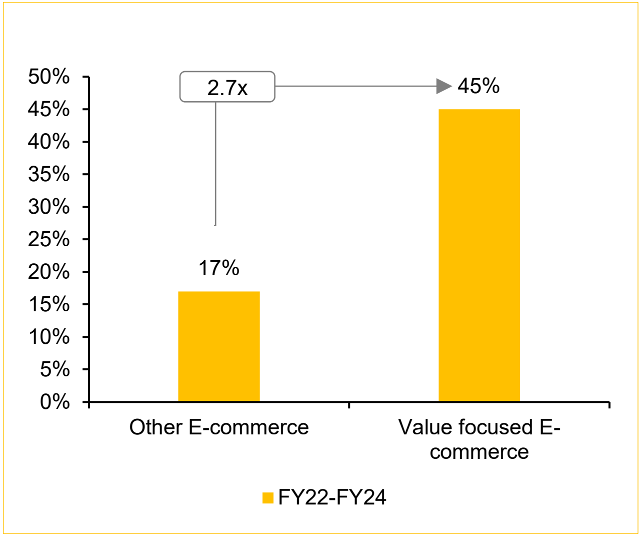
**India's Unorganised & Value-focused E-commerce is dominated by Regional Brands & Unbranded** *(In %, FY2025)*




*Source: Meesho RHP, Choice Institutional Equities*

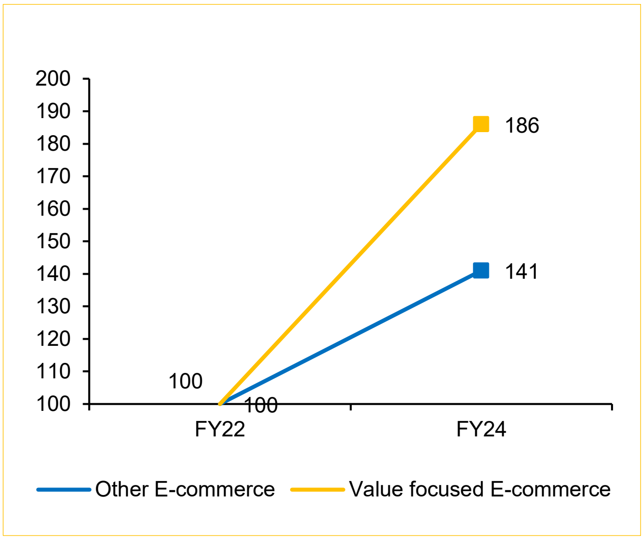
Value-focused platforms use asset-light, non-inventory models and third-party logistics, enabling capital efficiency and faster EBITDA expansion via advertising and seller monetization.

**Value focused E-commerce have grown more than double as compared to conventional E-commerce**




*Source: Meesho RHP, Choice Institutional Equities*

**EBITDA Expands 2x for Value E-Commerce owing to operating leverage**




*Source: Meesho RHP, Choice Institutional Equities*

## 4.6 Value Commerce Architecturally Positioned for Scalable, Profitable Growth

### 4.6.2 Content-Led Discovery Converting Low-Intent Shoppers at Scale

- Value-focused commerce is predominantly **discovery-led**, with shoppers often browsing via feeds and creator content rather than searching with predefined intent.
- **Content-driven engagement**—short videos, influencers and live commerce—accelerates conversion and builds trust for unbranded and discretionary categories.
- **Content commerce is scaling rapidly**, expected to grow **30–40% CAGR (FY25–30E)** from **INR 60–119Bn to INR 221–640Bn**, outpacing overall e-commerce growth.

