

INDUSTRY OVERVIEW

Unless otherwise indicated, industry and market data used in this section have been derived from the report titled “E-commerce industry overview and evolution” dated October 15th, 2025 (the “Redseer Report”) prepared and issued by Redseer Strategy Consultants Private Limited (“Redseer”), which has been commissioned by and paid for by our Company exclusively in connection with the Offer for the purposes of confirming our understanding of the industry in which we operate. Neither we, nor the BRLMs, nor any other person connected with the Offer has independently verified any third-party statistical and other industry information in the Redseer Report. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Redseer Report and included herein with respect to any particular year, refers to such information for the relevant year. The data included herein includes excerpts from the Redseer Report and may have been re-ordered by us for the purposes of presentation. References to various segments in the Redseer Report and information derived therefrom are references to industry segments and in accordance with the presentation, analysis and categorisation in the Redseer Report. Our segment reporting in our financial statements is based on the criteria set out in Ind AS 108, Operating Segments and we do not present such industry segments as operating segments.

For further details and risks in relation to the Redseer Report, see “Risk Factors—Certain sections of this Pre-Filed Draft Red Herring Prospectus contain information from the Redseer Report which has been exclusively commissioned and paid for by us in relation to the Offer and any reliance on such information for making an investment decision in this offering is subject to inherent risks” on page 113. The Redseer Report will form part of the material documents for inspection and will be available on the website of our Company at <https://investor.meesho.com/ipo-disclosures> from the date of filing of the Updated Draft Red Herring Prospectus - I until the Bid/Offer Closing Date.

Executive Summary

1. India’s retail market, projected to reach ₹123–135 trillion (US\$1.4–1.6 trillion) by FY2030, is supported by India’s favourable economic growth led by a rising middle class, urbanization, and a growing workforce. These factors are fuelling consumption uptake in tier 2+ cities and across discretionary categories. (as cited on page 2,3,4,5 and 6)
2. India’s retail market is expected to remain fragmented in terms of supply, with regional brands and unbranded products projected to drive more than 70% of the total retail spends. (as cited on page 6 and 7)
3. The supply fragmentation led by regional brands and unbranded segment is prevalent across most prominent categories in India retail (except pharma, BPC, and electronics). (as cited on page 7,8 and 9)
4. High fragmentation in India’s retail supply is driven by diverse local preferences, price sensitivity, and complex, intermediary-heavy supply chains. (as cited on page 9 and 10)
5. This fragmentation has contributed to the creation and sustenance of unorganised retail, which continues to serve the major share of retail demand. (as cited on page 10 and 11)
6. Unorganised retail, however, remains inefficient in terms of sourcing and store level operations, resulting in structural limitations in scaling value, assortment, service quality, and consistent consumer access. (as cited on page 11)
7. Organised retail, spanning brick and mortar and e-commerce formats, is addressing these challenges through formalized supply chains, improved fulfilment and logistics infrastructure, and tech-enabled discovery. E-commerce is emerging as the fastest growing retail format, projected to drive 12–13% retail spends by FY2030. (as cited on page 11,12,13 and 14)
8. India’s e-commerce market is projected to grow at 20–25% CAGR over the next 5 years and reach ₹15–18 trillion (US\$174–214 billion) by FY2030. Non-electronics categories are projected to lead the growth, capitalizing on the high growth runway. (as cited on page 13 and 14)
9. India e-commerce growth is being enabled by the accelerated digital adoption by consumers, increasing digitization of the fragmented retail supplier base, and declining logistics costs that enable low ticket servicing. (as cited on page 16,17,18,19 and 20)
10. India’s e-commerce monetization is evolving from commission only models to diversified revenue streams including advertising, logistics, financial services, and value added offerings, driving sustainable growth and profitability. (as cited on page 21 and 22)

11. Two prominent business models have evolved in India e-commerce, targeting the divergent consumer needs: value focused e-commerce and convenience focused e-commerce. Of these, value focused e-commerce is well-placed to enable the expansion of India's e-commerce userbase. (as cited on page 22,23 and 24)
12. Value focused e-commerce aggregates India's fragmented supply, led by regional brands and unbranded products, to effectively meet the affordability led demand, and is gaining share in the India e-commerce market, with stronger margin expansion. (as cited on page 24 and 25)
13. Value focused e-commerce runs on discovery-led purchase journey, and provision of wide, deep and affordable assortment. It monetizes largely through digital advertisements, owing to low commission structures and a large base of small-scale sellers. (as cited on page 25,26,27,28,31,32 and 33)
14. Value focused e-commerce typically operates on platform-based architecture, making it more capital efficient. (as cited on page 28,29,30 and 31)
15. Mature e-commerce markets such as China demonstrate that value focused e-commerce has ability to dominate e-commerce sector in the long term and in a sustainable way. (as cited on page 33,34 and 35)

Chapter 1: India retail opportunity

1.1 India Retail is projected to become a ₹123–135 trillion (US\$1.4–1.6 trillion) market by Fiscal 2030, with headroom for sustained growth

India retail market stood at ~₹83 trillion (~US\$978 billion) in Fiscal 2025 and is projected to grow to ₹123–135 trillion (US\$1.4–1.6 trillion) by Fiscal 2030P, implying a CAGR of 8–10%. This represents an acceleration in growth rate compared to the growth in retail market over the past five years, which was adversely affected by economic slowdowns resulting from the COVID-19 pandemic and global macroeconomic factors. Despite the large scale, India's per capita retail spend remains low compared to China, Indonesia and the US, underscoring the long-term growth potential.

