MEESHO

India's Discovery-Led Social Commerce Platform

Investment Memo• September 2026 • CONFIDENTIAL

₹41,560 Cr	3.5%	1,040K	₹4,343 Cr
NMV (FY26)	Ad Revenue/NMV	Active Sellers (Q-1 FY-27)	Cash Balance
171 Cr Orders	FY26E	+81%YoY	FY26

264M	29-31%	₹265
Annual Active Users	Volume Mkt Share	Average Order Value

Meesho Investment Thesis

01 Discovery Led, Not Search Led

Meesho operates a **discovery-led model** tailored for "Bharat." For its core demographic—women aged 15–35—shopping is an entertainment-driven "stress buster" rather than a utility. To this TG it is Not a cheaper Amazon

02 Structurally Distinct

0% commission simplifies pricing by letting sellers on set their net earnings first, eliminating complex reverse calculations; this drives price stability and lowers entry barriers for small sellers. Monetization shifts to logistics and ads but the core advantage remains clear control over margins.

03 Clear Monetisation Pathway

Advertising revenue at 3.5% of NMV has a credible path to ~5-6% through advertiser broadening and content commerce — without sacrificing user experience. With new ad tools, the platform is already showing strong monetization metrics with room for significant expansion.

04 Logistics as a Structural Advantage

Valmo's decentralised model delivers ~18–20% cost savings vs. peers, currently passed to sellers to expand TAM. The logistics network is designed to aggregate unorganized capacity in the system and tap into marginal cost of suppliers.

05 Attractive Growth Profile

Tier-2/3 India's e-commerce adoption is early-stage. Improving frequency with 33% growth in new user implies characteristics of a young platform which is underpenetrated and has found a product market fit. Strong volume growth expected for many years to come.

06 Strong Unit Economics

Meesho's unit economics are improving with scale, with clear pathways to profitability. The platform's cost is optimized for the value-conscious segment it serves.

Business Model Architecture

The E-Commerce Revenue Architecture

Commission / Referral Fees

- Platforms charge sellers a % of sale price
- Amazon: 5–30%
- Flipkart: 5–25%
- **Meesho: 0%** (absorbed by platform)

Logistics & Fulfillment

- Picking, packing, shipping, last-mile
- Charged per shipment (weight/zone based)
- Amazon FBA: ₹65–90
- Flipkart: ₹60–80
- **Meesho: ₹45-47** (via Valmo)

Marketing / Advertising

- Sponsored listings, search placement
- Banner ads, category category boost, brand brand stores
- Amazon/Flipkart: ~2-4% of GMV
- **Meesho: ~3.5% of NMV** in FY26E

Payment Processing

- 1–3% on transaction value (typical)
- Charged per transaction at category-level rates
- Gateway fees passed passed to seller on most platforms
- **Meesho absorbs on COD**

Financing Income

- BNPL for buyers (deferred payment)
- Working capital loans for sellers
- **Not yet monetized by by Meesho**
- Upside from 2026+

Meesho Has A Simple Clear Pricing

Platform Fee Comparison: ₹260 AOV Item

Line Item	Meesho	Amazon India	Flipkart
Selling Price (₹)	**260**	**260**	**260**
Commission / Referral Fee	**₹0 (0%)**	₹31.2 (12%)	₹26.0 (10%)
Logistics / Fulfillment Fee	₹45.0	₹70.0	₹65.0
Payment Processing Fee	**₹0 (0%)**	₹6.5 (2.5%)	₹5.2 (2%)
Optional Marketing Spend	₹8-9	₹10–15	₹10–15
Total Platform Take Rate (excl. mktg)	**₹54.0 (21%)**	**₹107.7 (41%)**	**₹96.2 (37%)**
Seller Net Proceeds	**₹206.0**	₹152.3	₹163.8
Effective Take Rate	**21.2%**	**41.4%**	**37.0%**

Meesho sellers retain **₹205 vs ₹152** on Amazon — a **35% higher net payout**. This enables sellers to price 10–20% below Amazon while maintaining healthy margins.

Meesho's 21% take rate is entirely logistics-driven. Amazon/Flipkart's 37–41% is driven by commissions. As Meesho adds ad revenue, its take rate rises without touching commission.

Strategic Implications of 0% Commission Model

How Meesho's zero-commission approach transforms seller economics, pricing dynamics, and competitive positioning in India's e-commerce landscape.

1 Net Price vs End Price (Fundamental Model Shift)

- Meesho operates on a **bottom-up model**: seller defines desired payout (net realization) first
- Amazon/Flipkart follow **top-down model**: start with market price, then deduct deduct commissions/fees
- Shifts seller mindset from "What will I be left with?" to "What do I want to earn?"

2 Elimination of "Reverse Math" & Hidden Fees

- Traditional marketplaces require backward calculation of referral fees, fixed fees, GST on commissions
- 0% commission removes variables, making pricing **linear and predictable**
- Sellers treat platform as **utility layer** (distribution + logistics) rather than profit-sharing intermediary

3 Greater Price Stability & Consumer Benefit

- Fee changes on commission platforms inflate consumer prices as sellers protect margins
- Meesho's model anchors pricing to **cost of goods + logistics**, reducing volatility
- Enables structurally lower and more consistent price points in low AOV categories

5 Lower Entry Barriers → Supply Expansion

- "Cost + profit = payout" aligns with small manufacturers and traders (Surat, Tirupur clusters)
- Reduces cognitive and compliance burden (especially GST complexity)
- Attracts long-tail, unorganized sellers → drives **assortment depth**

6 Monetization Shift: From Commission to Ecosystem

- While commission is zero, monetization shifts to **logistics** (shipping slabs), advertising
- Logistics becomes primary economic engine, making fulfillment efficiency critical
- Introduction of return/quality penalties indicates gradual marketplace discipline

7 Evolving Competitive Context (2026 Reality)

- Models converging: Flipkart (via Shopsy) replicating 0% commission for low-value segments
- Differentiation now less about pricing mechanics, more about **audience** (Tier-2/3 users)
- Meesho retains edge in simplicity and seller-first economics

Core Strategic Insight

The true innovation is not just "0% commission" but **shifting control of pricing to the seller**. This drives a structurally different supply base, pricing behavior, and consumer value proposition—creating a scalable low-price marketplace with strong supply-side network effects and long-term volume growth potential.