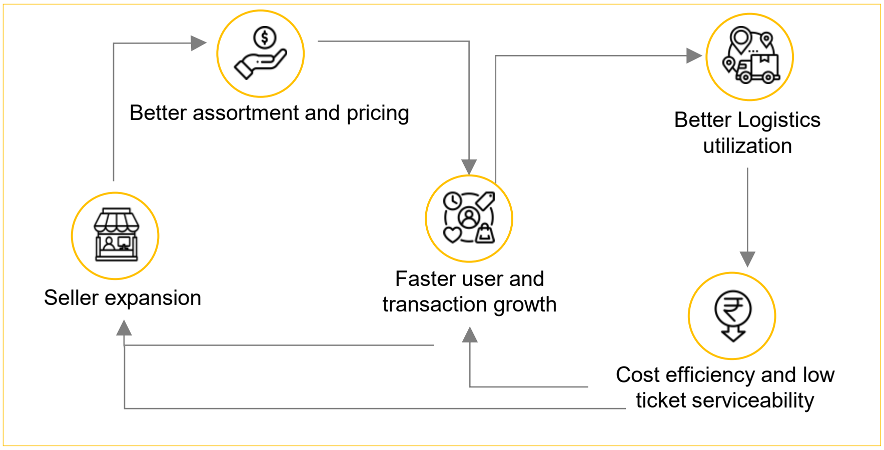
### 4.6.3 Long-Tail Seller Aggregation Expands Assortment Depth and Price Accessibility

- Value platforms aggregate millions of unbranded and regional sellers through low-friction onboarding and favorable economics, expanding access to long-tail supply.
- Zero/low commissions and distributed fulfilment networks enable competitive pricing and economical servicing of low-AOV orders.
- Continuous seller addition keeps assortments fresh and trend-aligned, unlocking categories previously underserved by organised retail.

### 4.6.4 Asset-Light Platform Model Enables Scalable, Capital-Efficient Growth

- Value-focused e-commerce operates an **asset-light marketplace model**, enabling scale without inventory or warehousing risk.
- **Modular seller onboarding and outsourced fulfilment** allow rapid category expansion while keeping fixed costs low.
- **Tech-led orchestration** optimizes routing and SLAs, reducing unit economics for low-AOV categories.
- This architecture supports **faster scalability, superior capital efficiency and stronger free cash flow** versus asset-heavy full-stack models.

**Typical platform-based commerce flywheel**




*Source: Meesho RHP, Choice Institutional Equities*

## 4.7 Value Commerce, Logistics Efficiency and Content Will Shape Market Leadership

### 4.7.1 Why value-focused platforms will matter

Given India's structural features — fragmented supply, low per-capita spend, strong regional tastes, and large low-ticket behavior — value-focused, platform-based models are well positioned to:

- Drive mass market adoption of e-commerce by servicing long-tail SKUs affordably.
- Aggregate regional and unbranded suppliers into pan-India demand pools.
- Monetize via advertising and seller services while maintaining capital efficiency.
- Leverage content commerce and discovery to accelerate activation of low-intent shoppers.

### 4.7.2 Logistics and yield compression are central to scale

Continued declines in per-shipment yield and better logistics density will be essential to expand low-AOV categories profitably. Improvements in asset-light logistics, pin-code coverage and routing algorithms are important enablers for broader penetration into Tier 2+ and rural markets.

### 4.7.3 Content commerce – a major growth runway

The shift toward video-first, influencer-led discovery is a structural change with the potential to materially accelerate category penetration and conversion — particularly for fashion, beauty, home and discretionary categories. Platforms that build credible content ecosystems and seamless shoppable experiences can capture higher frequency and share of wallet.

### 4.7.4 Competitive dynamics

As organised retail and e-commerce grow, competition will center on:

- **Assortment breadth & freshness:** The ability to surface many relevant SKUs across geographies.
- **Discovery & engagement:** Content engagement and social proof to convert low-intent users.
- **Seller economics & onboarding:** Attractive economics and simplified processes that draw regional sellers onto the platform.
- **Logistics & service levels:** Cost-efficient fulfilment to maintain low prices while meeting expected delivery standards.
- **Monetization:** Developing diversified revenue streams (ads, seller services, financial products) while maintaining unit profitability.

Meesho's existing scale in placed orders, transacting users, category leadership and low seller enablement costs provide structural advantages in this competitive set — especially in value-led segments.

## 4.8 A Massive Market Opportunity for Meesho with Clear Competitive Advantage Emerging

### 4.8.1 Large and Expanding Addressable Market Opportunity

- **TAM:** India's total retail market (~INR 83Tn in FY25) is Meesho's broad market context and is forecast to reach INR 123–135Tn by FY30E.
- **SAM:** Meesho focuses on a subset of categories. As of FY25, Meesho's Serviceable Addressable Market (SAM) was INR 33Tn (USD 384Bn), projected to expand to INR 51–56Tn (USD 600–653Bn) by FY30E , growing at 9–11% CAGR, faster than the overall retail.

