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## Meesho (MEESHO)

### Initiating Coverage

<b>Date:</b> 2026-04-20	<b>Ticker:</b> MEESHO
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### EXECUTIVE SUMMARY

Meesho is India's largest e-commerce marketplace by annual transacting users (251M) and placed orders (690M quarterly), operating a net-revenue model that charges sellers fees for logistics fulfillment and advertising services on transactions averaging ₹274 per order — 70% below the Indian e-commerce average. The structural characteristic that defines the investment case is the demand-side network effect in value commerce: no other platform has assembled comparable scale in the sub-₹500 ASP segment where 700M+ Indian consumers make the majority of their purchases offline.

Revenue reached ₹93,899M in FY2025 (+23% YoY) on a net cash balance of ₹70B and zero debt. The company is loss-making — pre-exceptional net loss of ₹1,084M in FY2025, with Economic EBITDA (stripping SBC) at (₹5,396M) — but the trajectory is sharply improving from FY2023's ₹16,719M loss. LTM FCF turned positive at ₹5,912M in FY2025. Contribution margin compressed to 2.3% of NMV in Q3 FY2026 due to an emergency logistics capacity buildout, but management has guided recovery to 4.4%+ within two quarters.

The central tension: the bull case rests on ad monetization scaling to 5.5-6.0% of NMV (benchmarked to global value commerce platforms like Pinduoduo), which would transform a marginally profitable marketplace into a high-margin advertising business atop a ₹300B+ NMV base. The bear case is that the structural constraints of ₹274 AOV and 75% Cash-on-Delivery create a ceiling on unit economics — if CoD share plateaus above 60% and ad monetization reaches only 3-4% of NMV, the steady-state FCF margin lands at 4-5% rather than 6.5-7.0%, materially reducing the equity value.

## SECTION 1: COMPANY PROFILE AND KPI FRAMEWORK

### 1A — Company Identity

Field	Detail	Source
Legal Name	Meesho Limited (formerly Meesho Private Limited / Fashnear Technologies Private Limited)	UDRHP p.407 <a href="#">[OF]</a>
CIN	U74900KA2015PLC082263	UDRHP p.402 <a href="#">[OF]</a>
Ticker	MEESHO	QuartrPro <a href="#">[Q]</a>
Exchange(s)	BSE, NSE (India)	QuartrPro <a href="#">[Q]</a>
Headquarters	3rd Floor, Wing E, Helios Business Park, Kadubeesanahalli, Bengaluru 560013	UDRHP p.338 <a href="#">[OF]</a>
Country of Incorporation	India	UDRHP p.407 <a href="#">[OF]</a>
Founding Date	August 13, 2013 (originally as FashNear Technologies Pvt Ltd)	UDRHP p.1 <a href="#">[OF]</a>
IPO Date	December 10, 2025 (BSE/NSE)	QuartrPro <a href="#">[Q]</a>
Industry / Sector	Broadline Retail (GICS) / E-commerce marketplace	QuartrPro <a href="#">[Q]</a>
Employee Count	2,009 FTE as of June 30, 2025 (155 ML/AI, 981 Tech, 873 Non-tech)	UDRHP p.338 <a href="#">[OF]</a>
Fiscal Year End	March 31	UDRHP p.402 <a href="#">[OF]</a>
Operating Geographies	India (100% of revenue)	UDRHP MD&A <a href="#">[OF]</a>
Reporting Currency	INR	UDRHP p.402 <a href="#">[OF]</a>
Auditor	S.R. Batliboi & Associates LLP (member firm of Ernst & Young Global)	UDRHP p.400 <a href="#">[OF]</a>
Founders	Vidit Aatrey (CEO), Sanjeev Kumar (CTO)	Shareholder Letter p.1 <a href="#">[OF]</a>
Market Cap (at IPO pricing)	₹746,999M (~\$8.07B)	QuartrPro <a href="#">[Q]</a>

### Key Market & Financial Snapshot

Metric	Value	As Of / Period	Source
Current Stock Price	₹170.10	2026-04-21	[WS]
Market Capitalisation	₹74,216 Cr	2026-04-21	[WS]
52-Week High	₹254.40	Trailing 52 weeks	[WS]
52-Week Low	₹125.56	Trailing 52 weeks	[WS]
All-Time High	₹254.40	Since IPO Dec 2025	[WS]
Average Daily Volume (shares)	[NR]	Web search did not return reliable data	
FY2025 Revenue from Operations	₹93,899M	FY2025 (Mar 31)	[OF] UDRHP MD&A
FY2025 Revenue Growth (YoY)	+23.3%	FY2025 vs FY2024	[OF] UDRHP MD&A
FY2025 Adj EBITDA (Marketplace)	(₹1,167M)	FY2025 (Mar 31)	[OF] UDRHP MD&A
FY2025 Net Loss (pre-exceptional)	(₹1,084M)	FY2025 (Mar 31)	[OF] UDRHP MD&A
FY2025 Free Cash Flow	₹5,912M	FY2025 (Mar 31)	[OF] UDRHP MD&A (CFO - Capex + exceptional cash)

Note: Meesho IPO'd December 2025. GAAP net loss of ₹38,453M in FY2025 includes ₹13,459M exceptional reorganization charge and ₹24,910M tax provision — both genuinely one-off. Pre-exceptional loss of ₹1,084M is the relevant figure.

## 1B — Business Model Narrative

Meesho is India's largest horizontal e-commerce marketplace by annual transacting users (251M as of Q3 FY2026) and placed orders (690M in Q3 FY2026), targeting mass-market consumers in Tier 2-4+ cities through an affordability-first value proposition [Shareholder Letter p.2, OF]. The company operates as a pure marketplace connecting 846,000+ annual transacting sellers — predominantly small and medium enterprises, many non-GST-registered — with consumers seeking unbranded and value fashion, home & kitchen, and beauty/personal care products at a median AOV of ₹274, which is 68-73% below the Indian e-commerce average [UDRHP p.305, OF]. Meesho earns NET revenue: it collects the checkout value from consumers, deducts fees for services (fulfillment, advertising, seller insights), and remits the balance to sellers [UDRHP MD&A p.471, OF]. The model is asset-light — Meesho owns no inventory and operates logistics through a combination of five third-party E2E partners and its proprietary last-mile network Valmo (which handled 61.98% of shipped orders in FY2025 but uses contracted delivery agents, not owned assets) [UDRHP p.326, OF]. Content commerce (launched May 2023, ₹7.07B NMV in FY2025) and Meesho Mall (branded products, ~70% YoY NMV growth in Q3 FY2026) represent emerging revenue extensions [UDRHP p.328, OF; Earnings Call, TR].

**Legal reporting segments:** Marketplace and New Initiatives (per Ind AS 108) [UDRHP p.486, OF]. Marketplace accounts for 99.94%+ of revenue in all reported periods. New Initiatives is immaterial (<0.06% of revenue).

**Management's internal view:** Management frames the business around three self-reinforcing flywheels: Commerce (core marketplace), Logistics (Valmo), and Content Commerce. This is operationally richer than the two-segment legal structure, but the financial reporting does not separate these three — Valmo and content commerce are embedded within Marketplace segment financials [Shareholder Letter pp.4-8, OF].

**Business model classification:** MARKETPLACE (net revenue recognition confirmed from MD&A transaction model description). `get_financials` Gross Profit is structurally unreliable for this model type — only Revenue and Net Income are `[Q]`-reliable.

## 1C — Revenue Model

Stream Name	Trigger	Recurring vs. One-Time	Recognition Method	% of Total Revenue	Trend
Fulfillment fees (logistics)	Per placed order; fee charged to sellers for logistics orchestration	Recurring (transaction-based)	Net basis — Meesho recognises fee income from sellers, not gross checkout value (Ind AS 115 / IFRS 15 equivalent) [UDRHP MD&A p.471, OF]	~70-75% of revenue (implied from cost structure where 90%+ of direct costs = logistics, and fulfillment is the largest revenue driver) [Earnings Call, TR]	Growing with order volume; cost per placed order declining (₹50.45 FY23 → ₹43.08 FY25 → ₹37.70 Q1 FY26) [UDRHP p.480, OF]
Advertising / seller services	Seller-initiated; self-serve ad product (CPC/CPM); ROI-based targeting using AI	Recurring (usage-based)	Revenue from ad impressions/clicks recognised as delivered [UDRHP, OF]	Not separately disclosed; management targets 5.5-6.0% of NMV as steady-state take rate (current take rate is lower) [Earnings Call, TR]	Fastest-growing stream; seller ROAS improved ~50% YoY; adoption accelerating [Earnings Call, TR]
Meesho Mall (branded marketplace)	Brands (P&G, Nivea, etc.) sell via Meesho Mall; marketplace commission	Recurring (transaction-based)	Same net revenue recognition as core marketplace [Earnings Call, TR]	Not separately disclosed; within Marketplace segment	~70% NMV growth YoY in Q3 FY2026 [Earnings Call, TR]

New Initiatives	Meesho Payments (digital finance), grocery, other experiments	Recurring (transaction-based)	Per Ind AS revenue recognition	<0.06% of revenue	Immaterial; Meesho Grocery Private Limited incorporated March 2024 [UDRHP p.408, OF]
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**Gross-vs-net flag:** Confirmed NET revenue recognition. During the Valmo logistics pilot (March-September 2025), certain last-mile costs were temporarily excluded from both revenue and cost when logistics partners billed sellers directly; this was reversed from Q3 FY2026 onwards, creating a QoQ accounting discontinuity in both revenue and logistics cost lines [UDRHP MD&A p.487, OF; Earnings Call, TR].

## 1D — Ecosystem Map

Category	Details
<b>Customers</b>	251M annual transacting users (Q3 FY2026); predominantly women in Tier 2-4+ Indian cities; 75-89% of orders on Cash-on-Delivery (CoD); no single customer concentration risk disclosed; top quartile users transact >20x/year [Shareholder Letter p.2, OF; UDRHP p.305, OF; Earnings Call, TR]
<b>Sellers &amp; Supply Side</b>	846,000 annual transacting sellers (+81% YoY); predominantly MSMEs; non-GST sellers allowed since regulatory change (first-mover); 575,465 sellers as of UDRHP date; top seller concentration not disclosed [Earnings Call, TR; UDRHP p.305, OF]
<b>Logistics Partners</b>	5 E2E logistics partners (third-party); Valmo (proprietary last-mile network with 85,525 delivery agents and 13,678 logistics provider partners); Meesho Grocery Private Limited (logistics subsidiary incorporated March 2024); new logistics subsidiary being set up for financial transparency [UDRHP p.305, OF; Earnings Call, TR]
<b>Content Creators</b>	39,618 content creators (content commerce flywheel); ₹7.07B NMV in FY2025 [UDRHP p.305, OF]
<b>Technology Partners</b>	AWS (primary cloud — ongoing dispute referenced in contingent liabilities ₹1,168.70M vendor litigation); server & software tools expense ₹6,195.61M in FY2025 [UDRHP p.497,

	OF; UDRHP MD&A p.488, OF]
<b>Regulators</b>	SEBI (securities regulation); DPIIT/MCA (e-commerce FDI rules — marketplace model compliance); Consumer Protection Act 2019 / E-Commerce Rules 2020; IT Act 2000 / DPDP Act 2023 (data privacy — ISO 27001:2022 certified); RBI (digital lending directions — Meesho Payments); Competition Act 2002; GST authorities (₹142.91M contingent liability); Income Tax authorities (₹5,720.69M contingent liability — assessment year 2022-23 dispute); gig worker code (emerging — last-mile delivery partner classification risk) [UDRHP pp.338-353, OF; UDRHP p.497, OF; Earnings Call, TR]
<b>Competitors (named in filings)</b>	UDRHP Risk Factors names "intense competition" from "established domestic and global e-commerce players" without naming specific competitors. The shareholder letter and earnings call also do not name specific competitors. <a href="#">△ [SOURCE: TRAINING DATA — not verified against retrieved documents]</a> : Key competitors include Flipkart (Walmart), Amazon India, JioMart (Reliance), and Temu (PDD Holdings). Management's refusal to name competitors despite "intense competition" risk factor is a notable signal — consistent with market leader positioning where naming competitors confers legitimacy.

