

IPO Note – Meesho Limited

02 December 2025

Scaled value marketplace with category leadership

Meesho is a multi-sided technology platform that connects consumers, sellers, logistics partners and content creators. **It is India's largest e commerce marketplace by Placed Orders and Annual Transacting Users and is built on an Everyday Low Prices model** instead of event led discounting. Market share is strong with about 21 to 23% in Fashion, 23 to 25% in Home, Kitchen and Furnishings, and 8 to 10% in Beauty and Personal Care on a GMV basis. Scale is visible in 153.72 mn daily active product listings, 234.2 mn annual transacting users, 2,270.95 mn orders and 706,471 annual transacting sellers in LTM Sep 2025. Meesho is supported by a deep logistics network where shipments are handled through its own logistics platform Valmo or end to end logistics partners, across 18,098 active logistics providers, 5 end to end partners and 102,349 Valmo delivery agents.

Structural low-cost flywheel that benefits all stakeholders:- Meesho runs a self-reinforcing flywheel that creates value for consumers, sellers, logistics partners and content creators without using heavy cross subsidies. Consumers get very low prices with AOV around INR 265.5, a wide and relevant assortment across categories and a simple app experience with hyper personalised feed and intuitive search in 11 vernacular languages. Sellers get access to 234.2 mn user base, a zero-commission model that lowers their costs and a level playing field as there are no private labels on the platform. By aggregating multiple logistics partners on Valmo, which handles about 65% of total shipped orders, Meesho opens up e-commerce logistics opportunities for players that do not have end to end fulfilment capabilities. Content creators choose Meesho for strong monetisation potential, large audience reach and wide product choice and earn commissions linked directly to product sales.

Focused growth priorities to widen penetration and lift frequency:- Meesho aims to add more consumers and increase transaction frequency while keeping the platform affordable across metros, large cities and smaller towns. Key priorities include scaling its content commerce marketplace and Meesho Mall, deepening daily essentials with a low cost local logistics network under Horizon 2, lowering seller entry barriers and investing in AI based tools for catalogue optimisation, pricing intelligence and performance analytics. The company plans to keep building its technology stack through Meesho AI Labs, strengthen cloud infrastructure, retain specialised talent, reduce seller fulfilment costs through further Valmo optimisation and evaluate selective inorganic opportunities that support its flywheel. It also plans to improve cash flow by scaling services for sellers, both by increasing usage of existing services and launching new ones, while continuing to offer a low cost experience to consumers.

Key Risks:- 1) A large share of orders are paid through cash on delivery, 2) Any disruption in technology infrastructure can hurt operations, 3) Failure to attract and retain consumers and sellers can impact growth and platform economics.

| Rating | SUBSCRIBE | |
|--|---|------------|
| Issue Details | | |
| Issue Opens | 03-Dec -25 | |
| Issue Closes | 05-Dec -25 | |
| Face Value (₹) | 1 | |
| Price Band (₹) | 105-111 | |
| Bid Lot | 135 shares | |
| Issue Size at higher price band (₹ Cr) | 5,421 | |
| Market cap @ upper price band (₹ cr) | 50,096 | |
| Listing | NSE/BSE | |
| BRLMs | Axis Capital, J.P. Morgan India, Kotak Mahindra Capital, Morgan Stanley, Citigroup Global Markets | |
| Registrar | KFIN Technologies | |
| Shareholding Pattern (%) | | |
| | Pre-Issue | Post Issue |
| Promoters | 19.1 | 16.8 |
| Public | 80.9 | 83.2 |
| Total | 100.0 | 100.0 |
| Issue Structure (In cr no. of shares) | | |
| Issue size | 38.3 | |
| OFS | 10.5 | |
| Break-up of net issue to public (%): | | |
| QIB's portion | 75.0 | |
| Non-Institutional portion | 15.0 | |
| Retail Portion | 10.0 | |
| Source: ABML Research, RHP Company | | |
| Analyst Details | | |
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Financials & valuation –

Meesho uses a zero-commission marketplace model, with most of its income coming from logistics services and advertising solutions for sellers. It still reports a net loss even after exceptional items but has delivered positive free cash flow in each of the last two years, which we read as an early sign that the model can scale with financial discipline. We like Meesho for its large value focused user base, strong positions in key categories and a structurally low-cost platform that keeps prices affordable while supporting ecosystem partners. The key factor to track will be how soon the company can move to sustainable profitability while it continues to invest in technology, brand building and product and engineering teams. At the upper end of the price band, Meesho is valued at 5.3x FY25 Price/Sales on a post issue basis. We recommend SUBSCRIBE with a long-term perspective.

| Key Financials (₹ Cr) | Mar-23 | Mar-24 | Mar-25 |
|---|---------|--------|---------|
| Revenue from operations | 5,735 | 7,615 | 9,390 |
| EBITDA | (1,804) | (494) | (579) |
| EBITDA Margin (%) | -31.5 | -6.5 | -6.2 |
| Adjusted EBITDA | (1,694) | (230) | (220) |
| Adjusted EBITDA Margin (%) | -29.5 | -3.0 | -2.3 |
| PAT | (1,672) | (328) | (1,455) |
| PAT Margin (%) | -29.2 | -4.3 | -15.5 |
| Net Merchandise Value (NMV) - Marketplace | 19,233 | 23,241 | 29,988 |
| Contribution Margin – Marketplace (as % of NMV) | 2.9 | 5.6 | 5.0 |
| Annual Transacting Users (in cr) | 13.6 | 15.6 | 19.9 |
| Placed orders (in cr) | 102 | 134 | 183 |

Source: ABML Research, RHP

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