**Meesho: TAM & SAM – SAM to Grow at 21–25% CAGR (FY25–30E)**

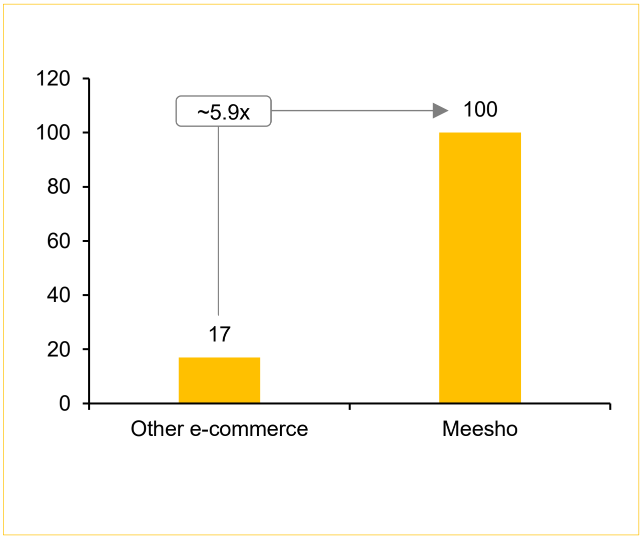
| Categories | TAM (INR Tn/ USD Bn) | Currently Serviced by Meesho | SAM (INR Tn/ USD Bn) | SAM e-commerce penetration FY2025 | SAM e-commerce market growth (FY25–FY30E) |
|---|---|---|---|---|---|
| Grocery | ~₹52 (~US$599) | Partly – FMCG | ~₹14 (~US$166) | ~2% | 35–40% |
| Fashion | ~₹8 (~US$98) | ✓ | ~₹8 (~US$98) | ~19% | 18–22% |
| Jewellery | ~₹6 (~US$69) | X | – | – | – |
| Electronics | ~₹6 (~US$68) | Partly – small household devices | ~₹0.4 (~US$5) | 37% | 14–18% |
| Home & furniture | ~₹5 (~US$65) | ✓ | ~₹5 (~US$65) | 10–12% | 18–20% |
| Pharma | ~₹2 (~US$29) | X | – | – | – |
| General merchandise | ~₹2 (~US$27) | ✓ | ~₹2 (~US$27) | 7–9% | 14–17% |
| BPC (Beauty & Personal Care) | ~₹2 (~US$23) | ✓ | ~₹2 (~US$23) | ~19% | 23–26% |
| **Total** | **~₹83 (~US$978)** | **–** | **~₹33 (~US$384)** | **~8%** | **21–25%** |

*Source: Meesho RHP, Choice Institutional Equities*

### 4.8.2 Industry-Leading Order Scale vs Scaled Peers

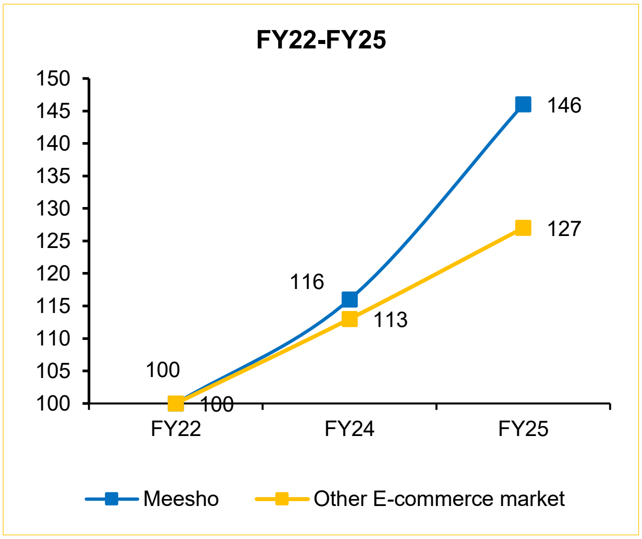
- When benchmarked against scaled e-commerce peers (those with GMV or revenue >USD 500Mn in FY25), Meesho demonstrates notable strengths:
- Meesho was the largest e-commerce player in India by annual placed orders (last twelve months ended September 30, 2025) and had the highest placed orders per day. It recorded ~5.9x the placed orders of the average scaled e-commerce player in that period.