Zero Commission: Structural Flywheel for Supply Diversity

Why 0% Commission is a Strategic Choice — Not a Concession

No Commission + No GST Required → 1,040K+ Active Sellers 1.5M Lifetime → Massive Supply Diversity → Rich Discovery Feed → High User Engagement → Ad Monetization → Revenue Without Margin Cannibalization

Competitive Fee Comparison

Platform	Commission Rate	GST Required	Key Category Fees	Monetization Model
Meesho	**0%**	**No**	**₹0 commission**	**Advertising + Logistics**
Amazon India	2-25%	Yes	Referral fee + FBA	Commission + Ads + Logistics + Payments
Flipkart	2-20%	Yes	Referral fee + Fulfilment	Commission + Ads + Logistics + Payments
Myntra	25-35%	Yes	High fashion margin	Commission + Ads + Logistics + Payments

Seller Simplicity — Frictionless Onboarding

Photo Upload Listing

Simple image-based catalog; no complex product specifications or attributes required

No GST Barrier

First platform allowing non-GST sellers after 2024 regulatory change → drove 81% YoY seller growth to 1,040K in Q-1 FY-27

Automated Tools

MMA & AI targeting completely remove complex digital marketing barriers for micro-entrepreneurs

IMPORTANT NOTE: Meesho targets unbranded products from micro-entrepreneurs where Amazon/Flipkart economics don't work — ₹400 sarees can only be sold profitably at 0% commission

With strong selection and unmatched prices demand follows

Meesho is already the largest e-commerce platform by volumes

E-commerce Platform Comparison

Volume, Market Share & Key Metrics

Platform	GMV Share	Order Vol. Share	User Base	AOV	Segment	Status
Flipkart + Myntra	48%	35-40%	450M+	₹800+	Mass Market	Active
Amazon India	24-31%	20-25%	200M+	₹900+	Premium	Active
Meesho	8-10%	29-31%	264M+	₹265	Value/Tier 2+	Leading
Shopsy (Flipkart)	3-5%	5-8%	100M+	Medium-Low	Value	Growing
Others	10-15%	10-15%	Varies	Varies	Various	Active

Key Insight: The Volume Paradox

Despite 1/3 the GMV of Amazon, Meesho processes nearly equal order volumes — a structural consequence of serving the ₹265 AOV segment. 29-31% order share, only 8-10% GMV share. Meesho is India's #1 e-commerce platform by ORDER VOLUME in FY26.

264M+

Active Users

Segment 2

Marketing Income

From 3.5% to 5.5-6% of NMV — The Ad Monetization Flywheel

3.5%
Ad/NMV (FY26E)

5.5-6%
LT Target
Target

693K
Sellers Advertise
Advertise
(Q1 FY27)

2/3rd of sellers advertise today and no. of products they are advertising is growing 40% YoY
YoY

Discovery-Led Social Commerce Platform

Target Audience, Revenue Model & Consumer Insights

01 Discovery-Led, Not Search-Led

Unlike Amazon or Flipkart where users arrive with purchase intent, Meesho users browse with no pre-determined item in mind. Shopping is a leisure activity. This behavioural difference drives engagement (avg. 6 min/session vs. ~3 min on peers).

265M	3.5%	10%	6min
Total Users	Ad/NMV	Sellers Advertising	Avg Session

02 Target Audience

- Women aged 18-35
- Tier-2 & Tier-3 cities
- First-gen digital shoppers
- Value-conscious, discovery-oriented

Discovery vs Search Comparison

Feature	Meesho (Discovery-Led)	Amazon/Flipkart (Searc-Led)
User Intent	"Show me something interesting" - leisure browsing	"I want to buy X" - high intent
Brand Pull	ZERO - >95% unbranded	HIGH - Branded catalogues
Discovery Logic	Feed-based algorithmic curation	Keyword ranking + SEO
Push Necessity	Sponsored placement is FUNDAMENTAL	Ads are optional accelerants

Key Consumer Insights

265M	10
Annual Transacting Users	Orders/Year
27%	**#1**
Prepaid vs COD	Most Downloaded App

Revenue Model

Meesho charges zero commission and does not require GST registration. Like Instagram, monetisation follows from attention — sellers pay to be surfaced in the feed, not per transaction. Take rate = ad revenue / NMV.

Seller Ecosystem

Of ~1,040K sellers, 2/3rd of them advertise today. Along with that, no. of products they are advertising is growing around 40% YoY

Platform Growth

+33% YoY growth in transacting users. Expanding to personal care, home décor, general merchandise.

What does ~3.5% of Adv Income to NMV mean?

While Amazon and Flipkart focus on high-margin search intent, Meesho dominates high-volume discovery

In 2026, the gap in "Ad Take Rate" is narrowing as Meesho moves from a pure social commerce platform to a platform to a sophisticated advertising engine.

Meesho dominates high-volume discovery (where users scroll for deals) vs Amazon/Flipkart focusing on high-margin search intent (where users know exactly what they want).

Axia Estimate	Meesho	Flipkart	Amazon India
Adv Feeds per 100	20 – 30	30 – 40	40 – 45
AOV (Avg. Order Value)	₹ 250-265	₹ 900-1000	₹ 1200-1500+
Average CPC	₹ 0.8-1.25	₹6 – ₹15	₹12 – ₹35
Ad Click-to-Order Conversion	2-3%	3.5-6%	3-5%
Ad Spend / NMV (only Sponsored Feeds) FY26E	**3.5%**	**~5%**	**~6-6.5%**
Gross Merchant ROAS	8-10x	4-5x	3-4x
Core Monetization	High-volume "Discovery"	Brand-led "Display"	High-intent "Search"

Levers to Increase Ad Income

Strategic levers to move from ~3.5% to 6% Ad Income as % of NMV

1. Increase Sponsored Feeds

"Simplicity" Tools for MSMEs: Using Automated CPC and Meesho Managed Ads (MMA), convert "offline" Tier-2/3 sellers into active advertisers.

Target Growth	**693K+ → 1,200K+**
Impact on Ad %	**+1.2%**

2. Improve Targeting & CTR

AI-Driven Discovery: Shifting from "random" feeds to Visual AI matching. Improving CTR from 1.8% to 2.5%.

CTR Improvement	**1.8% → 2.5%**
Impact on Ad %	**+0.8%**

3. Increase in CPC

Auction Density Resilience: As more sellers join, competition for "top of feed" slots intensifies, raising CPC floors naturally.