## 1E — KPI Inventory

### Operational KPIs:

KPI	Definition	Most Recent Value	Period	Source	Why It Matters
Annual Transacting Users (ATU)	Unique users placing ≥1 order in trailing 12 months	251M	Q3 FY2026	Shareholder Letter p.2 [OF]	Primary demand-side scale metric; India's largest by this measure
Annual Transacting Sellers	Unique sellers with ≥1 order in trailing 12 months	846,000	Q3 FY2026	Earnings Call [TR]	Supply-side density; 81% YoY growth signals flywheel acceleration

Placed Orders	Orders placed on platform in quarter	690M	Q3 FY2026	Shareholder Letter p.2 [OF]	Volume driver; +36% YoY
Net Merchandise Value (NMV)	GMV less cancellations, RTOs, and returns	₹10,995 Cr (Q3 FY2026); ₹29,988 Cr (FY2025)	Q3 FY2026 / FY2025	Shareholder Letter p.2 [OF]; KPI.xlsx [OF]	Core transaction volume metric post-wastage; NMV/GMV ratio improving (57%→60%)
Gross Merchandise Value (GMV)	Total checkout value before cancellations/RTOs/returns	Not separately disclosed in Q3; ₹18,210 Cr (Q3 FY2026 implied from NMV/GMV ratio)	Q3 FY2026	<a href="#">△ [ANALYTICAL JUDGMENT — derived from NMV ÷ 60.3% ratio]</a>	Gross demand indicator
Average Order Value (AOV)	NMV / Placed Orders	₹274 (platform average as of UDRHP)	LTM Jun 2025	UDRHP p.305 [OF]	68-73% below Indian e-commerce average — defines the value positioning
Valmo Shipped Orders %	% of total shipped orders fulfilled by Valmo last-mile network	61.98%	FY2025	UDRHP p.326 [OF]	Logistics insourcing trajectory; declined marginally in Q3 due to partner disruption
CoD % of Shipped Orders	Cash-on-Delivery as % of shipped orders	75.09% (Q1 FY2026)	Q1 FY2026	UDRHP p.86 [OF]	Declining from 88.71% (FY23); prepaid mix improving reduces RTO risk
CoD Success Rate	% of CoD deliveries successfully completed	77.70%	Not specified	UDRHP p.86 [OF]	~22% of CoD orders fail — a structural cost/wastage challenge

**Financial KPIs:**

KPI	Definition	Most Recent	Period	Source	Why It Matters
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		Value			
Revenue Growth %	YoY revenue from operations growth	23.31%	FY2025 vs FY2024	UDRHP MD&A p.488 [OF]	Lower than NMV growth due to lower cost pass-through to sellers (strategic)
Contribution Margin (CM) % of NMV	(Revenue - direct variable costs) / NMV	2.3%	Q3 FY2026	Shareholder Letter p.8 [OF]	Compressed by Valmo scale-up; Q1 FY26 was 4.43%; management guides recovery in 2 quarters
Adjusted EBITDA (Marketplace)	EBITDA + SBC + exceptional items + fair value adjustments - interest/investment income	(₹1,167M) FY2025 / (₹1,484M) Q1 FY2026	FY2025 / Q1 FY2026	UDRHP MD&A p.479 [OF]	Near breakeven at segment level; sharp improvement from (₹15,990M) in FY2023
LTM Free Cash Flow	CFO - Capex + Exceptional cash items	₹56 Cr (₹560M)	LTM Q3 FY2026	Shareholder Letter p.2 [OF]	Management's stated north star metric
LTM FCFE	LTM FCF + net financing flows	₹437 Cr (₹4,370M)	LTM Q3 FY2026	Shareholder Letter p.2 [OF]	Includes investment income on cash pile
Steady-State FCF Margin Target	Management's long-term FCF/NMV target	6.5%-7.0%	Guidance	Shareholder Letter p.12 [OF]	The terminal economics thesis
Cost per Placed Order	Total direct costs / Placed Orders	₹37.70	Q1 FY2026	UDRHP MD&A p.480 [OF]	Declining from ₹50.45 (FY23); driven by logistics cost optimization and scale
Fixed Costs as % of NMV	(Employee costs + tech + other indirect) / NMV	7.05%	FY2025	UDRHP MD&A p.480 [OF]	Declining from 11.56% (FY23); operating leverage driver

Cash & Investments	Total liquid assets	₹7,277 Cr (₹72,770M)	Q3 FY2026	Shareholder Letter p.2 <a href="#">[OF]</a>	Fortress balance sheet; zero debt
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**Pipeline / Forward-Looking KPIs:**

KPI	Definition	Most Recent Value	Period	Source	Why It Matters
Steady-State Ad Take Rate Target	Management's long-term ad revenue / NMV target	5.5%–6.0% of NMV	Guidance	Earnings Call <a href="#">[TR]</a>	Primary monetization lever; benchmarked to global value commerce platforms
Top Quartile User Frequency	Annual transaction frequency of top 25% users	>20x per year	Q3 FY2026	Earnings Call <a href="#">[TR]</a>	Indicates frequency potential as cohorts mature

**Unit Economics KPIs:**

KPI	Definition	Most Recent Value	Period	Source	Why It Matters
Revenue per ATU	Revenue / ATU	₹472 (FY2025: ₹93,859M / 198.8M ATU)	FY2025	KPI.xlsx <a href="#">[OF]</a> ; UDRHP <a href="#">[OF]</a>	Low absolute value reflects mass-market positioning
NMV per ATU	NMV / ATU	₹1,508 (FY2025: ₹29,988 Cr / 198.8M)	FY2025	KPI.xlsx <a href="#">[OF]</a>	Implied annual spend per user; room for frequency-driven growth
GMV/FTE Ratio	GMV / Full-time employees	₹273.44M	FY2025	UDRHP p.326 <a href="#">[OF]</a>	Capital efficiency — improving from ₹112.38M (FY23) to ₹273.44M (FY25)
GMV/Capital Employed	GMV / (Total Equity + Long-term Borrowings)	10.45x	FY2025	UDRHP p.326 <a href="#">[OF]</a>	Capital efficiency improving from 6.87x

					(FY23)
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**KPIs management does NOT disclose (notable absences):**

- **Ad revenue as % of NMV (current)** — management explicitly refused to share specific ad numbers on the earnings call, saying "at the right time, we will come out with more details" [Earnings Call, TR]. This is the single most important monetization metric and its absence at the IPO stage is a finding.
- **Seller ROAS (absolute)** — described directionally ("improved ~50% YoY") but absolute level not disclosed [Earnings Call, TR].
- **Churn rates** (consumer or seller) — not disclosed. Only net ATU and net seller additions reported.
- **Meesho Mall NMV %** — total platform proportion not disclosed; only growth rate (~70% YoY).
- **CAC** — not disclosed. Management claims CAC is declining but provides no absolute figure.
- **LTV** — not disclosed.

**1F — Retrieved Documents Log**

#	Document Title	Document Type	Period Covered	Source Platform	Source Location	Date Retrieved
1	Meesho Limited — Updated Draft Red Herring Prospectus (UDRHP-I)	IPO Filing (UDRHP)	FY2023–Q1 FY2026 (3M Jun 30, 2025)	User Upload	meesho-udhrp1.pdf (632 pages)	2026-04-20
2	Meesho Q3 FY2026 Unaudited Consolidated Financial Results	Quarterly Filing	Q3 FY2026 (Oct-Dec 2025) + 9M FY2026 + FY2025 comparisons	User Upload	financials.pdf (8 pages)	2026-04-20
3	Meesho Q3 9M Dec 31 2025 Shareholder Letter	Shareholder Letter	Q3 FY2026 (Jan 30, 2026)	User Upload	Q3_9m_Dec_31_2025_shareholder-letter.pdf (18 pages)	2026-04-20
4	Meesho KPI Data	KPI Spreadsheet	FY2023–Q3 FY2026 (annual + quarterly)	User Upload	KPI.xlsx (5 sheets)	2026-04-20
5	Meesho Q3 FY2026	Earnings Call Transcript	Q3 FY2026 (Jan 30,	QuartrPro	Document ID 2766551,	2026-04-20

	Earnings Call Transcript		2026)		Event ID 535109	
6	QuartrPro — Meesho Structured Financials (quarterly)	MCP Financials	Q3 FY2026 (1 quarter available)	QuartrPro	Company ID 21840, get_financials(quarterly)	2026-04-20
7	UDRHP Annexure I — Restated Consolidated Balance Sheet	Financial Statements	As at Jun 30, 2025 / Mar 31, 2025/2024/2023	User Upload (within UDRHP)	meesho-udhrp1.pdf p.402	2026-04-20
8	UDRHP Annexure II — Restated Consolidated P&L	Financial Statements	3M Jun 2025 / FY2025/2024/2023	User Upload (within UDRHP)	meesho-udhrp1.pdf p.403	2026-04-20
9	UDRHP Annexure IV — Restated Consolidated Cash Flow Statement	Financial Statements	3M Jun 2025 / FY2025/2024/2023	User Upload (within UDRHP)	meesho-udhrp1.pdf p.406	2026-04-20
10	UDRHP — Non-GAAP Reconciliation (EBITDA / Adj EBITDA)	Non-GAAP Measures	3M Jun 2025 / FY2025/2024/2023	User Upload (within UDRHP)	meesho-udhrp1.pdf pp.491-493	2026-04-20
11	Redseer Industry Report (as cited in UDRHP)	Industry Report (third-party)	FY2024-2025 estimates	User Upload (within UDRHP)	meesho-udhrp1.pdf pp.300-313	2026-04-20

**Retrieval completeness notes:**

- QuartrPro coverage is thin: Meesho listed December 10, 2025, so only 1 quarter of MCP data exists. get\_financials(yearly) returned EMPTY; get\_financials(quarterly) returned 1 quarter, partially populated. This is expected for a newly listed company.
- The UDRHP is the primary source document, containing restated financials for FY2023-FY2025 plus the 3-month period ended June 30, 2025. Q3 FY2026 and 9M FY2026 data comes from financials.pdf (the quarterly results filing).
- Only 1 earnings call transcript exists (Q3 FY2026 — the first-ever as a public company).
- No scraped IR folder was provided. User uploaded 4 files as substitutes.

> **Investor Implication:** Meesho is India's largest e-commerce marketplace by users and orders, operating a net-revenue marketplace model targeting the 700M+ mass-market consumers that premium e-commerce has not reached — the central question is whether the current 2.3% contribution margin can scale to the 6.5-7.0% FCF margin target through ad monetization and logistics efficiency, or whether the structural economics of ₹274 AOV and 75% CoD orders set an inherent ceiling on unit economics.

## SECTION 2: BUSINESS MODEL: THE CAUSAL ARCHITECTURE

### Strategic Pivot 1: Social Commerce → Pure Marketplace (2019-2020)

**Trigger:** Meesho originally operated as a social commerce platform where resellers (primarily women) shared product catalogs via WhatsApp and social media, earning commissions on sales. The model was inherently unscalable — quality control was poor, delivery unreliable, and the reseller intermediary created friction without adding proportional value. The company pivoted to a direct-to-consumer marketplace model. [UDRHP Business Description, OF]

**Financial model change:** Revenue recognition shifted from commission-on-resale to marketplace fees-for-services (fulfillment, advertising, seller tools). This fundamentally changed the P&L: the company now earns revenue directly from sellers (net basis) rather than through a reseller markup chain. The pivot enabled Meesho to control the end-to-end consumer experience, including logistics.

**Counterfactual reasoning:** [△ \[ANALYTICAL JUDGMENT — inputs sourced, causal logic is Claude's inference\]](#) Had Meesho remained in social commerce, the reseller intermediary would have capped the addressable market at the subset of consumers reachable through personal networks. The pivot to a direct marketplace enabled the ATU expansion from sub-50M to 251M. The 198.8M ATU in FY2025 at ₹472 revenue/ATU = ₹93,859M revenue would likely have been a fraction under the social commerce model, given that social commerce platforms in India (e.g., DealShare, CityMall) failed to reach comparable scale before shutting down or pivoting.

**Quantified impact:** Revenue scaled from ₹57,345M (FY2023) to ₹93,899M (FY2025), a 28% CAGR, with ATU growing from 136.4M to 198.8M (+21% CAGR) [KPI.xlsx, OF; UDRHP p.403, OF].

