

meesho

VALUATION REPORT (DCF)

Prepared By: Mohd Yasir

About Meesho

They are a multi-sided technology platform driving e-commerce in India by bringing together four key stakeholders – consumers, sellers, logistics partners and content creators. Their e-commerce marketplace, that they operate under the brand name Meesho, emerged as India's largest in terms of number of Placed Orders and Annual Transacting Users among e-commerce players in India in the last twelve months period ended June 30, 2025, according to the Redseer Report.

Calculation of Unlevered Free Cash Flow (FCF)

Income Statement Items (Rs mm)								
Fiscal Year	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
	Historical			Forecast				
Revenue from Operations	57,345.19	76,151.48	93,899.03	1,15,214.11	1,37,450.43	1,60,817.01	1,85,422.01	2,11,195.67
% growth	-	32.8%	23.3%	22.7%	19.3%	17.0%	15.3%	13.9%
Operating Expense								
Employee Benefit Expense	7,282.50	7,577.03	8,481.81	9,793.20	10,996.03	12,061.28	12,979.54	14,572.50
% of RFO	12.7%	9.9%	9.0%	8.5%	8.0%	7.5%	7.0%	6.9%
Other Expenses	68,099.68	73,515.90	91,202.27	1,05,996.98	1,20,956.38	1,31,869.95	1,39,066.51	1,47,836.97
% of RFO	118.8%	96.5%	97.1%	92.0%	88.0%	82.0%	75.0%	70.0%
Total Operating Expense	75,382.18	81,092.93	99,684.08	1,15,790.18	1,31,952.42	1,43,931.22	1,52,046.05	1,62,409.47
EBITDA	(18,036.99)	(4,941.45)	(5,785.05)	(576.07)	5,498.02	16,885.79	33,375.96	48,786.20
Depreciation and Amortisation	300.63	581.10	340.27	394.41	399.68	465.05	634.75	722.98
% of RFO	0.5%	0.8%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
Operating Profit (EBIT)	(18,337.62)	(5,522.55)	(6,125.32)	(970.48)	5,098.33	16,420.74	32,741.21	48,063.22
Operating Taxes	-	-	-	-	25.0%	25.0%	25.0%	25.0%
NOPAT (Net Operating Profit After Taxes)	(18,337.62)	(5,522.55)	(6,125.32)	(970.48)	3,823.75	12,315.55	24,555.91	36,047.42

Cash Flow Items (Rs mm)								
NOPAT (Net Operating Profit After Taxes)	(18,337.62)	(5,522.55)	(6,125.32)	(970.48)	3,823.75	12,315.55	24,555.91	36,047.42
(+) Depreciation and Amortization	300.63	581.10	340.27	394.41	399.68	465.05	634.75	722.98
(-) Capital Expenditure	379.97	352.47	228.97	525.88	627.37	734.02	846.33	963.97
(-) Change in NWC	-	(1,413.55)	(10,963.57)	4,940.38	80.65	(728.49)	(360.23)	50.06
NWC	(6,388.95)	(7,802.50)	(18,766.07)	(13,825.69)	(13,745.04)	(14,473.53)	(14,833.76)	(14,783.70)
Current Assets	2,664.94	2,333.05	558.33					
Current Liabilities	9,053.89	10,135.55	19,324.40					
Unlevered Free Cash Flow	(18,416.96)	(3,880.37)	4,949.55	(6,042.32)	3,515.41	12,775.07	24,704.56	35,756.36

Calculation of Net Working Capital (NWC)

Change in working capital								
Fiscal Year	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Trade Receivables	3.96	1.81	4.59					
Other Current Assets	2,660.98	2,331.24	553.74					
Total Current Assets	2,664.94	2,333.05	558.33					
Trade Payables	-	-	-					
Total outstanding dues of micro enterprises and small enterprises	74.01	615.81	1,322.93					
Total outstanding dues of creditors other than micro enterprises and small enterprises	8,268.01	8,133.44	9,387.02					
Other current liabilities	497.35	1,294.35	8,503.00					
Provisions	214.52	91.95	111.45					
Total Current Liabilities	9,053.89	10,135.55	19,324.40					
NWC	(6,388.95)	(7,802.50)	(18,766.07)	(13,825.69)	(13,745.04)	(14,473.53)	(14,833.76)	(14,783.70)
Change in NWC	0.00	(1,413.55)	(10,963.57)	4,940.38	80.65	(728.49)	(360.23)	50.06

Assumptions

Assumptions								
Fiscal Year	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Revenue Growth Rate		32.8%	23.3%	22.7%	19.3%	17.0%	15.3%	13.9%
Base Case				22.7%	19.3%	17.0%	15.3%	13.9%
Optimistic Case				25%	23%	20%	17%	15%
Conservative Case				19.7%	16.3%	14.0%	12.3%	10.9%
EBE % of RFO	12.7%	9.9%	9.0%	8.5%	8.0%	7.5%	7.0%	6.9%
Other expenses % of RFO	118.8%	96.5%	97.1%	92.0%	88.0%	82.0%	75.0%	70.0%
Depreciation % of RFO	0.5%	0.8%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
CapEx % of RFO	0.7%	0.5%	0.2%	0.5%	0.5%	0.5%	0.5%	0.5%
Net working capital % of RFO	-11.1%	-10.2%	-20.0%	-12.0%	-10.0%	-9.0%	-8.0%	-7.0%
Tax Rate	0.0%	0.0%	0.0%	0.0%	25.0%	25.0%	25.0%	25.0%



Calculation of Weighted Average Cost of Capital (WACC)

Weighted Average cost of capital (WACC)	
Equity (mm)	14,455.18
Debt (mm)	424.08
Cost of Debt	16.3%
Tax Rate	25.0%
D/(D+E)	2.9%
After Tax Cost of Debt	12.2%
Risk Free Rate (10Y Gol yield)	6.6%
Expected Market Return	13.6%
Market Risk Premium	7.0%
Levered Beta	1.2
E/(D+E)	97.1%
Cost of Equity	15.0%
WACC	14.9%

PV value of Forecasted Cash Flows

Unlevered Free Cash Flow (Rs mm)								
Fiscal Year	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Unlevered Free Cash Flow	(18,416.96)	(3,880.37)	4,949.55	(6,042.32)	3,515.41	12,775.07	24,704.56	35,756.36
Projection Year				1	2	3	4	5
Present Value of Free Cash Flow				(5,257.84)	2,661.85	8,417.31	14,164.15	17,838.98

Calculation of Implied Stock Price

Implied Share Price Calculation	
Sum of PV of FCF	37,824.44
Growth Rate	4.0%
WACC	14.9%
Terminal Value	3,40,528.09
PV of Terminal Value	1,69,890.70
Enterprise Value	2,07,715.14
(+) Cash	3,783.89
(-) Debt	424.08
(-) Minority Interest	-
Equity Value	2,11,074.95
Equity Share Capital	1,947.50
Face Value	1.00
Diluted Shares Outstanding (mm)	1,947.50
Implied Share Price	108.38
Terminal Growth	4.0%
WACC	14.9%

Sensitivity Analysis

Sensitivity Table						
		Growth Rate				
WACC	108.38	3.00%	3.50%	4.00%	4.50%	5.00%
	13.92%	112.19	116.98	122.25	128.08	134.57
	14.42%	105.97	110.26	114.97	120.15	125.88
	14.92%	100.30	104.16	108.38	113.01	118.10
	15.42%	95.10	98.59	102.39	106.54	111.09
	15.92%	90.33	93.50	96.93	100.66	104.74