**Meesho have grown more than 5x as compared to other E-commerce for Placed orders**




*Source: Meesho RHP, Choice Institutional Equities*

**Owing to Value Focused Model; GMV expands significantly**




*Source: Meesho RHP, Choice Institutional Equities*

## 4.8 A Massive Market Opportunity with Clear Competitive Advantage Emerging

### 4.8.3 Market Leadership Proven Across Scale & Unit Economics

*Meesho leads India with largest annual transacting user base FY25.*

*Top GMV in Fashion, Home, Kitchen, strong category leadership maintained.*

*Most downloaded shopping app; highest session minutes among top apps.*

*Highest shipment volume, lowest AOV, innovative zero-commission model adoption.*

- **User base:** Meesho had the largest number of annual transacting users among e-commerce players in FY25 equivalent to 23–24% of India's internet-enabled population.
- **Category leadership:** By H1FY26, Meesho had the highest GMV in Fashion (Apparel, Footwear, Accessories, Kids) among both e-commerce and listed multi-category retail companies. In the trailing twelve months to Sep 30, 2025, Meesho had the highest placed orders in Fashion and Home, Kitchen & Furnishing, and was among the top three in Beauty & Personal Care.
- **Market share by category (FY25):** Meesho's GMV share was 21–23% in Fashion, 23–25% in Home, Kitchen & Furnishing, and 8–10% in Beauty & Personal Care.
- **App metrics:** Per Sensor Tower, Meesho was the most downloaded shopping app in India for FY22–FY25 and H1FY26. Its average minutes per session among the top shopping apps was the highest in the trailing twelve months to Sep 30, 2025.
- **Shipment volumes & cost efficiency:** Meesho had the highest e-commerce shipment volume (29–31% of total e-commerce shipments, excluding hyperlocal shipments) in FY25. It also had the lowest AOV among scaled players and reported a cost to enable sales for sellers (commissions, fulfilment and platform costs excluding ads) that was 35–61% lower than the average of e-commerce peers in the trailing twelve months to Sep 30, 2025.
- **Seller economics innovation:** In August 2021, Meesho introduced 0% commission to its unbranded sellers and was the first Indian e-commerce player to achieve USD 1Bn GMV under this model, a strategic lever that helped accelerate seller adoption and marketplace depth.

These metrics indicate Meesho's executional strength in reaching discovery-led, value-sensitive consumers, scaling transaction volumes, and operating a low-cost, asset-light model that is well aligned with India's long-tail consumption base.

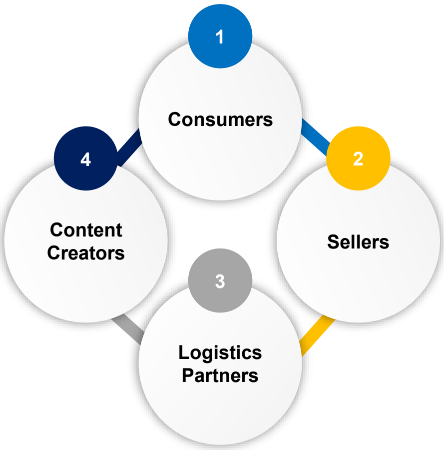
## How Meesho, Flipkart and Amazon Differ Across the Value-Commerce Landscape

| Category of Differentiation | Meesho | Flipkart Shopsy | Amazon Bazaar |
|---|---|---|---|
| **Business Model** | Pure value-commerce; zero commission, ultra-low pricing | Flipkart-backed curated value marketplace | Low-price Amazon vertical built on trust & infrastructure |
| **Target Customer** | Tier-2/3, first-time & price-sensitive buyers | Value seekers wanting affordability + quality assurance | Budget buyers prioritising reliability & predictable experience |
| **Seller Base** | Lowest entry barrier; unbranded/home sellers | Mix of Flipkart + new value merchants | Structured MSMEs with higher compliance |
| **AOV / Price Band** | Lowest AOV (INR150–350), deep sub-INR500 | Higher AOV (INR250–700) via QC | Highest AOV; mostly <INR600 |
| **Logistics** | Cost-optimized, slower deliveries | Faster fulfilment via Ekart | Fastest & most reliable via Amazon Logistics |
| **Product Quality / Returns** | High variance; higher return rates | More consistent quality; moderate returns | Strict QC; lowest returns & highest satisfaction |
| **Seller Profitability** | Strongest economics (zero commission, low fulfilment cost) | Efficient but linked to Flipkart ecosystem costs | Lower margins due to fees; most predictable |
| **Traffic Dependency** | Viral & social commerce-led | Leverages Flipkart high-intent funnel | Amazon app, Prime halo, high repeat |
| **Catalogue / UX** | Wide but variable catalogue, return friction in fashion | Better curation, smoother returns | Best-in-class catalogue & returns |
| **Strategic Positioning** | Build India's most scalable low-cost value-commerce ecosystem | Reinforce Flipkart in value segment | Protect relevance in budget commerce vs Meesho |