CPC Target	**₹1 → ₹ 1.5**
Impact on Ad %	**+1.0%**

Impact Analysis: Revenue Levers Breakdown

Total Impact: **+3.0%**

LEVER	STRATEGY & EXECUTION	CURRENT	TARGET	IMPACT	PRIORITY
Sponsored Feeds	Convert "offline" Tier-2/3 sellers into active advertisers using Automated CPC and MMA	693K sellers	1,200K+ sellers	+ 1.2%	High
Targeting & CTR	AI-Driven Discovery with Visual AI matching to improve CTR from 1.8% to 2.5%	1.8% CTR	2.5% CTR	+ 0.8%	High
CPC Increase	Auction density resilience - shift CPC floor from ₹0.8 to 1.2	₹1 CPC	₹1.5 CPC	+ 1.0%	High

Key Insight: Zero-Commission Hook & Pricing Resilience

Because sellers pay no platform fees, they treat the ₹8-9 cost-per-sale as a highly affordable substitute for the 15-20% commission they would pay on Flipkart or would pay on Flipkart or Amazon. This creates "Pricing Resilience"—Meesho can likely continue to raise CPCs toward ₹1.4–₹1.5 over the next 18 months without 18 months without seeing seller churn.

Meesho Advertising Product Suite

Current Monetization Architecture & Advertising Penetration

Key Metrics

Current performance

693K+
Advertisers
2/3rd of 961K sellers

3.5%
Ad Revenue/NMV
Target: 5.5-6%

Key Insight
No. of products advertised increasing 40% YoY

Advertising Product Portfolio

₹1 Avg CPC

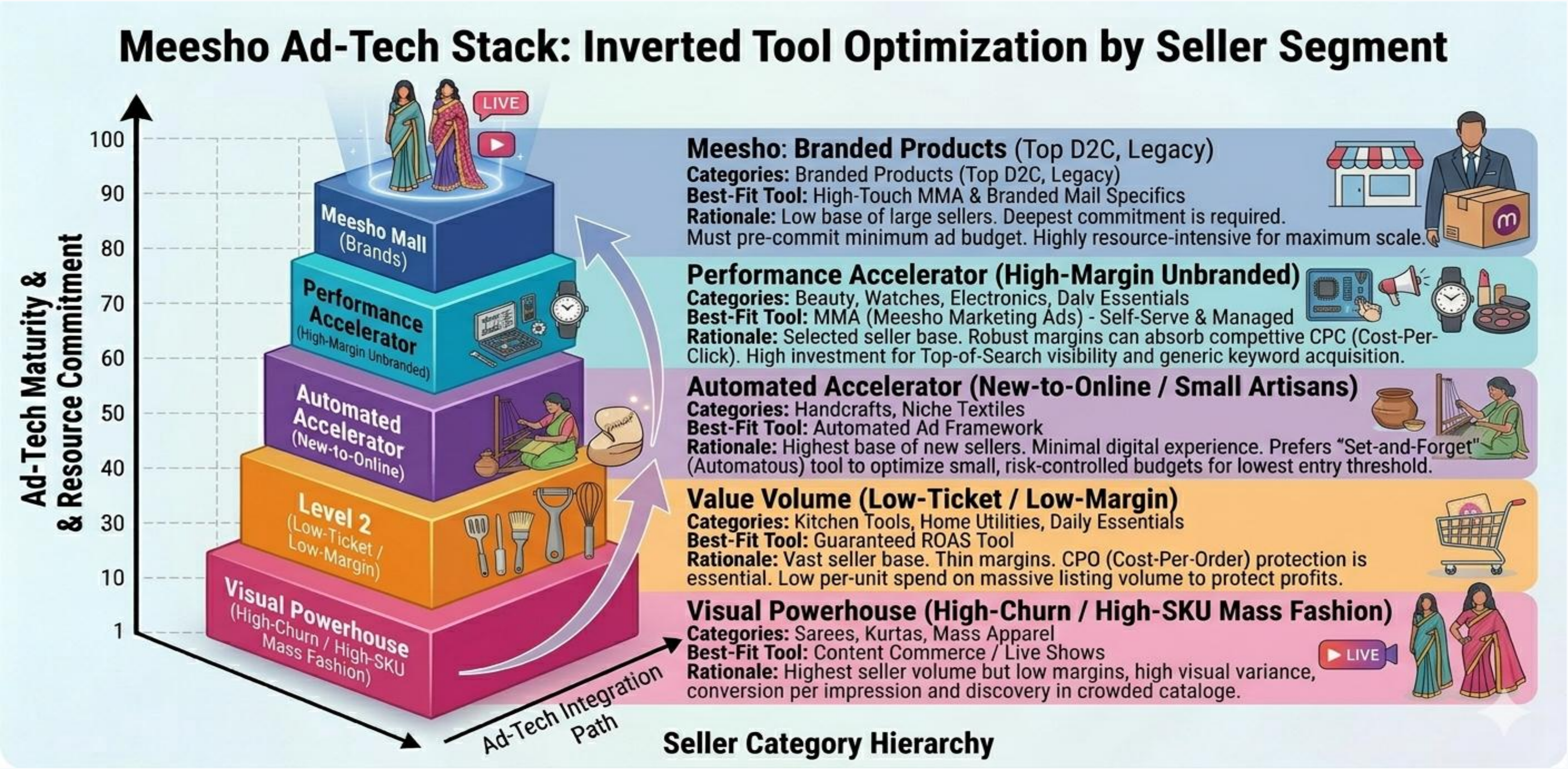
+50% YoY

8 products across 4 categories

Product	Description	Target Seller	Model	Adoption	Status
Sponsored Listings	CPC-based bidding; promoted products in discovery feed	All active sellers	CPC	45%	Active
MMA	AI-managed campaigns; auto-bid optimization	Small/micro sellers	CPC	25%	Active
Auto Advertising	One-click budget commitment; AI handles targeting	Non-tech sellers	CPC	15%	Active
Managed Ads	High-touch KAM-managed campaigns for top sellers	Top decile sellers	CPC	10%	Active
Pay-Per-Sale	Commission on sales attributed to ad	Thin-margin sellers	CPA	3%	Active
Non-Endemic	Ad space sold to banks, FMCG, fintech brands	External advertisers	CPM	2%	Active

Tools to increase seller penetration in spending on ads

Automated tools and AI-driven solutions to convert non-advertising sellers into active advertisers



The Ad Monetization Flywheel

From an estimate of 3.4% to 5.5-6% of NMV

Content Commerce — The Instagram-Commerce Convergence Convergence

How it works:

1. Short-form video reels by creators

2. Products tagged in video

3. Users buy directly from feed

4. Creator earns commission

5. Brand gains discovery exposure

Q1 FY27 NMV Growth
141% YoY
NMV from content commerce

Q1FY27 Active Content pieces
1.7 Mn
Up 143% YoY

No. of creators on Platform
60,000

MMA & Auto Advertising (AA) — Democratizing Ad Access

Tool	Problem Solved	Mechanism	Impact
MMA	Small sellers lack marketing expertise	AI handles bid, audience, budget	Draws 90% non-ad sellers
AA	Complexity of self-serve ads	One-click AI run campaigns	Lower skill threshold
KAM-Managed	Top sellers need ROI optimization	Human AMs + technology	Maximizes top 10% spend