### Strategic Pivot 2: Zero-Commission Model → Monetization (2022-2024)

**Trigger:** In September 2022, Meesho eliminated seller commissions entirely to accelerate supply-side growth — a bold move that sacrificed near-term revenue for marketplace liquidity. By FY2024, with 467,000+ sellers and growing order volumes, the company began re-introducing monetization through fulfillment fees and advertising services. [UDRHP Business Description, OF; Shareholder Letter, OF]

**Financial model change:** The zero-commission phase depressed revenue growth relative to GMV growth. Re-monetization shows in the revenue/NMV take rate and cost per placed order trajectory. Revenue growth in FY2024 was 32.79% (₹57,345M → ₹76,151M) and in FY2025 was 23.31% (₹76,151M → ₹93,899M) [UDRHP p.403, OF]. The lower FY2025 revenue growth vs. NMV growth reflects management's strategic choice to pass cost savings to sellers rather than maximise near-term revenue — a deliberate decision to deepen seller engagement.

**Counterfactual reasoning:** [△ \[ANALYTICAL JUDGMENT — inputs sourced, causal logic is Claude's inference\]](#) Without the zero-commission phase, seller growth would likely have been slower (the 81% YoY seller growth in Q3 FY2026 is partly a lagged effect of the commission-free onboarding). However, faster monetization would have brought forward the path to profitability. The FY2023 Adjusted EBITDA loss of (₹15,990M) [UDRHP MD&A p.479, OF] would have been narrower, but at the cost of a smaller and less liquid marketplace.

**Quantified impact:** Seller base grew from ~300,000 (implied FY2023) to 846,000 (Q3 FY2026) while Adj EBITDA Marketplace improved from (₹15,990M) to (₹1,167M) — a 93% loss reduction —

demonstrating that monetization is scaling despite the initial commission holiday [UDRHP MD&A p.479, OF; Earnings Call, TR].

### Strategic Pivot 3: Third-Party Logistics → Valmo Insourcing (August 2022 onwards)

**Trigger:** Logistics cost was Meesho's largest expense (~27.5% of NMV as fulfillment cost) and the single biggest drag on contribution margin. Third-party E2E logistics partners had limited incentive to optimise for Meesho's ultra-low-AOV, high-volume model. Meesho launched Valmo in August 2022 as a proprietary last-mile delivery network to control costs and service quality. [UDRHP p.326, OF; Earnings Call, TR]

**Financial model change:** Valmo shifted last-mile logistics from a pure variable cost (3PL pricing) to a partially technology-controlled operation. Valmo's shipped order share grew from 1.83% (launch) to 61.98% of total shipped orders by FY2025, with only 173 FTE and ₹471.10M cumulative people cost [UDRHP p.326, OF]. This is capital-efficient insourcing — Valmo uses contracted delivery agents, not employed ones, preserving the asset-light model.

**Crisis event (May-June 2025):** One of Meesho's 3PL partners ceased operations, forcing emergency capacity buildout via Valmo at sub-optimal cost. This compressed CM from 4.43% (Q1 FY2026) to 2.3% (Q3 FY2026) — a 213 bps deterioration [Shareholder Letter p.8, OF; Earnings Call, TR]. Management guided that the excess cost would unwind within 2 quarters (by Q1 FY2027).

**Counterfactual reasoning:** [△ \[ANALYTICAL JUDGMENT — inputs sourced, causal logic is Claude's inference\]](#) Without Valmo, Meesho would remain fully dependent on 3PL pricing, with no leverage to drive cost reductions below market rates. The 3PL partner failure would have been catastrophic — either unserved demand or emergency contracting at even higher rates without Valmo's base capacity to absorb the shock. Valmo's software stack (route optimisation, node design) provides a cost advantage that pure 3PL relationships cannot match at Meesho's sub-₹300 AOV.

**Quantified impact:** Cost per placed order declined from ₹50.45 (FY2023) to ₹43.08 (FY2025) to ₹37.70 (Q1 FY2026), a 25% reduction [UDRHP MD&A p.480, OF]. On FY2025 placed orders of ~2.0B, every ₹1 reduction in cost per order = ~₹2,000M in annualised savings.

### Segment Mini-P&Ls

**Marketplace Segment** (₹M, all [OF] from UDRHP MD&A p.479):

Metric	FY2023	FY2024	FY2025	Q1 FY2026
Segment Revenue	57,337	76,137	93,858	25,025
Contribution Margin	5,659	13,032	14,837	3,843
CM as % of NMV	2.94%	5.61%	4.95%	4.43%
Adj EBITDA	(15,990)	(1,492)	(1,167)	(1,484)

Note: CM compression from 5.61% (FY2024) to 4.95% (FY2025) was driven by Valmo scale-up costs and the strategic decision to pass logistics savings to sellers [UDRHP MD&A p.479, OF].

**New Initiatives Segment:** Revenue of ₹7.92M (FY2023), ₹14.04M (FY2024), ₹40.29M (FY2025), ₹13.79M (Q1 FY2026). Immaterial — <0.1% of total revenue in all periods [UDRHP p.486, OF].

## Structural Recurrence of Revenue

△ [ANALYTICAL JUDGMENT — derived from business model reasoning, not explicitly disclosed in filings]

Meesho has zero contractual recurring revenue in the traditional sense — every transaction is discretionary. However, the structural recurrence can be estimated from cohort behaviour: the top quartile of users transact >20x per year [Earnings Call, TR], and the ATU definition ( $\geq 1$  order in trailing 12 months) implies a base of habitual users. FY2024 ATU was 155.6M; FY2025 ATU was 198.8M, implying ~43.2M net new users. If we conservatively assume 80-85% of FY2024's ATU returned (implying 15-20% annual churn), then 124-132M users were retained — contributing a "recurring" base revenue of ~₹58,500M–₹62,300M (retained users  $\times$  prior-year revenue/ATU of ₹472), or roughly 62-66% of FY2025 revenue. **This is an estimate, not a disclosed figure.** The true number depends on gross-vs-net user additions and cohort-specific frequency, neither of which Meesho discloses.

> **Investor Implication:** Meesho's three strategic pivots — from social commerce to marketplace, from zero-commission to monetization, and from 3PL to Valmo — have each traded near-term financial performance for long-term structural advantage. The pattern reveals a management team that prioritises marketplace liquidity and cost control over short-term profitability. The central risk is that the Valmo-driven logistics cost reduction (the primary lever for reaching the 6.5-7.0% FCF margin target) requires continued scale without further 3PL disruptions.

## SECTION 3: MANAGEMENT QUALITY: ACTIONS OVER WORDS

### Credibility Scorecard

Meesho held its first-ever earnings call on January 30, 2026, having listed only on December 10, 2025. There is no multi-year track record of public forward-looking quantitative claims to score. The UDRHP and shareholder letter contain the earliest publicly documented management assertions.

Promise	Source	Date	Metric	Outcome	Score
"Next 2 quarters, bottom line economics should come back to where they were at the beginning of this year" (i.e., Q1 FY2026 levels: CM 4.43%, Adj EBITDA (₹1,484M))	Earnings Call — Vidit Aatrey <a href="#">[TR]</a>	Jan 30, 2026	CM % of NMV, Adj EBITDA	NOT YET VERIFIABLE — Q4 FY2026 and Q1 FY2027 results not yet available	Pending
Steady-state FCF margin target: 6.5%–7.0% of NMV	Shareholder Letter p.12 <a href="#">[OF]</a>	Jan 30, 2026	LTM FCF / NMV	LTM FCF was ₹56 Cr on ₹29,988 Cr NMV = 0.19%. Distance to target: 6.3–6.8 percentage points.	Baseline set; no prior promise to score against
Steady-state ad take rate: 5.5%–6.0% of NMV	Earnings Call — Vidit Aatrey <a href="#">[TR]</a>	Jan 30, 2026	Ad revenue / NMV	Not separately disclosed — cannot verify	Baseline set

**Assessment:** No multi-year track record exists to score. The management team has a 10-year private-company operating history (founded 2013/2015), but public promises with verifiable outcomes begin only now. The 2-quarter margin recovery guidance is the first testable claim.

### Capital Allocation

**IPO proceeds:** Fresh issue of ₹42,500M + OFS. As of UDRHP, intended use: technology investment, marketing, general corporate purposes [UDRHP p.1, OF].

**Capital deployed (>5% of annual revenue):**

Deployment	Period	Amount (₹M)	Revenue at Time	% of Revenue	Actual/ Required ROIC	Assessment
Marketing & consumer acquisition investment	FY2025	₹6,435M (advertising & sales promotion)	₹93,899M	6.9%	Cannot compute — no disclosed incremental revenue attributable to marketing spend. ATU grew by 43.2M net in FY2025. If each net new user generates ~₹472 annual revenue, incremental revenue = ~₹20,390M. Implied ROIC on marketing = ₹20,390M / ₹6,435M = 317%. However, organic acquisition is mixed with paid; management states CAC is declining [Earnings Call, TR].	Cannot decompose paid vs. organic; high-level ratio suggests efficient acquisition but lacks granularity
Valmo logistics buildout	FY2023–FY2025	₹471M cumulative people cost + ₹55M capex (Q1 FY2026 annualised ~₹220M)	₹93,899M (FY2025)	<1%	Cost per placed order declined from ₹50.45 to ₹43.08 (₹7.37/order × ~2.0B orders = ~₹14,740M annual)	Exceptional capital efficiency; asset-light model confirmed

					savings). ROIC on ₹471M investment = effectively infinite — the investment was in people, not fixed assets.	
Technology (server & software tools)	FY2025	₹6,196M	₹93,899M	6.6%	Supports BharatMLStack (1.91 PB/day, 66.90T feature retrievals), experimentation platform Abacus (432.67 concurrent experiments /month). Quantified ROIC cannot be computed — tech enables all revenue, not a separable investment.	Infrastructure spend; declining as % of revenue (7.56% FY2023 → 6.6% FY2025)

### Narrative Consistency

**KPI changes:** Meesho has not yet had the opportunity to redefine or drop metrics — only one quarter of public disclosure exists. However, the UDRHP itself presents a consistent set of KPIs (ATU, NMV, placed orders, CM, FCF) across FY2023-Q1 FY2026, and the shareholder letter carries forward the same framework. No KPI redefinition detected.

**Segment reclassification:** None. Two-segment structure (Marketplace + New Initiatives) has been consistent since FY2023.

**Accounting discontinuity (flagged):** The Valmo logistics pilot (March–September 2025) where last-mile partners billed sellers directly created a temporary revenue/cost exclusion. This was reversed from Q3 FY2026, affecting QoQ comparability. Management disclosed this in both the UDRHP and

the earnings call [UDRHP MD&A p.487, OF; Earnings Call — Dhiresh Bansal, TR]. Transparent disclosure — no attempt to obscure.

**Exceptional items:** FY2025 exceptional charge of ₹13,464M (ESOP modifications, accelerated vesting for pre-IPO reorganization, perquisite tax, business combination). FY2024: ₹131M (professional/consultancy). FY2023: nil. The FY2025 charge is genuinely one-off (IPO reorganization) and not a recurring cost masked as exceptional [UDRHP p.489, OF].

## Compensation Alignment

### ESOP / SBC analysis:

- FY2025 Employee share based payment expense: ₹3,199.68M [UDRHP MD&A p.488, OF]
- FY2024: ₹2,529.81M [UDRHP MD&A p.488, OF]
- FY2023: ₹1,060.00M (implied from changes in equity table) [UDRHP p.405, OF]
- Q1 FY2026 (3M Jun 2025): ₹474.88M (annualised: ~₹1,900M) [UDRHP p.403, OF]

SBC as % of Revenue:

- FY2023:  $1,060 / 57,345 = 1.8\%$
- FY2024:  $2,530 / 76,151 = 3.3\%$
- FY2025:  $3,200 / 93,899 = 3.4\%$
- Q1 FY2026 annualised:  $1,900 / 93,899$  (annualised)  $\approx 1.9\%$

SBC is moderate and declining on a per-quarter basis post-IPO, consistent with front-loaded pre-IPO vesting.

**Executive pay structure:** Not disclosed in the UDRHP in a format that allows metric-by-metric alignment analysis. The UDRHP contains aggregate director remuneration but not the specific metrics driving variable compensation. [△ \[NOT RETRIEVED\]](#) — detailed compensation structure with metric weightings.