*Source: Choice Institutional Equities*

- Meesho drives extreme value, Shopsy balances value with curation, and Bazaar focuses on reliability and trust.
- Meesho has the lowest seller entry barrier, Shopsy mixes Flipkart merchants, and Bazaar relies on compliant MSMEs.
- Meesho offers cost-optimized slow delivery, Shopsy provides mid-speed Ekart fulfilment, and Bazaar delivers fastest via Amazon Logistics.
- Meesho shows high quality variance, Shopsy moderates it through QC, and Bazaar maintains strict QC with lowest returns.
- Meesho gives highest seller profitability, Shopsy is efficient within Flipkart's structure, and Bazaar offers predictable but lower margins.
- Meesho grows through social-led traffic, Shopsy leverages Flipkart intent, and Bazaar benefits from Amazon app and Prime-driven repeat.

## 5.1 Company History




Meesho Limited is a **multi-sided technology platform** that accelerates India's e-commerce expansion by seamlessly **integrating Consumers, Sellers, Logistics partners and Content creators**. Its core proposition is a value-driven marketplace built around **"Everyday Low Prices"**, enabling broad access to affordable products for India's diverse income segments. By **offering a low-cost digital channel**, Meesho empowers small manufacturers, regional brands and long-tail sellers to reach nationwide demand with **minimal operating expenses**.

Founded in 2015 by Vidit Aatrey and Sanjeev Barnwal, Meesho initially began as a social commerce platform supporting homemakers and micro-entrepreneurs selling through social networks. The company later **transitioned into a full-scale horizontal marketplace** while **maintaining its focus on mass-market affordability and deep penetration across Tier-2, Tier-3 and rural regions.**

Meesho's **asset-light architecture** – without private labels, owned inventory, or proprietary logistics underpins its capital efficiency and scalability. Its technology-led model, lean fulfilment design and access to unbranded manufacturing clusters enable it to operate at one of the lowest cost structures in Indian e-commerce. Alongside its core marketplace, **Meesho is expanding through new initiatives, including a local low-cost logistics layer for daily essentials and a digital financial services ecosystem, strengthening its broader platform play.**

## Key Milestones and Business Model Evolution Timeline

**2015**

**Founding & Social Commerce Prototype**
Meesho was founded to enable digital entrepreneurship using a WhatsApp/Facebook reselling model for micro-entrepreneurs nationwide.

**2016**

**Launch of the Social Selling Platform**
Company launches commerce platform enabling resellers to share catalogs, gather orders, and sell without inventory.

**2017–2018**

**Reseller-Led Expansion & Early Network Effects**
Rapid reseller onboarding in Tier-2/3/4 towns boosts adoption, supported by logistics links and cataloging tools.

**2019**

**Marketplace Breakthrough: Hybrid Model Emerges**
Meesho expands beyond social commerce, opening to consumers and creating a hybrid social-commerce marketplace model.

**2020**

**Covid Tailwinds & MSME Manufacturing Onboarding**
Pandemic boosts online adoption as manufacturers and traders join Meesho, expanding fashion, home, lifestyle supply.

**2021**

**Zero-Commission Marketplace (Industry Disruption)**
Meesho introduces zero-commission categories, drawing sellers from legacy platforms and solidifying its value-first marketplace position.

**2022**

**Logistics Efficiency & Tech-Driven Cost Optimization**
ML RTO prediction, automated fulfilment allocation and lightweight app design build India's lowest-cost ecommerce model.

**2023**

**Marketplace Scale + Advertising Monetization**
Platform becomes high-velocity marketplace, Meesho Ads drives revenue while rising repeat purchases improve unit economics.

