



Before the Bell: IPO Edition



Company Overview

- Meesho is a large-scale, value-focused e-commerce marketplace that targets India's mass-market consumer base. The platform has grown rapidly, driven by low prices, wide product variety, and strong adoption in smaller cities and towns. Its asset-light model, deep use of technology, and data-driven operations have helped it scale quickly while improving unit economics.
 - Meesho earns money by charging sellers for the services they use on the platform instead of taking a cut from every sale. Sellers pay Meesho for delivery and logistics, for promoting their products through ads on the app, and for payment-related services.
 - Meesho has grown quickly, with annual transacting users rising from about 136 million in FY 2023 to nearly 199 million in FY 2025. Orders increased from around 1.02 billion to 1.83 billion in the same period, reaching about 2.02 billion in the year ending June 2025.
- **Competitive Advantages:**
 - **Deep penetration in value-focused India:** Strong position in the fastest-growing, underpenetrated consumer segment (Tier 2+).
 - **Efficient, asset-light model:** No inventory ownership; technology-led scaling keeps operating costs low.
 - **Everyday low-price positioning:** Zero-commission structure and wide unbranded assortment create a defensible affordability edge.
 - **Risks/Challenges:**
 - **Profitability still unproven:** Meesho is improving its core economics and has recently generated positive free cash flow, but it still reports overall losses
 - **Quality and trust risk:** A large share of unbranded, lower-priced products increases the risk of inconsistent customer experience, impacting retention and brand perception.
 - **Intense competitive landscape:** Faces aggressive competition from Flipkart, Amazon, and other value-led players, increasing pressure on pricing, seller incentives, and ad monetization.

Financial Overview

(Amount in INR Crores)

Income Statement	FY 2022A	FY 2023A	FY 2024A	FY 2025A
Revenue from Operations	3,232	5,735	7,615	9,390
EBITDA	(3,239)	(1,694)	(230)	(2,196)
PBT	(3,247)	(1,672)	(328)	(1,455)
PAT	(3,247)	(1,672)	(328)	(3,942)

Revenue by Segment (FY 2025):

- Marketplace:
 - Revenue: INR 9,386 (99.96%)
 - EBITDA: (INR 1,167)
- New Initiatives:
 - Revenue: INR 4 (0.04%)
 - EBITDA: (INR 93)

Key Points:

- Revenue continues to grow strongly, driven almost entirely by the core marketplace business, showing rising order volumes and user activity
- Despite revenue growth, EBITDA remains negative across FY 2023–FY 2025 and Q1 FY 2026, indicating operating losses before financing and exceptional items.
- FY 2025 Profit before taxes (PBT) inflated by one-time items being exceptional expenses, ESOP charges, and fair-value adjustments pushed losses far above normal operating levels.

Important Points

- The Company has outstanding Contingent Liabilities of INR 594 Crores. The potential liability is significant and could have a huge impact on the Company's financial position if the decision doesn't go in the Company's favour.
- The Company's full-time employee attrition rate has dropped from 53.45% in FY 2023 to 33.94% in FY 2025, which is still high. In simple words, 1 out of 3 employees leave the Company every single year.
- **Financial Summary for Six-months ended 30th September, 2025:**
 - Revenue: INR 5,578 Crores
 - EBITDA: (INR 552 Crores)
 - PAT: (INR 700 Crores)
- **Revenue by Segment (Six-months ended 30th September, 2025):**
 - Marketplace:
 - Revenue: INR 5,574 Crores
 - EBITDA: (INR 519 Crores)
 - New Initiatives:
 - Revenue: INR 4 Crores
 - EBITDA : (INR 30 Crores)
- Out of the total issue size of INR 5,558 crores, INR 4,250 crores is a fresh issue and the remaining being Offer for sale.
 - Out of the INR 4,250 crores of fresh issue, INR 1,390 crores are earmarked for scaling and enhancing the cloud infrastructure, INR 480 crores are sanctioned for payment of salaries to existing AI and Technology teams. INR 1,020 crores are earmarked for brand marketing, with the balance funds to be used for acquisitions and general corporate purposes.

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