**Total dilution:** Shares outstanding went from ~3.77B (FY2024) to ~4.25B (Jun 30, 2025), an increase of ~12.6%, driven primarily by the IPO-related reorganization (business combination, CCPS conversion, bonus issue of 47.2509:1). The bonus issue of 4,114,359,925 shares (offset by cancellation of 3,985,623,243) was a reorganization mechanism, not dilutive SBC [UDRHP p.404, OF].

> **Investor Implication:** Management quality cannot be assessed on a multi-year public track record — Meesho is 6 weeks post-IPO. The pre-IPO decisions (zero-commission pivot, Valmo, technology investment) demonstrate conviction and willingness to sacrifice near-term financials for structural advantage. The 2-quarter margin recovery guidance is the first testable promise — its outcome in Q4 FY2026 and Q1 FY2027 results will be the first credibility data point for public investors.

## SECTION 4: THE MOAT: INDEPENDENT VERIFICATION

### Claimed Advantage 1: Network Effects (Demand-Side Scale)

**Management's claim:** "We are India's largest e-commerce platform by Annual Transacting Users and Placed Orders... This creates a self-reinforcing commerce flywheel: a wider range of products attracts more consumers to our platform, which in turn draws more sellers, encouraging greater competition and selection, ultimately resulting in lower prices." — UDRHP p.310 [OF]

**Independent verification:** [SOURCE: INDEPENDENT — Redseer Industry Report (as cited in UDRHP)]

**The Redseer Report, a third-party market research firm's analysis included in the UDRHP, states:** "Meesho is #1 in Placed Orders and #1 in ATU among e-commerce platforms in India" with market shares of 21-23% in fashion and 23-25% in home categories [UDRHP p.305, OF]. This is an independent market research firm's assessment, though it was commissioned for inclusion in the UDRHP and therefore has inherent conflict-of-interest risk.

**Switching cost:** ₹0 per consumer per year in monetary terms. The switching cost is behavioural, not contractual — consumers face zero lock-in. However, the structural switching cost lies in the seller ecosystem: sellers who have optimised their operations for Meesho's fulfillment system, ad tools, and Valmo logistics face migration costs in terms of lost ad spend history, delivery network access, and consumer relationships built on the platform. Estimated seller switching cost: **Assumption:** ₹50,000–₹200,000 per seller per year (based on annual ad spend potential at 5.5% take rate on average seller NMV, plus relisted catalog effort), though this is highly variable across seller size. [△ \[ANALYTICAL JUDGMENT — no retrieved document provides seller switching cost data\]](#)

**Vulnerability trigger:** "If Flipkart or Amazon India achieves >150M annual transacting users purchasing unbranded/value products at <₹300 AOV by March 2028, Meesho's demand-side network effect is eroding." [△ \[ANALYTICAL JUDGMENT — competitor/metric identified by Claude, not drawn from retrieved documents\]](#) Rationale: Meesho's moat depends on being the *only* scaled marketplace for value commerce. If a competitor matches ATU scale in this specific segment, the winner-take-all dynamic weakens.

### Claimed Advantage 2: Proprietary Logistics (Valmo)

**Management's claim:** "We have developed a purpose-built, asset-light and tech-led logistics network – Valmo... Valmo has enabled us to gain an approximately 15-20% efficiency improvement in last mile delivery cost in areas where Valmo has been deployed for an extended period of time." — UDRHP p.326 [OF]

**Independent verification:** Unverifiable from public sources — no non-management source retrieved. The 15-20% efficiency claim is management's own assertion. There are no independent benchmarking studies in the retrieved documents comparing Valmo's unit economics to 3PL alternatives.

**Vulnerability trigger:** "If a 3PL partner (Delhivery, Ecom Express, or equivalent) offers Meesho a committed per-order rate below ₹35 for last-mile delivery in Tier 2+ cities by March 2027, Valmo's cost advantage thesis weakens." [△ \[ANALYTICAL JUDGMENT — competitor/metric identified by Claude, not drawn from retrieved documents\]](#)

### Claimed Advantage 3: Technology Platform (BharatMLStack)

**Management's claim:** "We have a 155-member team dedicated to machine learning and artificial intelligence... Our proprietary technology platform BharatMLStack processes approximately 1.91 PB of data daily, executes 66.90 trillion feature retrievals, and performs 3.12 trillion inferences at peak." — UDRHP p.325 [OF]

**Independent verification:** Unverifiable from public sources — no non-management source retrieved. The technology metrics are self-reported. No third-party technology assessment exists in the retrieved documents.

**Vulnerability trigger:** "If Meesho's ad product return on ad spend (ROAS) for sellers declines for two consecutive quarters while a competitor's ad platform gains share among the same MSME seller base, the technology advantage is not translating to competitive differentiation." [△ \[ANALYTICAL JUDGMENT — metric identified by Claude, not drawn from retrieved documents\]](#)

### Competitor Mention Analysis

Across all retrieved transcripts (1 — Q3 FY2026 earnings call) and the shareholder letter:

**Named competitors:** Zero. Neither the earnings call nor the shareholder letter names any competitor by name. The UDRHP Risk Factors section references "intense competition" from "established domestic and global e-commerce players" and "social commerce platforms" but names no entity [UDRHP p.87, OF].

**Tone:** Management consistently frames the competitive discussion in terms of market size (₹83T TAM, ₹33T SAM) and whitespace, not competitive dynamics. When asked about Temu-like platforms by an analyst (Vijit Jain, Citi), management pivoted to discussing their own cross-income-segment penetration [Earnings Call, TR]. This is consistent with a company that views its primary competition as offline retail, not other e-commerce platforms.

**Signal:** The complete absence of competitor names in a 50-minute earnings call and an 18-page shareholder letter is notable. It may reflect genuine market leadership (naming competitors confers legitimacy) or management preference to avoid inviting comparison. At 251M ATU in India, the refusal to benchmark against named peers denies investors the ability to contextualise market share trends.

> **Investor Implication:** Meesho's moat is demand-side scale in a specific market segment (value commerce, ₹274 AOV) rather than contractual lock-in or proprietary technology. The Redseer Report confirms #1 position, but the report was commissioned for the UDRHP. The absence of contractual switching costs means the moat is entirely behavioural — sustained only as long as Meesho offers the best combination of selection, price, and logistics in the value segment. The ad monetization lever (if 5.5-6% take rate is achieved) would create meaningful seller-side lock-in through optimised ad history, but this is forward-looking, not current.

## SECTION 5: UNIT ECONOMICS: DERIVE, DON'T DESCRIBE

### Customer Acquisition Cost (CAC)

#### Derivation from filings:

Advertising & sales promotion expense is the closest proxy for consumer acquisition spend:

- FY2023: ₹9,278M [UDRHP MD&A p.490, OF]
- FY2024: ₹4,595M [UDRHP MD&A p.490, OF]
- FY2025: ₹6,435M [UDRHP MD&A p.488, OF]
- Q1 FY2026 (3M): ₹2,390M (annualised: ~₹9,560M) [UDRHP MD&A p.487, OF]

Net ATU additions:

- FY2023→FY2024: 155.6M - 136.4M = 19.2M net new
- FY2024→FY2025: 198.8M - 155.6M = 43.2M net new
- FY2025→Q3 FY2026 (LTM): 251M - 155.6M (FY2024) = 95.4M over ~21 months, or roughly 54.6M annualised

**Assumption:** Gross user additions = 1.2×-1.5× net additions (implying 17%-33% annual churn). This is an assumption — Meesho does not disclose churn. Lower churn is consistent with the platform's improving NMV/GMV ratio (fewer RTOs = happier users), while higher churn is plausible given the low switching cost.

**Assumption:** Attribution: 50% / 75% / 100% of advertising expense allocated to new user acquisition (remainder is retention/brand).

#### 3-Scenario CAC Sensitivity (FY2025):

Scenario	Gross Additions Assumption	Ad Spend Attribution	CAC (₹ per user)
Low CAC	Gross = 1.2× net = 51.8M	50% of ₹6,435M = ₹3,218M	₹62
Mid CAC	Gross = 1.35× net = 58.3M	75% of ₹6,435M = ₹4,826M	₹83
High CAC	Gross = 1.5× net = 64.8M	100% of ₹6,435M = ₹6,435M	₹99

Management states CAC is declining [Earnings Call, TR] and that organic growth (friends/family sharing, app discovery) is increasing as a share of acquisition [Earnings Call, TR]. The structural reasons for low CAC: (1) limited competition for mass-India consumers in digital advertising — fewer bidders for Tier 3-4 city eyeballs; (2) product-led growth through content commerce (39,618 content creators).

**Cross-check against FY2023:** Ad spend was ₹9,278M on 19.2M net new ATU → ₹484/net new user (100% attribution). This implies CAC *declined* ~80% from FY2023 to FY2025, consistent with management's claim but also with the zero-commission model creating organic supply-side pull.

## Lifetime Value (LTV)

**Data limitations:** Meesho does not disclose cohort-level retention or frequency data. The only cohort insight is: "the top quartile of our users transact at a frequency of more than 20x a year" and "as the cohorts keep maturing, people keep on adding to their frequency of transactions" [Earnings Call — Dhires Bansal, TR].

### LTV estimation framework:

Revenue per ATU (FY2025): ₹93,899M / 198.8M = ₹472

Contribution margin per ATU (FY2025): CM of ₹14,837M / 198.8M ATU = ₹75 per user per year (at Marketplace level) [UDRHP MD&A p.479, OF]

**Assumption:** Annual retention rate = 80%–85% (derived from structural recurrence analysis in Section 2). Discount rate = 12%.

Scenario	Retention	Annual CM/User	LTV (₹)	LTV/CAC (Mid CAC ₹83)
Bear	80%	₹75	$₹75 / (1 - 0.80/1.12) = ₹75 / 0.286 = ₹262$	3.2x
Base	82.5%	₹75 (growing 5% annually with frequency)	~₹310	3.7x
Bull	85%	₹75 (growing 10% annually)	~₹395	4.8x

All scenarios show LTV/CAC >3x, classifying unit economics as **healthy** even under conservative assumptions. However, these estimates assume CM/user holds stable or improves — if CM compression persists beyond Q1 FY2027, LTV deteriorates.

**Selection bias flag:** The ">20x" frequency figure is for the top quartile only. The bottom quartile likely transacts 1-2x per year. LTV is heavily skewed toward power users, and the platform-average figure masks significant cohort heterogeneity.

## Marginal Economics

(YoY Δ Contribution Margin) / (YoY Δ Revenue):

Period	Δ Revenue (₹M)	Δ CM (₹M)	Marginal CM %
FY2023→FY2024	18,806	7,373	39.2%
FY2024→FY2025	17,748	1,805	10.2%

The sharp decline in marginal CM from 39.2% to 10.2% reflects the Valmo scale-up investment and strategic cost pass-through to sellers in FY2025. This is not monotonic and the deterioration has a documented cause (Valmo + seller cost reduction strategy) [UDRHP MD&A p.479, OF]. The question for investors is whether FY2024's 39.2% marginal CM represents the normalised trajectory or whether FY2025's 10.2% is the new baseline. Management's 2-quarter recovery guidance implies they view FY2025 as an anomaly.

## Revenue Quality — Locked-In Revenue for FY2027

△ [ANALYTICAL JUDGMENT — Meesho does not disclose contractual revenue visibility]

Component	Estimated % of FY2027 Revenue	Basis
Retained base (habitual users, 80-85% retention)	~60-65%	Structural recurrence analysis (Section 2)
Contracted backlog	0%	No contractual commitments — pure transaction model
New-to-win	~35-40%	Net new ATU additions + frequency growth from existing users

Meesho has near-zero contractual revenue visibility. 100% of revenue depends on repeat voluntary transactions. The "lock-in" is behavioural habit, not contractual obligation.

> **Investor Implication:** At a mid-case CAC of ~₹83 and LTV of ~₹310, Meesho's unit economics are healthy (LTV/CAC 3.7×). The critical variable is contribution margin trajectory: if CM recovers to the 4.4-5.6% of NMV range seen in FY2024-Q1 FY2026, LTV/CAC improves significantly. The zero contractual revenue visibility is the structural risk — if growth investments slow (less marketing) without offsetting frequency gains, the revenue base could decelerate faster than a subscription business would.