**2024**

**Profitability & Operational Stabilization**
Meesho attains annual profitability via cost discipline, logistics efficiency, high-frequency categories and expanded advertising revenue.

**2025**

**IPO Stage & Full-Fledged Value Commerce Ecosystem**
Meesho files for IPO backed by value-commerce engine, deep MSME supply, low-cost fulfilment, vast buyers.

*Source: Choice Institutional Equities*

## Business Model

**Meesho's business model is designed around high-volume, low-margin commerce, with a focus on affordability, accessibility and deep regional penetration. The model consists of multiple integrated layers:**

**Marketplace Model**
- Pure marketplace with zero inventory risk
- Diverse seller base across India
- Revenues from fulfilment, ads, commissions
- Focus on value-driven unbranded categories
- Easy MSME onboarding with low barriers
- Asset-light model enables wide assortment

**Social Commerce Engine**
- Reseller-led demand via social platforms
- Meesho manages complete order fulfillment
- Strong penetration into non-metro markets
- Significantly reduced customer acquisition costs
- Community outreach boosts brand visibility
- Model remains impactful despite marketplace shift

**Zero-Commission Seller Strategy**
- Zero commissions attract MSME sellers
- Low friction accelerates supplier onboarding
- Broader assortment enables everyday low pricing
- Sustainable monetization via logistics and ads
- Stronger loyalty among small manufacturers
- Competitive edge through minimized seller costs

**Fulfilment & Logistics Ecosystem**
- Hybrid FBM and external logistics model
- Optimized for lightweight, high-volume SKUs
- ML routing boosts speed and efficiency
- Strict controls on returns and RTOs
- Split-ship capability improves fulfilment flexibility
- Ultra-low-cost logistics enable strong economics

**Technology-Led Platform**
- ML surfaces relevant value-focused products
- Dynamic pricing boosts sales and competitiveness
- Fraud and returns minimized via algorithms
- Seller dashboards enable data-driven decisions
- Ad-tech promotes listings and monetization
- Automation drives scalable, low-cost operations

**Monetization Model**
- Logistics fees drive primary revenues
- High-margin ads grow rapidly
- Value-added seller services generate income
- Selective categories carry minimal fees
- Emerging fintech offerings expand monetization
- Diversified revenue mix supports profitability

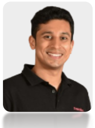
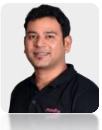
**Consumer Proposition — "Value Commerce"**
- Everyday low prices attract value seekers
- Extensive unbranded range across key categories
- Intuitive, lightweight app for new users
- COD and easy returns build trust
- Deep reach in Tier-2/3 and rural
- Ideal for frequent small-ticket purchases

**Seller Proposition**
- Low commissions attract MSMEs nationwide
- Free cataloguing and competitive logistics support
- Fast settlements improve seller cash flows
- Access to large value-focused customer base
- Seller tools enable pricing and planning
- Helps unorganized manufacturers scale nationally

**Low-Cost Operating Model**
- Asset-light model avoids inventory costs
- Organic and reseller-led acquisition cuts CAC
- Automation lowers operational reliance
- Strict returns, RTO controls boost unit economics
- Logistics optimized for low-ticket SKUs
- Sustainably operates in thin-margin categories