Ad Revenue Buildup — The 5.5-6% Journey

Source	Current %	Target %	Driver
Core Seller Ads	~3.4%	~4.5%	More sellers; higher CPC
Non-Endemic Ads	Nascent	~0.1%	T2/T3 female targeting
Content Commerce	~0.1%	~1%	Creator marketplace
Seller VAS	Nascent	~0.3%	Insights & Catalog help
TOTAL	**~3.5%**	**~5.5-6%**	**Steady-state guidance**

Key Insights

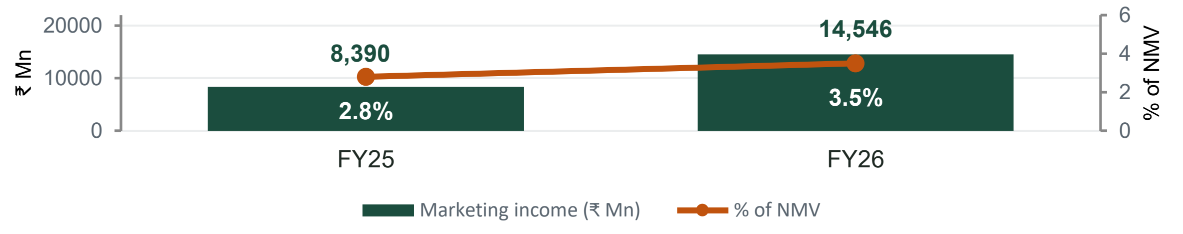
- **Content Commerce (Q-1 FY-27)**
  Content commerce NMV Grew 141% YoY and active order generating content pieces up 143% YoY to 1.7 Mn
- **MMA & AA Democratization**
  AI-driven tools lower skill threshold for 90% non-advertising sellers
- **Ad Revenue Path**
  Clear path from 3.2% to 5.5-6% through multiple revenue streams

Meesho's Monetization Headroom Remains Strong

ADS MONETIZATION | UTILIZATION vs BUDGET POOL | INVESTMENT THESIS

MARKETING INCOME TRAJECTORY

Marketing income has risen despite lower Ads utilization



Source: Company disclosures, Axia estimates

OPERATING LEVERAGE

A Good Problem to Have

~3x	~40%
Ads budget / opportunity growth over 2 years	Current Ads utilization

Budget/opportunity has scaled faster than usage — increasingly a utilization issue, not a shortage of advertising demand or budget capacity. (Analyst estimate; not a disclosed figure.)

LARGE & GROWING POOL

Ads Budget ~3x Higher

Advertising opportunity has expanded materially over the last 2 years.

WHY UTILIZATION IS LOW

Hero-SKU Bias in Selection

Shift from Guaranteed ROAS → Assured-ROAS→ merchants are not spending on proven hero SKUs.

MEESHO'S RESPONSE

AI-Led Catalogue Expansion

Data-driven selection to widen the pool of advertisable products.

EXPECTED OUTCOME

Higher Utilization & Income

Larger pool + better selection should lift Ads utilization and Marketing income.

Key Read — Investment Takeaway

Despite the Guaranteed→Assured ROAS shift pulling Ads utilization down to ~40%, Marketing income has still risen from an estimate of 2.8% to 3.5% of NMV (₹8.39bn→₹14.55bn), while the underlying Ads budget pool has grown ~3x over two years. AI-led catalogue expansion should improve utilization on this much larger base, offering a potential pathway toward ~5-6% Marketing income/NMV over the long term — our analytical expectation, not a disclosed management target.