## SECTION 6: FINANCIAL MODEL: STATUTORY, NOT ADJUSTED

### Complete Financial Summary (₹ Million)

#### Income Statement:

Metric	FY2023	FY2024	FY2025	3M Jun 2025	Q3 FY2026	9M FY2026
Revenue from Operations	57,345 [OF]	76,151 [OF]	93,899 [OF]	25,039 [OF]	35,176 [OF]	90,951 [OF]
Revenue Growth %	—	32.8%	23.3%	—	25.3% (YoY Q3)	—
Other Income	1,632 [OF]	2,441 [OF]	5,110 [OF]	1,261 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
<b>Total Income</b>	<b>58,977 [OF]</b>	<b>78,592 [OF]</b>	<b>99,009 [OF]</b>	<b>26,300 [OF]</b>	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
Employee Benefits Expense	7,283 [OF]	7,577 [OF]	8,482 [OF]	2,073 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
— of which SBC	~1,060 [OF]	2,530 [OF]	3,200 [OF]	475 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
Finance Costs	13 [OF]	64 [OF]	69 [OF]	14 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
Depreciation & Amortisation	300 [OF]	581 [OF]	340 [OF]	80 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
Other Expenses	68,100 [OF]	73,516 [OF]	91,202 [OF]	25,610 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
— of which Logistics & Fulfillment	48,168 [OF]	59,268 [OF]	73,521 [OF]	19,553 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
— of which Advertising & Sales Promo	9,278 [OF]	4,595 [OF]	6,435 [OF]	2,390 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
— of which Server & Software	5,675 [OF]	5,775 [OF]	6,196 [OF]	1,913 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
<b>Total Expenses</b>	<b>75,696 [OF]</b>	<b>81,738 [OF]</b>	<b>100,093 [OF]</b>	<b>27,776 [OF]</b>	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]

<b>Restated Loss before Exceptional</b>	<b>(16,719)</b> [OF]	<b>(3,145)</b> [OF]	<b>(1,084)</b> [OF]	<b>(1,477)</b> [OF]	<b>(4,907)</b> [OF]	<b>(11,913)</b> [OF]
Exceptional Items	—	(131) [OF]	(13,464) [OF]	(924) [OF]	— [OF]	— [OF]
<b>Restated Loss after Exceptional</b>	<b>(16,719)</b> [OF]	<b>(3,276)</b> [OF]	<b>(39,417)</b> [OF]	<b>(2,894)</b> [OF]	<b>(4,907)</b> [OF]	<b>(11,913)</b> [OF]
Tax Expense	—	—	24,868 [OF]	493 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
<b>Net Loss (PAT)</b>	<b>(16,719)</b> [OF]	<b>(3,276)</b> [OF]	<b>(39,417)</b> [OF]	<b>(2,894)</b> [OF]	<b>(4,907)</b> [OF]	<b>(11,913)</b> [OF]
Diluted EPS (₹)	(4.43) [OF]	(0.87) [OF]	(9.98) [OF]	(0.68) [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
Diluted Share Count (M)	3,772 [OF]	3,772 [OF]	4,240 [OF]	4,247 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]

**Notes on Q3 FY2026 and 9M FY2026:** The quarterly filing (financials.pdf) provides Revenue and Restated Loss before exceptional items but not the detailed expense breakdown. The UDRHP covers through Q1 FY2026 only; Q2 and Q3 FY2026 granular expense data is not available in retrieved documents.

**Internal consistency check (FY2025):**

- Revenue ₹93,899M – Total Expenses ₹100,093M = Loss before exceptional (₹6,194M). But reported is (₹1,084M). Reconciliation: Total Income includes Other Income ₹5,110M → ₹99,009M – ₹100,093M = (₹1,084M). ✓
- Restated Loss (₹1,084M) + Exceptional (₹13,464M) = (₹14,549M). + Tax ₹24,868M = (₹39,417M). ✓

**EBITDA / Adjusted EBITDA Reconciliation (₹M)**

From UDRHP pp.491-493 [OF]:

Metric	FY2023	FY2024	FY2025	3M Jun 2025
Restated Loss (A)	(16,719)	(3,276)	(39,417)	(2,894)
+ Tax Expense	—	—	24,868	493
+ D&A	300	581	340	80
+ Finance Costs	13	64	69	14
<b>EBITDA (C = A + above)</b>	<b>(16,405)</b>	<b>(2,632)</b>	<b>(14,139)</b>	<b>(2,307)</b>
+ SBC	1,060	2,530	3,200	475

+ Exceptional Items	—	131	13,464	924
+ FV loss on derivatives	—	—	—	272
– Interest/investment income	(959)	(2,008)	(2,600)	(385)
– FV gain on derivatives	—	—	(301)	—
– FV gain on investments	(115)	(14)	(1,156)	(203)
– Other adjustments	—	(18)	(9)	—
<b>Adjusted EBITDA (F)</b>	<b>(16,937) [OF]</b>	<b>(2,302) [OF]</b>	<b>(2,196) [OF]</b>	<b>(1,675) [OF]</b>

### Economic EBITDA (= Adj EBITDA – SBC)

Metric	FY2023	FY2024	FY2025	3M Jun 2025
Adjusted EBITDA	(16,937)	(2,302)	(2,196)	(1,675)
– SBC	(1,060)	(2,530)	(3,200)	(475)
<b>Economic EBITDA</b>	<b>(17,997)</b>	<b>(4,832)</b>	<b>(5,396)</b>	<b>(2,150)</b>

△ **Key finding:** Economic EBITDA worsened in FY2025 vs FY2024 even as Adjusted EBITDA improved dramatically. The divergence is driven by SBC ramping from ₹2,530M to ₹3,200M (pre-IPO vesting acceleration). On an annualised Q1 FY2026 basis, SBC is ~₹1,900M — if this run-rate holds, Economic EBITDA improves to approximately  $(₹1,675 - ₹475) \times 4 = (\sim ₹8,600\text{M})$  annualised, still deeply negative. The company has never been economically profitable at the EBITDA level.

### ESOP / SBC Analysis

Metric	FY2023	FY2024	FY2025	Q1 FY2026 (ann.)
SBC (₹M)	~1,060	2,530	3,200	~1,900
SBC as % of Revenue	1.8%	3.3%	3.4%	~2.0%
SBC as % of Adj EBITDA	N/M (both negative)	N/M	N/M	N/M
Cumulative SBC (from FY2023)	1,060	3,590	6,790	~7,265

Cumulative Revenue	57,345	133,496	227,395	~252,434
Cumulative SBC / Revenue	1.8%	2.7%	3.0%	2.9%

SBC as a % of revenue is moderate (sub-4%) and appears to be declining post-IPO as pre-IPO vesting completes.  $\Delta$  SBC does NOT exceed 20% of Adj EBITDA in any year — the flag threshold is not breached because both SBC and Adj EBITDA are negative or SBC is smaller than the loss.

**Total dilution:** FY2023 diluted shares 3,772M → Q1 FY2026 4,247M = 12.6% dilution over the period. However, this is primarily the IPO reorganization (CCPS conversion + bonus issue), not incremental employee dilution.

### Core Operating Earnings

Metric	FY2023	FY2024	FY2025	3M Jun 2025
PAT (Restated Loss)	(16,719)	(3,276)	(39,417)	(2,894)
- Other Income	(1,632)	(2,441)	(5,110)	(1,261)
+ Tax on Other Income (est. ~25%)	408	610	1,278	315
<b>Core Operating PAT</b>	<b>(17,943)</b>	<b>(5,107)</b>	<b>(43,249)</b>	<b>(3,840)</b>

Core operating PAT has **never been positive**. Stripping out treasury/investment income and the FY2025 exceptional items, core operating losses are: (₹17,943M) FY2023, (₹5,107M) FY2024, (₹3,887M) FY2025 ex-exceptional. The trajectory is improving but the company remains deeply loss-making on a core operating basis.

### Balance Sheet (₹M)

From UDRHP p.402 [OF]:

Item	Jun 30, 2025	Mar 31, 2025	Mar 31, 2024	Mar 31, 2023
Cash & Equivalents	1,665	1,471	1,404	965
Bank Balances (other than C&CE)	1,342	2,313	—	—
Investments (Current)	38,585	49,834	7,436	20,485
Investments (Non-Current)	—	—	—	2,961

Other Financial Assets	15,569	16,311	20,477	7,847
<b>Total Liquid Assets</b>	<b>57,161</b>	<b>69,929</b>	<b>29,317</b>	<b>32,258</b>
Total Current Assets	57,312	67,873	31,673	26,395
Total Non-Current Assets	3,184	4,388	9,937	12,139
<b>Total Assets</b>	<b>60,496</b>	<b>72,261</b>	<b>41,610</b>	<b>38,533</b>
Total Equity	12,038	14,456	22,296	24,720
Total Non-Current Liabilities	606	636	726	115
Total Current Liabilities	47,854	57,170	18,588	13,699
<b>Total Liabilities</b>	<b>48,459</b>	<b>57,806</b>	<b>19,314</b>	<b>13,814</b>
Total Debt	—	—	—	—
<b>Net Cash</b>	<b>57,161</b>	<b>69,929</b>	<b>29,317</b>	<b>32,258</b>

△ **Key observation:** Total current liabilities spiked from ₹18,588M (Mar 2024) to ₹57,170M (Mar 2025) — driven by provision for tax of ₹25,089M (reorganization tax) and other current liabilities of ₹2,167M. This is the financial reflection of the ₹24,868M tax expense booked in FY2025 for the business combination reorganization. Stripping this one-off, underlying current liabilities are ~₹32,081M, still elevated vs FY2024 due to trade payables growth (₹1,323M → ₹9,387M) reflecting platform scale.

**Zero debt confirmed.** Meesho has no borrowings. Net cash = total liquid assets.

### Cash Flow (₹M)

From UDRHP p.406 [OF]:

Metric	FY2023	FY2024	FY2025	3M Jun 2025
Operating Cash Flow	(23,082)	2,202	5,394	(12,685)
Investing Cash Flow	4,984	(1,656)	(26,353)	12,923
Financing Cash Flow	(118)	(114)	21,053	(45)
<b>Net Change in Cash</b>	<b>(18,216)</b>	<b>432</b>	<b>94</b>	<b>194</b>
Capex (PP&E +	(380)	(352)	(229)	(55)

intangibles + dev assets)				
<b>FCF (OCF – Capex)</b>	<b>(23,462)</b>	<b>1,850</b>	<b>5,165</b>	<b>(12,740)</b>

**LTM FCF (FY2025 per UDRHP MD&A reconciliation):** CFO ₹5,760M – Capex ₹229M + Exceptional cash ₹381M = ₹5,912M [UDRHP MD&A p.480, OF]. ₹591 Cr per KPI.xlsx.

#### Cash flow quality:

- CFO/EBITDA conversion: CFO ₹5,394M / EBITDA (₹14,139M) — not meaningful when EBITDA is negative. However, the positive OCF despite negative EBITDA is driven by working capital inflows (₹15,518M) and non-cash charges (SBC ₹3,200M, exceptional ₹13,464M, D&A ₹340M).
- FY2023 OCF was (₹23,082M); FY2024 turned positive at ₹2,202M; FY2025 improved to ₹5,394M. The trajectory is strongly improving.
- Q1 FY2026 OCF was (₹12,685M) — driven by working capital reversal and reorganization cash flows, not operational deterioration.
- Capex is minimal: ₹229M in FY2025 (0.24% of revenue). The business is genuinely asset-light.

> **Investor Implication:** Meesho's financials show a company transitioning from deep losses (FY2023: ₹16.7B net loss ex-exceptional) toward operational breakeven (FY2025: ₹1.1B pre-exceptional loss). The ₹57B+ net cash position and zero debt provide a multi-year runway. However, Economic EBITDA remains deeply negative when SBC is included, and core operating PAT has never been positive. The path to profitability depends on (1) CM recovery to 4.4-5.6% of NMV, (2) ad monetization scaling toward 5.5-6% take rate, and (3) operating leverage on fixed costs (already declining from 11.6% to 7.1% of NMV). The FY2025 exceptional charge (₹13.5B reorganization) and tax provision (₹24.9B) are genuinely one-off and should not recur.

## SECTION 7: MANAGEMENT DISCUSSION & ANALYSIS: MULTI-YEAR SYNTHESIS

**Data availability:** Meesho has one annual report embedded in the UDRHP (covering FY2023–FY2025 and 3M Jun 2025) and one shareholder letter (Q3 FY2026). There is no multi-year series of separate annual reports to compare because Meesho was private until December 2025. The analysis below draws from the UDRHP MD&A, the shareholder letter, and the earnings call.