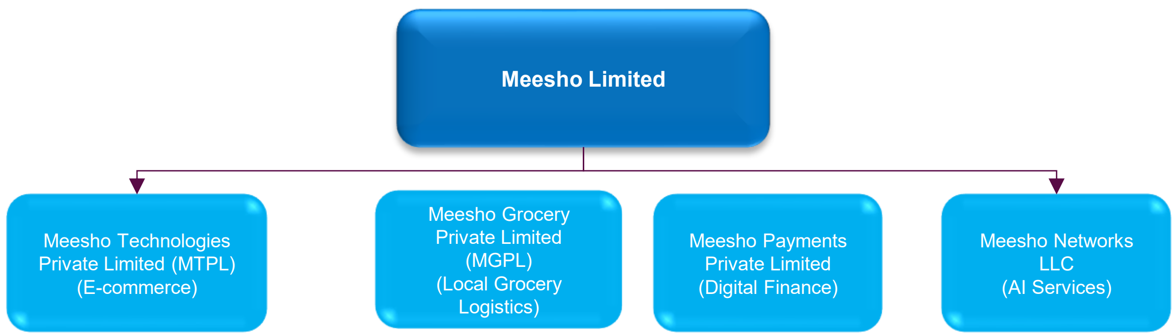
*Source: Choice Institutional Equities*

## 5.2 About the Management

| Name | Designation | Qualification | Experience |
|---|---|---|---|
|  **Vidit Aatrey** | Chairman, MD & CEO | B.Tech, IIT Delhi | Vidit Aatrey leads the company's strategic vision, key initiatives and long-term growth. Previously worked with ITC and InMobi. |
|  **Sanjeev Kumar** | Whole-time Director & CTO | B.Tech, IIT Delhi | Sanjeev Kumar oversees the company's technology vision, scalability and security. Formerly with Sony Corporation. |
|  **Mohit Bhatnagar** | Non-Executive Director | BE, MS, MBA (UNC Chapel) | A senior venture capital leader at Peak XV Partners, Mohit Bhatnagar brings extensive investment and board-level experience. He has served as director at Meesho Inc. and works closely with technology and growth-stage companies across India and Southeast Asia. |
|  **Mukul Arora** | Non-Executive Director | BE, PGDM (IIM Lucknow) | Mukul Arora brings strategic and investment experience through roles at Light Ray Advisors and previously McKinsey. He has advised and backed multiple high-growth companies. |

*Source: Meesho RHP, Choice Institutional Equities*

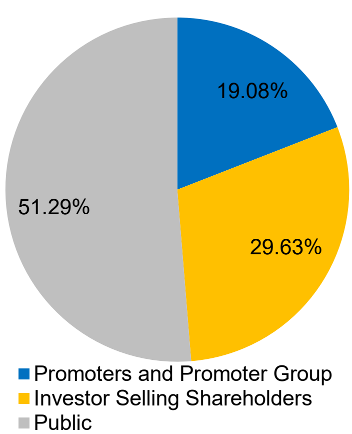
**Corporate Structure**




*Source: Meesho RHP, Choice Institutional Equities*

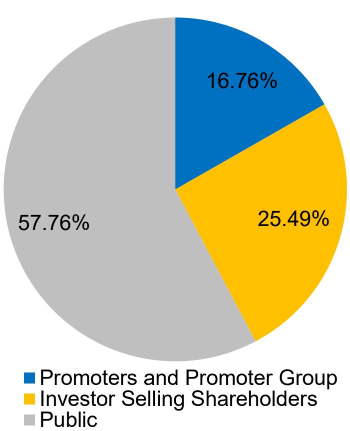
## 5.3 Shareholding Pattern

**Pre – Issue**




*Source: Meesho RHP, Choice Institutional Equities*

**Post – Issue**




*Source: Meesho RHP, Choice Institutional Equities*

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| CHOICE RATING DISTRIBUTION & METHODOLOGY | |
|---|---|
| **Large Cap*** | |
| BUY | The security is expected to generate upside of 15% or more over the next 12 months |
| ADD | The security is expected to show upside returns from 5% to less than 15% over the next 12 months |
| REDUCE | The security is expected to show upside or downside returns by 5% to -5% over the next 12 months |
| SELL | The security is expected to show downside of 5% or more over the next 12 months |
| **Mid & Small Cap*** | |
| BUY | The security is expected to generate upside of 20% or more over the next 12 months |
| ADD | The security is expected to show upside returns from 5% to less than 20% over the next 12 months |
| REDUCE | The security is expected to show upside or downside returns by 5% to -10% over the next 12 months |
| SELL | The security is expected to show downside of 10% or more over the next 12 months |
| **Other Ratings** | |
| NOT RATED (NR) | The stock has no recommendation from the Analyst |
| UNDER REVIEW (UR) | The stock is under review by the Analyst and rating may change |
| **Sector View** | |
| POSITIVE (P) | Fundamentals of the sector look attractive over the next 12 months |
| NEUTRAL (N) | Fundamentals of the sector are expected to be in stasis over the next 12 months |
| CAUTIOUS (C) | Fundamentals of the sector are expected to be challenging over the next 12 months |

***Large Cap: More Than INR 20,000 Cr Market Cap**
***Mid & Small Cap: Less Than INR 20,000 Cr Market Cap**

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