Segment 3

Logistics & Unit Economics

Speed Agnosticism, Decentralized Networks, and Structural Cost Leadership

₹42-45
Cost/Shipment
nt
vs ₹55-65 industry

18-23%
Valmo Cost Advantage
Advantage
vs 3PL peers

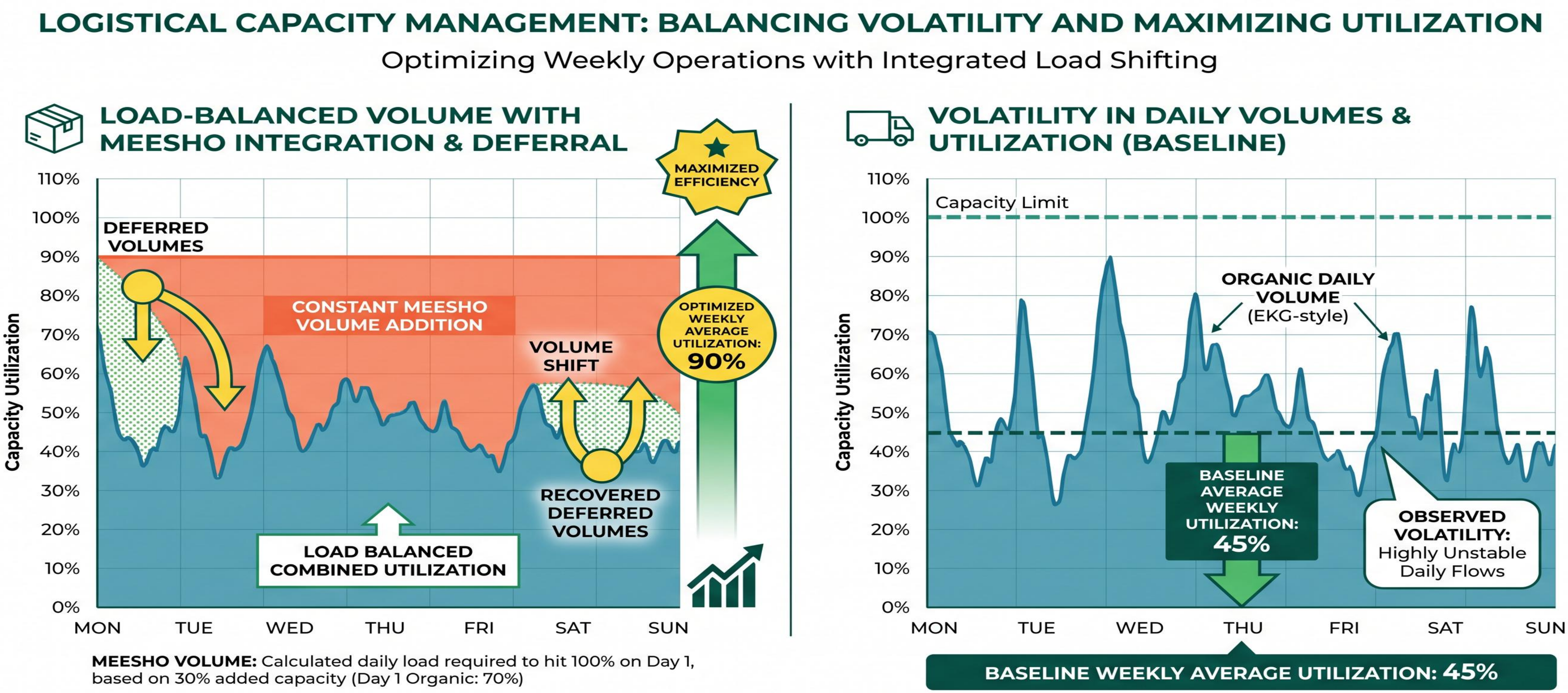
58%
Valmo Share
FY26 shipments

2.5%
Target Spread
As % of NMV

Valmo's decentralized model delivers ~18-23% cost savings vs. peers through micro-entrepreneur network entrepreneur network orchestration

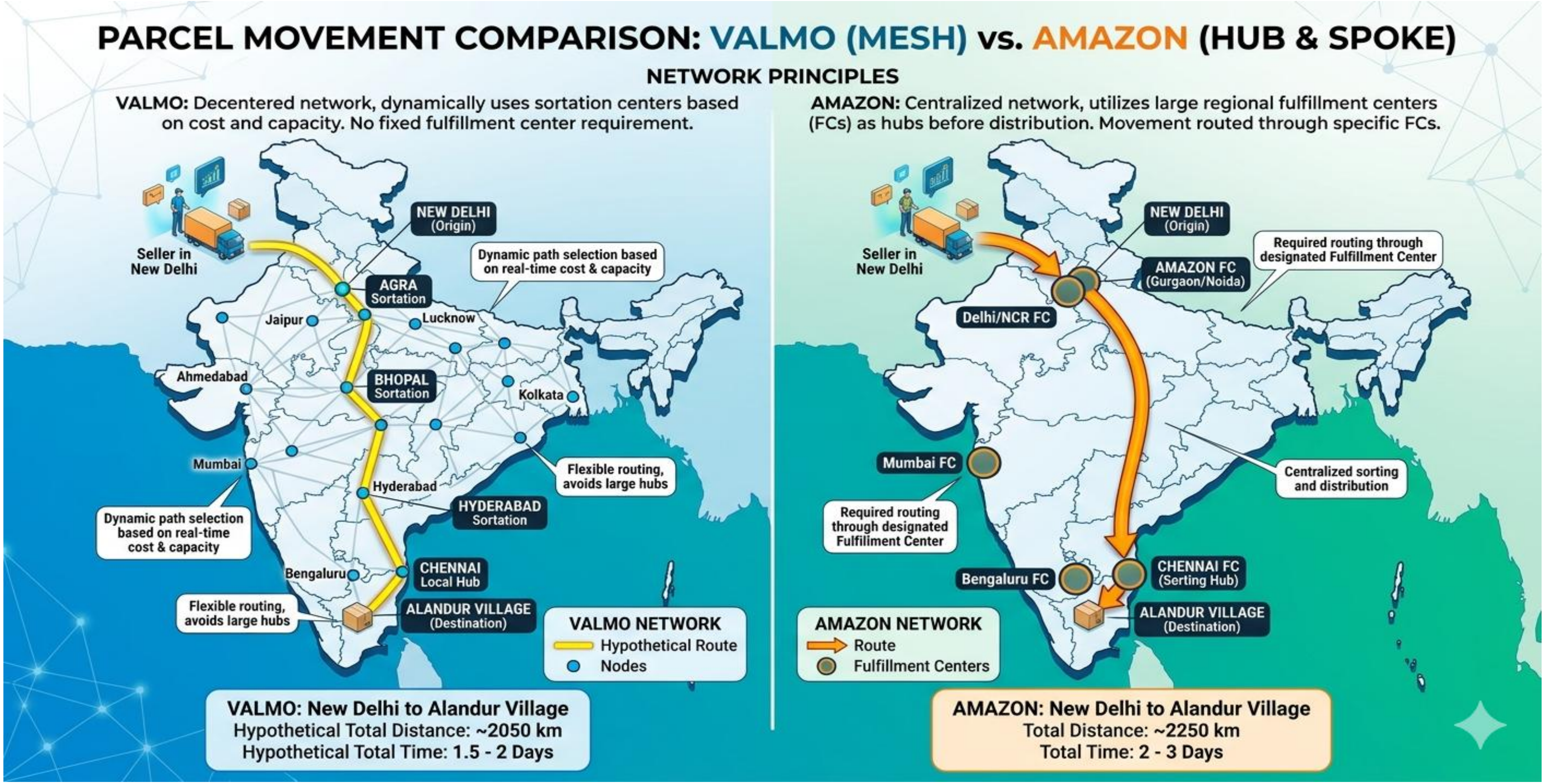
Meesho's Logistic Advantage

Meesho offers not only volumes but valuable balancing load to optimize capacity utilization hence gets 20% cheaper rates from 3PLs



Centralized vs. Decentralized

Centralized vs. Decentralized Logistics: The Core Structural Differences



How Valmo Works — Nodes, Minimum Guarantee & Bidding

AIR HUB

Inter-city charter/belly cargo for dense corridors (e.g., BLR, DEL). Activated for long-haul lanes via lowest-bid belly cargo.

SORTING CENTER (Base)

Small manual sort sheds replace massive Mother Hubs. Handles first-mile receipts & last-mile dispatch. Ultra-low capex.

CAPTAIN / PILOT

Local micro-entrepreneur (often kirana-attached) handling last-mile in their specific specific PIN. Earns per-parcel + density bonus. bonus.

PLOT (PIN Cluster)

The ATOMIC UNIT of Valmo's bidding engine. engine. Each PIN-leg is auctioned daily to the to the lowest-cost serviceable partner.

MINIMUM GUARANTEE (MG) — The Safety Floor

Meesho guarantees partner a base payout (e.g., ₹50,000/month) covering shop rent + 2 delivery boys even at zero volume.

Risk swap: Meesho takes DEMAND risk (ensures parcels flow); partner takes EXECUTION risk (ensures delivery).

Result: Partners onboard without capex; Meesho secures base capacity network.

BIDDING — Above the MG

Once partner hits volume threshold (e.g., 2,000 parcels), incremental volume is auctioned per-parcel.

Daily PIN-code auctions run across each individual leg (first, mid, last mile).

Selection algorithm: lowest cost × serviceability × defect history × capacity.