### Stated Strategic Priorities

#### From UDRHP (covering FY2023–Q1 FY2026):

Expand consumer base — penetrate deeper into Tier 3-4+ cities; grow ATU [UDRHP p.332, OF]

Invest in technology and AI — BharatMLStack, Meesho AI Labs; 56.55% of FTE are tech workforce [UDRHP p.325, OF]

Deepen affordability — lower cost per placed order; pass savings to sellers and consumers [UDRHP p.332, OF]

Enhance monetization — ad product, seller value-added services; target 5.5-6.0% take rate [UDRHP p.332, OF]

Drive innovation via Horizon 2 initiatives — content commerce, Meesho Mall, Meesho Grocery [UDRHP p.332, OF]

#### From Shareholder Letter (Q3 FY2026):

Three flywheels: Commerce, Logistics (Valmo), Content Commerce [Shareholder Letter p.4, OF]

North star metric: Free Cash Flow per share [Shareholder Letter p.12, OF]

Steady-state targets: 6.5-7.0% FCF margin, 5.5-6.0% ad take rate [Shareholder Letter p.12, OF]

Valmo optimisation and margin recovery [Shareholder Letter p.8, OF]

### Synthesised Themes

#### Durable themes (present across all sources):

- **Affordability as competitive weapon:** Consistently cited across UDRHP, shareholder letter, and earnings call. Management's view: lower costs → lower prices → more consumers → more sellers → more competition → even lower prices. The flywheel is cost-led, not brand-led or speed-led.
- **Technology-first approach:** 56.55% tech workforce ratio; ₹6.2B server/software spend; BharatMLStack at scale. This is not lip service — the allocation of human capital and opex confirms technology as the core capability.
- **Asset-light logistics:** Valmo uses contracted partners, not owned assets. Capex is <0.25% of revenue. Even as logistics insourcing deepens, the capital intensity remains near zero.

#### Emerging priorities (new in most recent disclosures):

- **FCF per share as north star:** This was first articulated in the shareholder letter. It signals maturation from a growth-at-all-cost mindset to a return-on-capital framework. For a recently IPO'd company with negative Economic EBITDA, this is an aspirational statement rather than an operational reality.
- **Valmo subsidiary for financial transparency:** The CFO mentioned setting up a separate logistics subsidiary "primarily to explore how should we kind of structure the Valmo

financials, so that they are more clearly visible" [Earnings Call — Dhires Bansal, TR]. This signals that Valmo will likely be disclosed as a segment or subsidiary in future filings, enabling investors to track its unit economics independently.

- **Gig worker regulation monitoring:** The CFO acknowledged the gig worker code but stated expectation that logistics cost reduction trajectory is not threatened [Earnings Call — Dhires Bansal, TR]. This is a new regulatory risk not discussed in the UDRHP's risk factors section.

**Abandoned initiatives:** Cannot assess — no prior annual reports to compare against. The UDRHP mentions that Popshop Commerce Private Limited was filed for liquidation (April 25, 2022) and PT Fashnear Technology Indonesia was under liquidation — suggesting exits from Indonesia and a social commerce spin-off. Fashnear Shenzhen Trading Co. Ltd (China) was liquidated May 2024. These exits from international operations are consistent with the focus-on-India strategy [UDRHP p.408, OF].

### Narrative Consistency vs. Financial Outcomes

Management Claim	Financial Evidence	Assessment
"We are India's largest by ATU and orders"	251M ATU, 690M placed orders (Q3); Redseer confirms #1	Consistent ✓
"Cost per placed order declining"	₹50.45 → ₹43.08 → ₹37.70	Consistent ✓
"Fixed costs as % of NMV declining"	11.56% → 7.05%	Consistent ✓
"CM to recover in 2 quarters"	Q1 FY26 CM 4.43%, Q3 CM 2.3% — 213 bps deterioration	Pending verification
"Adjusted EBITDA losses peaked this quarter"	Q3 FY26 Adj EBITDA loss not separately disclosed; FY2025 Marketplace Adj EBITDA (₹1,167M) was better than FY2024 (₹1,492M)	Directionally consistent but Q3 FY26 absolute figure not available
"LTM FCF positive at ₹56 Cr"	Reconciled in UDRHP MD&A to CFO - Capex + exceptional cash	Consistent ✓ — though ₹56 Cr on ₹30,000 Cr NMV is 0.19% margin

### Tone Evolution

The UDRHP (filed October 2025) is a standard IPO prospectus — factual, forward-looking, opportunity-sized (₹83T TAM). The shareholder letter (January 2026) introduces a more personal tone from Vidit Aatrey, positioning Meesho's story around the founding vision and the three flywheels. The earnings call is notably confident but measured: management freely acknowledges the Valmo cost headwind, provides a specific recovery timeline, and explicitly states "bottom line losses peaked this quarter" — language that creates a verifiable accountability moment.

The shift from "growth at all costs" (the zero-commission era, FY2022-2023) to "FCF per share is our north star" (Q3 FY2026) is a genuine strategic evolution, not merely a narrative pivot. The financial evidence supports it: FY2023 losses were ₹16.7B pre-exceptional; FY2025 pre-exceptional losses

were ₹1.1B; LTM FCF turned positive at ₹560M. The trajectory is real, even if the absolute level remains early-stage.

> **Investor Implication:** Meesho's management narrative is unusually consistent for a newly public company — the strategic priorities articulated in the UDRHP carry through to the shareholder letter and earnings call without material contradiction. The shift to "FCF per share" as the declared north star is the most consequential framing choice: it commits management to a profitability trajectory that can be tracked quarterly. The 2-quarter margin recovery guidance is the first falsifiable public commitment.

## SECTION 8: TAILWINDS AND RISKS

### Structural Tailwinds (5+ Year Horizon)

#### Tailwind 1: India's Underpenetrated E-Commerce Market

**External trigger:** India's e-commerce penetration in retail is approximately 7-8% (₹6.7T online retail in FY2024 against total retail ₹83T) [UDRHP p.300 — Redseer Report, OF]. The SAM for value commerce (products <₹500 ASP) is ₹33T, of which online penetration is even lower.

**Financial line impact:** Revenue from operations, driven by ATU expansion and NMV growth.

**Second-order effects:** Rising smartphone penetration in Tier 3-4+ cities + improving logistics infrastructure → new users who were previously unaddressable → ATU growth sustains 15-25% for 5+ years.

**Magnitude:** If India's e-commerce penetration reaches 15% (₹12.5T) over 10 years, and Meesho maintains 20% value-segment share, addressable online NMV = ~₹2.5T (vs current ~₹30,000 Cr / ₹300B). This implies 7-8× current NMV.

**Timeline:** 7-10 years for structural penetration shift.

**Falsification test:** If India's internet retail penetration fails to reach 12% by 2030, the TAM thesis is overstated.

#### Tailwind 2: Formalisation of India's MSME Seller Ecosystem

**External trigger:** GST digitisation, regulatory change allowing non-GST sellers to sell online, and UPI ubiquity are bringing India's 60-70M MSMEs into the digital commerce ecosystem for the first time [Earnings Call — Vidit Aatrey, TR].

**Financial line impact:** Seller-side monetization (ads, fulfillment fees, value-added services).

**Second-order effects:** More sellers → more selection → better matching → higher conversion → flywheel acceleration. The 81% YoY seller growth suggests this tailwind is currently accelerating.

**Magnitude:** If Meesho's seller base reaches 5M (from 846K today) and each seller pays an average annual take of ₹50,000-100,000 in platform fees, incremental seller-side revenue = ₹250B-500B annually.

**Timeline:** 5-8 years.

**Falsification test:** If annual transacting seller growth decelerates below 20% for two consecutive years without reaching 3M, the formalisation tailwind is saturating earlier than expected.

#### Tailwind 3: Content Commerce Enabling Discovery-Led Purchasing

**External trigger:** Short-video content consumption in India (Instagram Reels, YouTube Shorts) is training consumers to discover products visually rather than through search. Meesho's content commerce flywheel (39,618 creators, ₹7.07B NMV in FY2025) taps into this behavioural shift [UDRHP p.328, OF].

**Financial line impact:** Incremental NMV from content-led purchases; higher conversion rates on content-discovered products.

**Timeline:** 5+ years; content commerce is in early stages globally.

**Falsification test:** If content commerce NMV fails to exceed ₹25B by FY2027 (3.5× current), the channel is not scaling as a meaningful driver.

### Cyclical Tailwinds (1-3 Year Horizon)

#### Tailwind 4: Valmo Cost Optimisation Unwind

**Trigger:** Emergency 3PL capacity built at premium rates during May-June 2025 is being unwound. Management expects CM to recover to Q1 FY2026 levels (4.43%) within 2 quarters [Earnings Call, TR].

**Financial line impact:** Contribution margin improves 200+ bps, flowing directly to EBITDA.

**Timeline:** Q4 FY2026 – Q1 FY2027 (6-9 months).

**Falsification test:** If CM fails to recover above 3.5% of NMV by Q2 FY2027, the Valmo disruption has created structural (not cyclical) margin compression.

#### Tailwind 5: Improving Prepaid Mix

**Trigger:** CoD share declining from 88.71% (FY2023) to 75.09% (Q1 FY2026) [UDRHP p.86, OF]. Management notes prepaid mix continues to improve [Earnings Call, TR].

**Financial line impact:** Lower RTOs (prepaid RTOs < CoD RTOs) → higher NMV/GMV ratio → lower logistics waste.

**Timeline:** Ongoing, 1-3 years for meaningful margin impact.

**Falsification test:** If CoD share plateaus above 65% by FY2028, the prepaid transition is stalling in mass-market India.

### Risks

#### Risk 1: Regulatory — E-Commerce FDI Rules / Platform Liability

**External trigger:** India's e-commerce regulations (Consumer Protection E-Commerce Rules 2020, proposed amendments) could impose marketplace liability for product quality, restrict pricing influence, or require additional compliance infrastructure [UDRHP pp.338-353, OF].

**Financial line impact:** Increased compliance costs, potential operating model constraints.

**Second-order effects:** Could limit Meesho's ability to offer zero-commission or subsidised services.

**Magnitude:** Compliance costs estimated at ₹500M-2,000M annually depending on regulatory scope.

**Timeline:** 1-3 years; regulatory direction uncertain.

**Falsification test:** If DPIIT mandates marketplace liability for product defects within 24 months, Meesho's asset-light model faces structural compliance cost escalation.

**Behavioural response:** Meesho would likely invest in Project Vishwas (consumer trust) and Project Suraksha (anti-counterfeit) to pre-empt regulatory action [UDRHP p.335, OF]. Competitors face the same regulation, so competitive impact is neutral unless enforcement is asymmetric.

#### Risk 2: Competitive — Flipkart/Amazon Downmarket Expansion

**External trigger:** Flipkart (backed by Walmart) and Amazon India could aggressively expand into value commerce with lower-priced assortment, subsidised logistics, and marketing to Tier 3-4+ cities.

**Financial line impact:** ATU growth deceleration, higher CAC, potential CM compression from competitive pricing.

**Magnitude:** If a competitor captures 30% of Meesho's incremental ATU growth, revenue growth decelerates from ~25% to ~17%, and LTV/CAC could compress below 3× if CAC rises.

**Timeline:** 2-4 years.

**Falsification test:** If Flipkart or Amazon India reports >100M ATU purchasing items at <₹500 AOV by FY2028, the competitive threat has materialised.

**Behavioural response:** Meesho's likely response: deepen Valmo cost advantage, accelerate ad product monetization to fund competitive pricing. Counterparty response: competitors could absorb losses on value segment funded by profitable premium segment.

### **Risk 3: Execution — Logistics Network Fragility**

**External trigger:** The May-June 2025 3PL partner failure demonstrated that Meesho's logistics network has single-point-of-failure risk. A second major partner failure or a regulatory event affecting gig workers could repeat or worsen the CM compression [Earnings Call, TR].

**Financial line impact:** CM compression of 100-300 bps for 2-4 quarters.

**Magnitude:** On annualised NMV of ~₹45,000 Cr, 200 bps CM compression = ~₹900 Cr annual contribution margin loss.

**Timeline:** Episodic risk — could occur at any time.

**Falsification test:** If Meesho diversifies logistics to ≥8 E2E partners with no single partner exceeding 20% of volume by FY2028, this risk is mitigated.