Impact: Drives Valmo last-mile to ₹32–37/parcel vs industry standard ₹55–57.

Parcel Journey: ₹400 Saree, Surat → Agra

Step 1	Pilot pickup from seller shop (First-mile, 3 km)	₹4
Step 2	Valmo Base sort (Surat origin)	₹3
Step 3	Mid-mile to Delhi via lowest-bid surface/belly cargo	₹18
Step 4	Delhi Valmo sort → → handoff to Agra node	₹3
Step 5	Captain last-mile Agra Agra (10-parcel dense dense route)	₹9

Total Cost

₹37

vs ~₹60 Amazon

38% Saving

Density Economics (per node)

100 parcels/day	₹60/parcel
500 parcels/day	₹50/parcel
1,000 parcels/day	₹37/parcel

In dense Tier 2/3, one pilot delivers 10 parcels per street.

What Went Wrong in FY26?

Meesho hit a classic **"success paradox"** in FY26. While skyrocketing order volumes are usually positive, structural shifts in the Indian logistics landscape transformed that growth into a margin-crushing challenge.

1. The "Consolidation Trap" & Bargaining Power

From Fragmented to Oligopolistic: Sector consolidation (e.g., Delhivery + Ecom) gave fewer 3PLs vast majority share and significant price-setting power.

Capacity Lock-in: In an oligopoly, carriers charged premiums for "overflow" shipments. shipments. Meesho lost its ability to play small players against each other.

2. The Logistics "Bullwhip Effect"

Exponential Costs: Doubling node volume (50k to 100k) triggered severe diseconomies of scale.

Ad-hoc Rates: Spot market trucks during festive peaks cost 2x–3x more.

Labor Premiums: Finding warehouse staff for 2-week spikes required high "surge" wages "surge" wages and contractor fees.

Efficiency Loss: New, temporary staff caused high misrouting and damage rates.

3. Contribution Margin (CM) Impact

Fixed Revenue, Variable Cost Squeeze: Meesho chose not to pass logistics costs to price-sensitive customers, keeping revenue per order flat.

Logistics as % of AOV: On a ₹300 item, a mere ₹10 shipping bump wiped out 3–5% of CM—evaporating margins.

Failure of Levers: Defensive actions like holding orders only increased "Click-to-Delivery" to-Delivery" times.

Double Whammy: Delayed deliveries led to high Return to Origin (RTO) rates—paying for forward and reverse shipping with zero revenue.

4. Strategic Insights for FY27

Asset-Right Pivot: Need a captive logistics arm for 30-40% of base volume, using expensive 3PLs strictly for peak overflows.

Predictive AI Throttling: Throttle marketing spend in zones where logistics nodes hit 80% capacity to prevent bottleneck costs.

Key Takeaway: Meesho’s Q3FY26 struggle wasn't a demand problem—it was a bridge-building problem. They successfully generated the traffic, generated the traffic, but the "bridge" (logistics) became a toll road they simply couldn't afford.

Meesho Is Yet to recover its Logistic Spread

What We Know: Key Metrics Comparison

Metric	Q4FY25	Q4FY26	Change	Trend
Placed Orders	50.1 Cr	71.7 Cr	**+43.1%**	↑
Delivered Orders	31.4 Cr	46.9 Cr	**+49.4%**	↑
Delivered % of Placed	62.7%	65.4%	**+2.7pp**	↑
Prepaid Orders %	23%	35%	**+12pp**	↑

Key Insight: Delivered orders improved to 65.4% of placed orders, driven by higher prepaid penetration.

Assumptions

Stable Rates Assumption

- Cancelled orders: **13.2%** of placed
- Customer returns: **7.6%** of shipped
- RTO cost per order: **INR 67**

Source: Based on FY25 DRHP disclosures

Analysis: Cost Impact of RTO & Returns Breakdown – Axia Estimate

Order Breakdown	Q4FY25				Q4FY26			
Stage	Orders (Cr)	%	INR Cr	Cost/Ord	Orders (Cr)	%	INR Cr	Cost/Ord
Placed Orders	50.1	-	-	-	71.7	-	-	-
Shipped	**43.3**	**100.0%**	**1927.6**	**44.52**	**61.9**	**100.0%**	**3002.8**	**49.27**
Less: Returns	3.3	7.6%	254.7	80.00	4.7	7.6%	370.6	80.00
Less: RTO	8.6	19.8%	473.1	65.00	10.3	16.7%	611.8	65.00
Delivered Order	**31.4**	**72.6%**	**1199.8**	**38.17**	**46.9**	**75.7%**	**2020.4**	**43.07**

Key Findings

- **Structural RTO Reduction**
  Prepaid mix shift reduced RTO by 3.1pp
- **Cost Inflation Impact**
  Logistics cost growth offset RTO savings
- **Normalization Expected**
  Efficiencies to stabilize spread in FY27

→ **Logistics spread narrowed from INR 7.85 to INR 2.64 per order in Q4FY26E**

Cost Per Parcel Trends: FY23–FY30E Projections

Year	Delivered Orders (Mn)	Valmo Share (%)	Valmo Cost (₹/Parcel)	3PL Cost (₹/Parcel)	Weighted Avg Cost (₹)	Fulfillment Rev (₹/Order)	Logistics Spread (₹)
FY23	619	1.8%	60.00	46.5	**77.58**	80.54	**2.78**
FY24	835	19.5%	43.00	43.00	**70.68**	81.27	**10.33**
FY25	1,178	48.1%	35.00	40.00	**62.24**	70.26	**7.85**
FY26	**1,710**	**57.9%**	**34.84**	**37.78**	**61.15**	**65.26**	**4.11**
FY27E	2,309	58.4%	36.80	41.72	**61.18**	67.93	**6.74**
FY28E	2,984	61.4%	35.42	41.67	**58.04**	64.83	**6.79**
FY29E	3,776	64.4%	33.31	41.63	**54.94**	61.82	**6.88**
FY30E	**4,695**	**67.4%**	**32.64**	**41.32**	**53.22**	**60.17**	**6.95**

FY26 Temporary Pressure

As 3PL capacity consolidates, Meesho invested significantly in Valmo network. New capacity partners require minimum guarantees → elevated cost per unit during ramp.

FY27–FY30 Normalisation

As volumes scale and Valmo utilisation improves, weighted logistics cost per delivered order declines structurally to ₹53.22 by FY30E, while the logistics spread/order expands to ₹6.95, significantly improving unit economics.

Seller Working Capital Loans

FY27 Launch Initiative

Target Market

Scaling from **963K** active sellers (FY26) to **16.71M** by FY30E. This provides a massive, captive audience ready for embedded financial products.

Core Problem

Most sellers lack formal credit history, making them largely ineligible for traditional bank loans despite generating consistent and predictable e-commerce cash flows.

Meesho's Edge

Proprietary platform data replaces traditional credit scores. Underwriting uses **GMV history, exact return rates, and order frequency** to accurately assess risk.

Interest Income

Targeting highly attractive yields of **15–20% per annum**, effectively monetizing short-term working capital needs while helping sellers expand inventory.

Revenue Potential

Projected to generate around **Rs 5-7 Bn**, unlocking a substantial new high-margin revenue vector that further entrenches seller reliance on the Meesho ecosystem.

Volume, Users & GMV

FY23–FY30E Projections & Key Metrics

Annual Transacting Users

426.6M

FY30E (+13% YoY)

Delivered Orders

4,695 Mn

FY30E (+29% YoY)

GMV

₹1,486.0Bn

FY30E (+20% YoY)

NMV

₹974.0Bn

FY30E (+24% YoY)

Metric	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Annual Transacting Users (Mn)	136.4	155.6	198.8	264.3	307.2	347.2	387.1	426.6
YoY Growth	—	14.10%	27.70%	33.00%	16.24%	13.00%	11.51%	10.20%
Order Frequency (orders/user/yr)	7.5	8.6	9.2	10.1	11.3	12.7	14.2	15.9
Delivered Orders (Mn)	619.0	835.0	1,178.0	1,710.0	2,308.7	2,984.3	3,775.7	4,695.0
YoY Growth	—	35%	41%	45%	35%	29%	27%	24%
GMV (₹Bn)	345	400	503	707	875	1,057	1,261	1,486
Avg Order Value (₹)	337	298	274	265	252	240	230	219
NMV (₹Bn)	192	232	300	416	541	672	816	974
Annual Transacting Sellers ('000)	450	424	514	846	1,058	1,269	1,459	1,634
Prepaid Orders (% of shipped)	11.3%	14.6%	23.1%	27.1%	40.0%	41.0%	42.0%	43.0%
CoD Success Rate	76.6%	78.6%	77.7%	76.9%	76.9%	79.0%	79.8%	79.8%

Unit Economics: Revenue & Cost Per Shipped Order

FY23–FY30E | ₹ per shipped order analysis with logistics sub-economics

Revenue & Cost Per Delivered Order (₹)

Detailed breakdown of unit economics including fulfillment revenue, advertising, logistics costs, and gross profit per order

Revenue & Cost Breakdown (₹/Order) – Axia Estimate

Metric (₹/Order)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Fulfillment Revenue	80.54	81.27	70.26	65.26	67.93	64.83	61.82	60.17
Advertising & VAS	12.04	9.88	9.50	8.58	9.49	10.29	10.80	11.04
Total Revenue	**92.59**	**91.15**	**79.77**	**73.84**	**77.41**	**75.12**	**72.62**	**71.21**
Logistics COGS	77.77	70.95	62.42	61.15	61.18	58.04	54.94	53.22
Gross Profit	14.82	20.21	17.35	12.69	16.23	17.09	17.68	17.99
Gross Margin %	**16.0%**	**22.2%**	**21.8%**	**17.2%**	**21.0%**	**22.7%**	**24.4%**	**25.3%**

Note: FY26 temporary pressure reflects elevated investment behind network build-out. FY28 marks EBITDA inflection point with first positive EBITDA at ₹2,670 Mn.

Logistics Sub-Economics

Cost Driver	FY25	FY26	FY27E	FY30E
Valmo Cost / Parcel (₹)	35.00	34.84	36.8	32.64
3PL Cost / Parcel (₹)	40.00	37.78	41.72	41.32
Valmo % of Shipments	**48.1%**	**57.9%**	**58.4%**	**67.4%**
Logistics Spread / Order	**7.85**	**4.11**	**6.74**	**6.95**

Key Insight: As Valmo scales to 67% of shipments by FY30E, logistics COGS/order structurally declines to ₹53.22, creating a 25.3% gross margin. The 21% cost advantage vs. 3PL peers is structural, not cyclical.

Contribution Profit: Volume × Margin Expansion

Shipped Orders, Contribution Profit, and Indirect Cost Analysis FY23-FY30E

Shipped Orders	Contribution/Order	Contribution Margin	EBITDA
5,922 Mn	₹14.53	7%	₹26,116 Mn
FY30E	FY30E	FY30E	FY30E

Metric (Axia Estimate)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Delivered Orders (Mn)	619	835	1,178	1,710	2,309	2,984	3,776	4,695
Contribution Profit/Order (₹)	9.15	15.62	12.63	8.44	12.20	13.25	14.04	14.53
Contribution Profit (₹Mn)	5,666	13,045	14,876	14,432	28,157	39,547	53,016	68,222
Contribution Margin (% of NMV)	2.9%	5.6%	5.0%	3.5%	5.2%	5.9%	6.5%	7.0%
Advertising & Sales Promo (₹Mn)	(9,278)	(4,595)	(6,435)	(9,897)	(13,519)	(14,779)	(16,078)	(17,339)
Server & Software (₹Mn)	(5,675)	(5,775)	(6,196)	(7,894)	(8,683)	(9,291)	(9,756)	(10,048)
Other Expenses (₹Mn)	(5,104)	(4,160)	(5,251)	(4,867)	(3,798)	(4,160)	(4,542)	(4,943)
Employee Benefits (₹Mn)	(7,283)	(7,577)	(8,482)	(7,654)	(8,135)	(8,648)	(9,194)	(9,776)
Total Indirect Costs (₹Mn)	**27,339**	**22,107**	**26,364**	**30,312**	**34,136**	**36,877**	**39,570**	**42,106**
EBITDA (₹Mn)	**-21,673**	**-9,062**	**-11,487**	**-15,880**	**-5,979**	**2,670**	**13,447**	**26,116**

P&L Summary & Operating Leverage

Revenue, COGS, Gross Profit, Indirect Costs, EBITDA FY23-FY30E

Total Revenue (FY30E)

₹3,34,322 Mn

+27.8% YoY

Gross Profit (FY30E)

₹68,222 Mn

20.4% Margin

EBITDA (FY30E)

₹26,116 Mn

10.9% Margin

EBIT (FY30E)