### **Risk 4: Capital Allocation — Cash Burn Resumption**

**External trigger:** If competitive intensity increases or growth investments require acceleration, Meesho could resume cash burn despite having turned LTM FCF positive. The ₹57B net cash provides runway but is finite.

**Financial line impact:** LTM FCF turns negative; cash runway shortens from 10+ years to 3-5 years.

**Timeline:** Ongoing risk; most acute if a well-capitalised competitor enters value commerce aggressively.

### **Risk 5 (Undiscussed): CoD Structural Ceiling on Unit Economics**

△ [ANALYTICAL JUDGMENT — this risk was identified by Claude based on business model reasoning, not drawn from retrieved documents]

**Trigger:** Meesho's 75% CoD share creates a structural floor on logistics costs: every CoD order requires cash handling (collection, remittance, reconciliation) and faces higher RTO risk (22.3% failure rate). This is not discussed as a risk by management — the earnings call and shareholder letter frame prepaid improvement as a tailwind but do not model the scenario where CoD share plateaus.

**Financial impact mechanism:** If CoD share plateaus at 60-65% (plausible for mass-India demographics where digital payment adoption is slower in Tier 3-4+), the cost per placed order may have a structural floor ~₹30-35 — limiting the CM improvement from logistics to ~100-150 bps vs. the 200+ bps management implies.

**Indirect evidence:** The UDRHP discloses CoD success rate of 77.70% [UDRHP p.86, OF] — meaning ~22% of CoD orders fail, incurring round-trip logistics cost with zero revenue. On an estimated ₹10 reverse logistics cost per failed CoD order and ~500M annual CoD shipped orders × 22% failure = ~₹1,100M annual deadweight loss from CoD failures alone. This is not disclosed as a separate line item but is embedded in the logistics cost.

**Probability range:** 30-40% that CoD plateaus above 60% for Tier 3-4+ users.

**Directional FCF impact:** If CoD plateaus at 65% vs management's implicit assumption of continued decline: estimated ₹2,000M–₹3,000M annual FCF headwind vs. optimistic scenario (based on ₹5-10 per order excess logistics cost × ~2.5B annual placed orders × 65% CoD × incremental failure cost premium).

### Stress Cases (Top 3 Risks)

#### Risk 2 (Competition) — Stressed vs Base:

Metric	Base FY2027E	Stressed FY2027E
Revenue Growth	25%	15%
CM as % NMV	4.5%	3.5%
Adj EBITDA (₹M)	~1,000 (near breakeven)	(5,000)

#### Risk 3 (Logistics) — Stressed vs Base:

Metric	Base FY2027E	Stressed FY2027E
CM as % NMV	4.5%	2.5%
Adj EBITDA (₹M)	~1,000	(8,000)

#### Risk 5 (CoD Ceiling) — Stressed vs Base:

Metric	Base FY2027E	Stressed FY2027E
Steady-state FCF Margin	6.5% of NMV	4.5% of NMV
FCF at ₹60,000 Cr NMV	₹3,900 Cr	₹2,700 Cr

### Risk Quantification Table

Risk	P(risk)	Annual FCF Impact if Materialised (₹M)	Expected Annual FCF Drag (₹M)
Regulatory (e-commerce rules)	20%	(2,000)	(400)
Competition (downmarket)	25%	(6,000)	(1,500)
Logistics network fragility	15%	(9,000)	(1,350)
Capital allocation (cash burn)	15%	(5,000)	(750)
CoD structural ceiling	35%	(3,000)	(1,050)

**Aggregate risk-adjusted FCF drag: ₹5,050M per year.**

> **Investor Implication:** The tail risk for Meesho is a well-capitalised competitor entering value commerce (₹6B annual FCF impact if materialised) combined with a logistics disruption — these two risks in combination could push Meesho from near-breakeven to deep losses. The CoD structural ceiling is the undiscussed risk that most directly constrains the terminal economics thesis: if CoD share plateaus above 60%, the 6.5-7.0% FCF margin target may need to be revised to 4.5-5.0%, which changes the valuation thesis materially.

## SECTION 9: APPENDIX: OPERATIONAL METRICS DASHBOARD

### Quarterly Operational Metrics

**Note:** Meesho listed December 10, 2025 and has minimal quarterly disclosure history. Data availability: KPI.xlsx provides quarterly data from Q3 FY2025 through Q3 FY2026 (4 quarters). The UDRHP provides annual and Q1 FY2026 data. Only Q3 FY2026 has earnings call data.

Metric	Q3 FY2025	Q4 FY2025	Q1 FY2026	Q2 FY2026	Q3 FY2026
ATU (M)	188 [OF]	199 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	251 [OF]
Placed Orders (M)	508 [OF]	533 [OF]	570 [OF]	683 [OF]	690 [OF]
NMV (₹ Cr)	8,739 [OF]	7,997 [OF]	8,672 [OF]	9,962 [OF]	10,995 [OF]
Revenue (₹M)	28,068 [OF]	25,803 [OF]	25,039 [OF]	30,736 [OF]	35,176 [OF]
Revenue Growth YoY	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	25.3% [OF]
Annual Transacting Sellers ('000)	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	846 [TR]
CM as % NMV	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	4.43% [OF]	△ [NOT RETRIEVED]	2.3% [OF]
Cost per Placed Order (₹)	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	37.70 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]
LTM FCF (₹ Cr)	△ [NOT RETRIEVED]	591 [OF]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	56 [OF]
Cash & Investments (₹ Cr)	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	7,277 [OF]
Restated Loss before Exceptional (₹M)	△ [NOT RETRIEVED]	△ [NOT RETRIEVED]	(1,477) [OF]	△ [NOT RETRIEVED]	(4,907) [OF]

### Annual Operational Metrics

Metric	FY2023	FY2024	FY2025
ATU (M)	136.4 [OF]	155.6 [OF]	198.8 [OF]

ATU Growth YoY	—	14.1%	27.8%
Placed Orders (M)	~1,390 [OF]	~1,750 [OF]	~2,080 [OF]
NMV (₹ Cr)	19,233 [OF]	23,241 [OF]	29,988 [OF]
NMV Growth YoY	—	20.8%	29.0%
Revenue (₹M)	57,345 [OF]	76,151 [OF]	93,899 [OF]
Revenue Growth YoY	—	32.8%	23.3%
Adj EBITDA Marketplace (₹M)	(15,990) [OF]	(1,492) [OF]	(1,167) [OF]
CM Marketplace (₹M)	5,659 [OF]	13,032 [OF]	14,837 [OF]
CM as % NMV	2.94% [OF]	5.61% [OF]	4.95% [OF]
Cost per Placed Order (₹)	50.45 [OF]	△ [NOT RETRIEVED]	43.08 [OF]
Fixed Costs as % NMV	11.56% [OF]	△ [NOT RETRIEVED]	7.05% [OF]
LTM FCF (₹ Cr)	(2,336) [OF]	199 [OF]	591 [OF]
Net Cash / Investments (₹M)	32,258 [OF]	29,317 [OF]	69,929 [OF]
Employees (FTE)	1,710 [OF]	1,326 [OF]	1,656 [OF]
SBC (₹M)	~1,060 [OF]	2,530 [OF]	3,200 [OF]

**Data limitation:** Only 4 quarters of granular data are available from the KPI.xlsx. The UDRHP provides annual aggregates for FY2023-FY2025 and Q1 FY2026. Q2 FY2026 operational metrics beyond placed orders, NMV, and revenue are not available in retrieved documents.

Now writing the Executive Summary (last, per skill instructions):

## APPENDIX A: EARNINGS SENTIMENT ANALYSIS

### 1 Quarter Analyzed: Q3 FY2026

**Date:** 2026-04-20

**Transcripts Retrieved:** 1 of 1 attempted

**Analysis Period:** Q3 FY2026 (October–December 2025)

### RETRIEVAL LOG

Quarter	Transcript	Source	Full/Summary	Notes
Q3 FY2026	Yes	QuatrPro (Document ID 2766551) <a href="#">[Q]</a>	Full (80 pages)	First-ever public earnings call; hosted by Kotak Securities; ~50 minutes

### EXECUTIVE SUMMARY

Meesho's Q3 FY2026 earnings call — its first as a publicly listed company — projected a management team confident in the growth flywheel but navigating a temporary logistics cost headwind. The dominant narrative was one of ATU-led growth (251M annual transacting users, +34% YoY) coupled with explicit margin recovery guidance: CEO Vedit Aatrey stated that bottom-line losses "peaked in this quarter" and would converge to Q1 FY26 levels "in the next 2 quarters." This was the single most repeated commitment across prepared remarks and Q&A.

The secondary narrative was the Valmo logistics disruption — an unnamed 3PL partner ceased operations around May–June 2025, forcing Meesho into expensive short-term capacity contracts through the festive season. This dominated analyst questioning (6 of 9 analysts asked logistics-related questions). Management framed it as a one-time event with a clear 2-quarter resolution timeline, but the depth of analyst attention signaled that logistics cost credibility is the single most important near-term proof point for the investment case.

### TOP 5 POSITIVES

#### 1. ATU Growth Momentum — 251M Users, 34% YoY

**Quarters Present:** Q3 FY2026 (first call)

**Source:** Management-initiated (prepared remarks lead metric)

**Trajectory:** Emerging — first data point as public company

Vedit Aatrey opened with ATU as the very first metric, signaling management views this as the anchor growth KPI. The 34% YoY growth to 251M was framed alongside "most downloaded shopping app in India" positioning. Critically, management claimed CAC has *declined* over recent years — the opposite of what analysts expected — attributing this to low competition for mass-India consumers

in deeper-tier geographies. Dhiresb Bansal (CFO) guided that ATU addition would be the primary growth driver for "the next 1 to 2 years," with frequency growth taking over in the 3–5 year horizon. The top quartile of users transacts 20+ times per year, providing a frequency ceiling reference for newer cohorts.

**Key Quotes:**

- "Our annual transacting user base crossed 250 million for the first time. It was 251 million and on Y-o-Y growth about 34%, which is quite strong." — Vidit Aatrey, CEO, Q3 FY2026
- "The cost of ads generally has not been — actually, it has gone down over the last few years." — Vidit Aatrey, CEO, Q3 FY2026

**2. Ad Monetization Trajectory — 5.5–6% Steady-State Target**

**Quarters Present:** Q3 FY2026

**Source:** Both — management-initiated target, analyst-validated through multiple follow-ups

**Trajectory:** Emerging

Ad monetization drew questions from 3 analysts (BofA, Morgan Stanley, ICICI Securities), with management providing a clear long-term take-rate target of 5.5–6% of NMV, benchmarked to "value commerce platforms globally." CFO Dhiresb Bansal disclosed that ROAS for sellers has improved 50% + YoY, driving organic adoption without any salesforce — management explicitly stated "we don't have a sales team, we don't plan to add a sales team." This self-serve, product-led monetization approach was presented as structurally different from keyword-based ad models used by branded e-commerce peers. The 5.5–6% target was framed as achievable through competitive dynamics naturally compressing seller ROAS over time, mirroring the trajectory of international peers.

**Key Quotes:**

- "5.5% to 6% is something that a lot of value commerce platforms globally kind of at least get to, and we also believe we should get there." — Vidit Aatrey, CEO, Q3 FY2026
- "The return on ad spend that we are providing to our sellers has increased by almost 50% or more." — Dhiresb Bansal, CFO, Q3 FY2026

**3. Seller Base Expansion — 846K Sellers, 81% YoY, Non-GST Unlock**

**Quarters Present:** Q3 FY2026

**Source:** Management-initiated

**Trajectory:** Emerging

The 81% YoY seller growth was the second metric Aatrey led with, and it carries structural significance: Meesho was "the first and only" platform to allow non-GST sellers to sell online, unlocking a segment that represents the majority of India's ~60–70M sellers. This regulatory arbitrage was presented as a durable supply-side moat. Management emphasized zero seller acquisition incentives — growth is entirely product-driven and organic. Vijit Jain (Citi) probed whether incentives were being used and got an unequivocal denial. The non-GST-to-GST graduation pathway was highlighted as a flywheel: non-GST sellers onboard, scale, and then formalize, improving the platform's compliance profile over time.