₹25,478 Mn

7.6% Margin

Line Item (Axia Estimate)	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Fulfillment Revenue	49,887	67,897	82,764	1,11,601	1,56,821	1,93,465	2,33,417	2,82,484
Advertising / VAS Revenue	7,355	7,010	8,390	14,546	21,630	30,229	39,991	50,652
New Initiatives	95	1,230	2,765	122	275	494	791	1,186
Total Revenue	**57,337**	**76,137**	**93,919**	**1,26,269**	**1,78,726**	**2,24,188**	**2,74,199**	**3,34,322**
YoY Revenue Growth	—	32.8%	23.4%	34.4%	41.5%	25.4%	22.3%	21.9%
(-) Total COGS	51,679	63,106	79,083	1,11,837	1,50,569	1,84,641	2,21,182	2,66,100
Gross Profit	**5,658**	**13,031**	**14,836**	**14,432**	**28,157**	**39,547**	**53,016**	**68,222**
Gross Margin	9.9%	17.1%	15.8%	11.4%	15.8%	17.6%	19.3%	20.4%
(–) Advertising & Sales Promo	9,278	4,595	6,435	9,897	13,519	14,779	16,078	17,339
(–) Server & Software	5,675	5,775	6,196	7,894	8,683	9,291	9,756	10,048
(–) Other Expenses	5,104	4,160	5,251	4,867	3,798	4,160	4,542	4,943
(–) Employee Benefits	7,283	7,577	8,482	7,654	8,135	8,648	9,194	9,776
Total Indirect Costs	**27,339**	**22,107**	**26,364**	**30,312**	**34,136**	**36,877**	**39,570**	**42,106**
EBITDA	-21,681	-9,076	-11,528	-15,880	-5,979	2,670	13,447	26,116
EBITDA Margin	-37.8%	-11.9%	-12.3%	-11.8%	-1.1%	3.4%	7.4%	10.9%

FY28 Inflection Point

EBITDA turns positive in FY28 at ₹2,670 Mn (3.4% margin), marking the first profitable year. This represents a significant improvement from FY27's loss of ₹5,979Mn.

Scale & Efficiency

Revenue scales from ₹57,337Mn (FY23) to ₹334,322Mn (FY30E) with indirect costs as % of revenue declining from 41% to 11%.

Path to Profitability: Operating Leverage & EBITDA Bridge

Operating Leverage: Per-Order Economics

Metric	FY26	FY30E	Change
Revenue per Delivered Order (₹)	73.84	71.21	-4%
Logistics COGS per Order (₹)	61.15	53.22	−13% (Valmo density)
Gross Profit per Order (₹)	12.69	17.99	**+42% ▲**
Indirect Costs per Order (₹)	17.73	8.97	**−49% ▲▲**
EBITDA per Order (₹)	**(9.29)**	**5.56**	**INFLECTION FY28 ✓**
Delivered Orders (Mn)	1,710	4,695	+175% (volume)
Total EBITDA (₹Mn)	**(15,880)**	**26,116**	**+₹41.99 Bn ✓**

Revenue grows at 25% CAGR on volume. Indirect costs grow only ~6.6% CAGR. → massive operating leverage. EBITDA inflects positive in FY28.

EBITDA Bridge: FY26 → FY28 (₹Mn)

Item	₹Mn
FY26 EBITDA	**(15,880)**
+ Gross Profit Expansion (volume × margin)	+29,292
– Increase in Advertising Spend (FY26 investment)	(4,882)
– Net Increase in Other Indirect Costs	(5,860)
= FY28 EBITDA	**+2,670 ✓**

Profitability Milestones

Milestone	Year	EBITDA (₹Mn)	Margin
First EBITDA Breakeven	FY28	**+2,670**	**+1.2%**
Double-digit EBITDA	FY29	**+13,447**	**+4.9%**
Scaled Profitability	FY30	**+26.116**	**+7.8%**
Mature Platform EBITDA	FY30+	**+58,927+**	**12.3%+**

Investment Risks & Key Metrics to Monitor

Risk Matrix

Risk	Probability	Impact	Mitigation
Valmo peak-capacity failure at sale events	Medium	High	Maintain 3PL backup contracts; stress-test volumes
Amazon/Flipkart enter low-AOV segment	Low	High	Structural cost moat (Valmo); 5yr head start
Ad revenue ceiling at 3–4% of NMV	Medium	Medium	Content commerce as cap-busting alternate layer
Credit risk in seller WC loans	Medium	Medium	Platform-data underwriting; conservative LTV caps
Consumer shift towards faster delivery	Low	High	Meesho Mall + Meesho Gold for speed-sensitive SKUs
Regulatory risk (ONDC / FDI norms)	Medium	Low	ONDC actually increases Meesho network reach
Micro-3PL reliability at scale	High	Medium	Scanning handshakes, VAM teams, Control Towers
Content commerce creator churn	Medium	Low	Attribution model + guaranteed commission structures

Key Metrics to Monitor

Metric	FY26 Actual	FY27E	Change
Monthly Delivered Orders (Mn)	1,710	**2,309**	35%
Valmo Share of Shipments	58%	**58.4%**	0.4%
Est. Ad Revenue as % of NMV	3.5%	**4%**	0.5%
Prepaid Orders %	27%	**40%**	13%
RTO Rate	15.2%	**13.2%**	(2%)
Gross Profit per Order (₹)	12.69	**16.23**	3.54
EBITDA (₹Mn)	(15,880)	(5,979)	Inflection confirmation
Annual Transacting Users (Mn)	264	**307**	Demand-side health
Order Frequency (×/yr)	10.1	**11.31**	Engagement & retention
Active Sellers ('000)	961	**1040**	Supply ecosystem health

Meesho: Three Compounding Moats

BUSINESS MODEL MOAT

Discovery-led platform for 800M+ offline-to-online Indians

0% commission flywheel drives unmatched supply diversity

Unbranded, micro-entrepreneur ecosystem — structurally different from Amazon/Flipkart

#1 by ATUs (265Mn) and orders (725Mn/quarter)

AD MONETIZATION MOAT

Only 10% seller ad penetration today → massive whitespace

Est. 3.5% Ad/NMV → 5.5-6% target = 3-4x revenue growth

MMA + AA + Content Commerce are the adoption catalysts

Non-endemic ads (banks, FMCG) add incremental 1%+ NMV

LOGISTICS MOAT (VALMO)

20-25% cost advantage vs. 3PL peers (structural, not cyclical)

Decentralized orchestration — asset-light, infinitely scalable

Minimum Guarantee + Bidding = market-driven marginal pricing

Load-balancing economics: 3PLs give Meesho fill-capacity pricing

> *"Meesho is building a fundamentally different e-commerce model — one that serves the other 800 million Indians that traditional e-commerce has not yet reached. The ad monetization engine is still in its early innings, the logistics moat is deepening, and the user base is scaling at rates that suggest category-defining outcomes."*
>
> *— Axia Investment Team, September 2026*

Thank You

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