**Key Quotes:**

- "As that law changed, we were the first and only ones to kind of launch a product, which supports even getting non-GST sellers to be able to sell online." — Vidit Aatrey, CEO, Q3 FY2026

- "There's no incentive in the beginning for anyone to come on board." — Vidit Aatrey, CEO, Q3 FY2026

#### 4. Meesho Mall Brand Traction — 70% YoY NMV Growth

**Quarters Present:** Q3 FY2026

**Source:** Analyst-validated (Axis, Kotak probed it)

**Trajectory:** Emerging

Meesho Mall — the branded seller vertical within the core marketplace — grew 70% YoY in Q3, outpacing platform NMV growth of 26%. Brands like P&G and Nivea were named as scaling partners. Management framed branded and unbranded as coexisting naturally based on use case (personal care = brand preference; women's apparel = variety preference). This is significant because it addresses the bear case that Meesho is structurally limited to unbranded/low-value commerce. Meesho Mall financials are consolidated within the marketplace — no separate disclosure — but the 70% growth rate, if sustained, implies branded is gaining share of platform NMV.

**Key Quotes:**

- "Last quarter, it grew by roughly about 70% year-on-year, so faster than the platform in terms of NMV growth." — Vidit Aatrey, CEO, Q3 FY2026
- "More brands come on board. They tell us that they are able to reach an audience for the first time that they could not before." — Vidit Aatrey, CEO, Q3 FY2026

#### 5. NMV-to-GMV Ratio Improvement — RTO and Prepaid Mix Gains

**Quarters Present:** Q3 FY2026

**Source:** Analyst-validated (Axis probed it)

**Trajectory:** Emerging

The NMV/GMV ratio improved from ~57% to ~60%, driven by reduced RTOs (return-to-origin) and cancellations. Prepaid share improvement was cited as a structural driver: prepaid orders have lower RTO rates than cash-on-delivery. This metric matters because NMV-to-GMV conversion is the single largest "leakage" point in Meesho's funnel — every percentage point improvement flows directly to revenue and contribution margin. Management presented this as an ongoing trajectory rather than a one-time gain.

**Key Quotes:**

- "As the prepaid share of the platform improves, that also leads to a certain percentage improvement in our RTO numbers because the prepaid RTOs tend to be lower than cash and delivery RTOs." — Vidit Aatrey, CEO, Q3 FY2026

### TOP 5 CONCERNS / HEADWINDS

#### 1. Valmo Logistics Disruption and Cost Spike

**Quarters Present:** Q3 FY2026

**Primary Raisers:** Sachin Salgaonkar (BofA), Gaurav Rateria (Morgan Stanley), Sachin Dixit (JM Financial), Aditya Suresh (Macquarie), Abhisek Banerjee (ICICI Securities)

**Management Response Pattern:** Acknowledged — detailed, transparent, with explicit 2-quarter recovery timeline

**Status:** Persistent (2 quarters into disruption; management guided 2 more quarters to normalize)

This was the dominant concern, raised by 5 of 9 analysts. An unnamed 3PL partner "stopped being in business" around May–June 2025, forcing Meesho to build replacement capacity via expensive short-term contracts during the festive ramp. Contribution margin fell to 2.3% vs. a guided ~2–2.5% steady-state logistics margin on NMV. Management was transparent and detailed: Aatrey explicitly confirmed bottom-line losses "peaked in this quarter" and guided convergence to Q1 FY26 levels within 2 quarters. Dhiresb Bansal confirmed Valmo's in-sourcing share "declined marginally." The Valmo logistics subsidiary was formed for financial transparency, not to open up to third parties. However, the depth of analyst questioning — 5 analysts dedicating their first or primary question to logistics — signals that cost recovery credibility is the market's #1 near-term concern.

**Key Exchanges:**

- **Sachin Salgaonkar, Bank of America (Q3 FY2026):** "How should that change your outsourcing mix? I think the last reported number was around 62% to 65%, and because of the change in mix, should we see an increase in cost or decrease in cost?"

**Vidit Aatrey, CEO:** "We will continue to basically decide the right mix between Valmo and third-party logistics partners basis the lowest cost structure... we will fix it and then start to scale up Valmo."

- **Sachin Dixit, JM Financial (Q3 FY2026):** "You highlighted that there was some rapid expansion of Valmo, which is why we saw some cost spikes. How do we think of like what exactly happened?"

**Vidit Aatrey, CEO:** "Around May, June, one of our partners stopped being in business... we had 2 options, not to build capacity and basically not service many users or basically build capacity but at much inferior cost in a very short period of time."

## 2. Lack of Granular Financial Disclosure (Ads, Logistics Breakdown)

**Quarters Present:** Q3 FY2026

**Primary Raisers:** Sachin Salgaonkar (BofA), Sachin Dixit (JM Financial), Aditya Suresh (Macquarie)

**Management Response Pattern:** Acknowledged but deflected — guided to shareholder letter pages, declined to share specific ad numbers

**Status:** New

Multiple analysts pushed for specific ad revenue numbers and detailed logistics cost breakdowns. Aatrey explicitly declined on ads: "Right now, we are not sharing specific ad numbers." When JM Financial's Sachin Dixit asked for logistics cost detail, Bansal redirected to the shareholder letter's Page 15 and Page 9 contribution margin bridge rather than providing new numbers. Macquarie's Aditya Suresh asked about logistics cost movements on an "absolute rupee" basis and was given percentage-of-NMV framing instead. For a first earnings call, some opacity is expected, but the pattern of redirect-to-existing-disclosure rather than incremental transparency was noted by multiple analysts.

**Key Exchanges:**

- **Sachin Salgaonkar, Bank of America (Q3 FY2026):** "It would be great to get some color in terms of how it has improved in the quarter."

**Vidit Aatrey, CEO:** "Right now, we are not sharing specific ad numbers. But in terms of inputs, we continue to see a lot of progress happening on that product."

- **Sachin Dixit, JM Financial (Q3 FY2026):** "Is it possible for you to break down that between at least the larger ones, things like logistics and fulfillment expense and advertisement maybe?"

**Dhiresb Bansal, CFO:** "If you go to the shareholder letter and Page 15, that has some of the details."

### 3. Gig Worker Regulation Risk to Last-Mile Costs

**Quarters Present:** Q3 FY2026

**Primary Raisers:** Abhisek Banerjee (ICICI Securities)

**Management Response Pattern:** Acknowledged with hedging — "still studying the impact," "some degree of confusion"

**Status:** New

ICICI Securities raised the new gig worker code's impact on last-mile delivery costs. Bansal's response contained notably hedged language — "still studying the impact," "some degree of confusion that exists on different state versus central kind of laws" — which contrasted with the otherwise confident tone on most other topics. However, management framed their cost reduction expectations as coming from "network optimization, better design, more automation, innovative last-mile models" rather than delivery partner payout compression, suggesting the gig worker code may not directly undermine their margin roadmap. This is an area to monitor in subsequent quarters for tone shifts.

**Key Exchanges:**

- **Abhisek Banerjee, ICICI Securities (Q3 FY2026):** "With the new laws around gig workers, et cetera, do you think that the last mile part of that cost is becoming more sticky?"

**Dhiresb Bansal, CFO:** "We're still studying the impact... there's still some degree of confusion that exists on different state versus central kind of laws... we don't expect any sort of change in the expectations that we have on reduction of overall logistics cost even with the new code coming in."

### 4. Q3 NMV Growth Deceleration — 26% vs. 51% in Q2

**Quarters Present:** Q3 FY2026

**Primary Raisers:** Abhisek Banerjee (ICICI Securities)

**Management Response Pattern:** Acknowledged with context — festive season shift

**Status:** New (but likely resolving — management guided to 9M combined 37% as normalized rate)

The Q3 NMV growth of 26% YoY looked weak against Q2's 51%. ICICI Securities pressed whether the broader e-commerce market grew faster than Meesho in Q3. Bansal's response was that festive demand shifted earlier (sale started September 19 vs. September 27 prior year), making 9M combined growth of 37% the better reference. This explanation is mechanically sound — festive timing shifts are standard in Indian e-commerce — but it also means the market will be watching Q4 and FY27 closely for whether the 37% 9M growth rate holds as a sustainable baseline or decelerates further.

**Key Exchanges:**

- **Abhisek Banerjee, ICICI Securities (Q3 FY2026):** "The overall e-commerce market would have actually grown at a faster pace in Q3 than Q2. So, is it slightly different for you guys?"

**Dhiresb Bansal, CFO:** "Both in the baseline as well as kind of in current year numbers, this shift is kind of reflected. And that's why you had Q2 NMV growth of about 51%... on an aggregated basis, let's say, this is about 37% growth."

## 5. Valmo Accounting Treatment Change — Revenue/Cost Discontinuity

**Quarters Present:** Q3 FY2026

**Primary Raisers:** Aditya Suresh (Macquarie)

**Management Response Pattern:** Acknowledged — explained as a GST law change, YoY comparable but QoQ discontinuity

**Status:** New (one-time accounting adjustment, but creates noise in near-term comparisons)

Macquarie's Aditya Suresh specifically asked about accounting impacts in logistics costs. Bansal disclosed that Valmo last-mile costs between April–September 2025 were excluded from both revenue and cost, then subsequently brought into both following a GST law change. This creates a QoQ discontinuity (Q3 revenue and cost both appear inflated vs. Q1–Q2) while YoY comparisons are clean. This is a technical issue, but for a newly listed company with limited public financial history, any accounting treatment change in its first reported quarter creates friction for analysts building models.

### Key Exchanges:

- **Aditya Suresh, Macquarie (Q3 FY2026):** "Can you talk through the movements in your logistics costs this quarter versus last? And are there any kind of accounting impacts there?"

**Dhiresb Bansal, CFO:** "There was a treatment change for some of our last mile costs related to Valmo, which were part of — which were between the periods April '25 till September '25, but not part of either the revenue or the cost."

## NARRATIVE CROSSCURRENTS

The central tension in this call was between management's confident growth narrative (251M ATU, 81% seller growth, 70% Meesho Mall growth) and the logistics cost disruption that overshadowed near-term economics. Management explicitly attempted to decouple these — framing the Valmo disruption as temporary and exogenous, while the growth metrics are structural and compounding. Analysts, however, devoted disproportionate Q&A time to logistics (estimated 60%+ of questions touched logistics), signaling the market is pricing the cost recovery more heavily than the top-line momentum.

A secondary crosscurrent emerged around disclosure norms. Management declined to share specific ad revenue numbers, redirected logistics cost questions to existing documents, and framed the Valmo subsidiary as a transparency vehicle while simultaneously not providing new financial detail through it. This is defensible for a first call, but the pattern will be compared against subsequent quarters — analysts will expect increasing granularity as the public track record builds.

Overall sentiment trajectory: constructive but "show me." The growth story is compelling and was not challenged by any analyst. The economics story is on a 2-quarter probation — management has made explicit commitments (return to Q1 FY26 margins by Q1 FY27) that will be easy to verify. The risk is binary: deliver on the timeline and credibility is established; miss it and the logistics cost narrative dominates the next 2–3 calls.

## QUARTER-BY-QUARTER THEME TRACKER

Quarter	Key Positive Theme	Key Concern Theme	Tone Shift?
Q3 FY2026	ATU 251M (+34% YoY); ad monetization ROAS	Valmo disruption — CM 2.3%; limited	N/A (first call)

	+50% YoY; Meesho Mall 70% YoY	financial disclosure; gig worker regulation uncertainty	
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## DATA LIMITATIONS

- **Single transcript available:** Meesho IPO'd on December 10, 2025. Q3 FY2026 (October–December 2025) is the first quarter with a public earnings call. No prior transcripts exist. The skill targets up to 16 quarters; only 1 of 16 is available.
- **No longitudinal comparison possible:** All themes are tagged "Emerging" or "New" because there is no prior quarter to compare against. The sentiment trajectory, tone shifts, and persistence assessments that would normally anchor this analysis are unavailable.
- **Limited Q&A diversity:** As a first call, analyst questions skewed heavily toward "getting to know the business" rather than probing specific quarter-over-quarter changes. Future calls will likely have sharper, more targeted questioning as analysts build their models.
- **Web search fallback not attempted:** Per closed-book rules for this phase, no web search was conducted for additional transcripts. Meesho held no public earnings calls prior to Q3 FY2026.