Figure 1a: India Retail market

In ₹ trillion (US\$ billion)

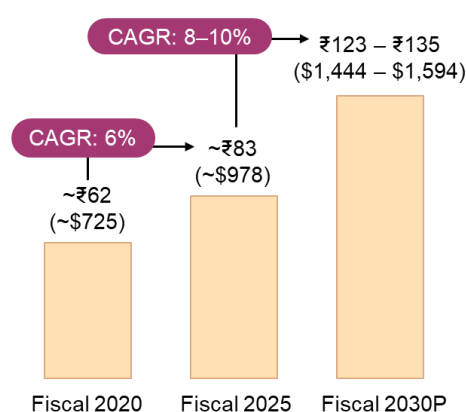
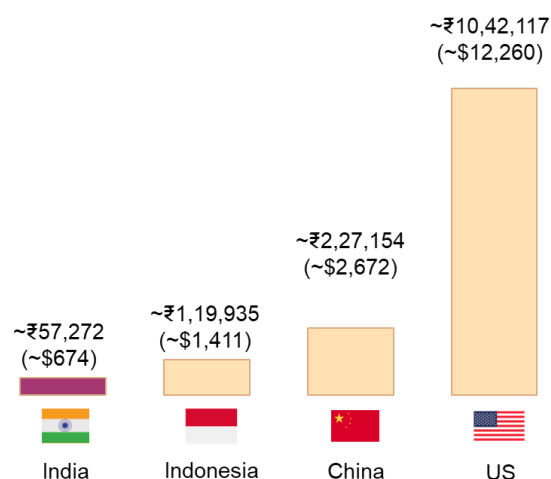


Figure 1b: Per capita Retail spends

In ₹ (US\$), CY2024



Note: 1. India retail market is defined as the purchase of products across categories including BPC, Home and Furniture, General Merchandise, Jewellery, Electronics, Fashion, FMCG, Pharma, Staples and Fresh ; 2. India's per capita retail spend pertains to Fiscal 2025; 3. Conversion rate: 1 US\$ = ₹85; 4. India has been benchmarked against the US (large developed economy), China (large economy with similar demographics), and Indonesia (fast-growing developing economy).

Source(s): UN World Population Prospects 2024 (Medium Variant), Redseer research & analysis

1.2 India's favourable macro-economic scenario led by the expansion of the middle-income segment is central to the growth in India retail, as it fuels the significant consumption uptake in tier 2+ cities and across discretionary categories

India's nominal GDP is projected to grow at a CAGR of ~9% between Fiscal 2025 and Fiscal 2030, reaching ~₹523 trillion (~US\$6.1 trillion) by Fiscal 2030, according to the International Monetary Fund (IMF) World Economic Outlook, April 2025. As per IMF World Economic Outlook, April 2025, India ranked as the world's fifth-largest economy in CY2024, and is expected to surpass Germany and become the third largest economy by CY2028. As India continues to be a consumption-driven economy, with Private Final Consumption Expenditure (PFCE) accounting for ~61% of GDP in Fiscal 2025 (at ~₹200 trillion (~US\$2.4 trillion) in absolute terms) as per press note on first advance estimates by Ministry of Statistics and Program Implementation's (The provisional estimates of annual gross domestic product for 2024-25 and quarterly estimates of gross domestic products for the fourth quarter of 2024-25), its promising economic growth prospects are expected to translate into increased consumption across sectors including retail.

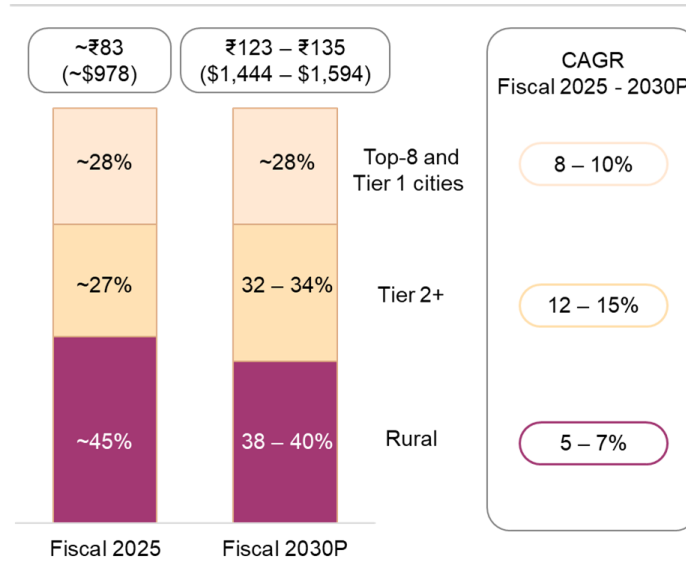
India's favorable demographics are expected to further reinforce this economic growth:

- India's expanding middle-income segment (with income between ₹0.3–1.1 million (US\$ 3,300–13,000)) is a key enabler of the long-term consumption and economic growth. The number of middle-income households is projected to increase from ~176 million in Fiscal 2025 to ~212 million by Fiscal 2030, driven by shifts such as rising incomes, formalization of the workforce, and the transition from an agrarian to a service and manufacturing-led economy.
- India benefits from younger demographics, with a median age of ~28 years compared to other major economies in CY2024, as per the United Nations, World Population Prospects 2024 (standard projections, medium variant), which is significantly lower than world's top global economies by nominal GDP, namely Japan (~49 years), Germany (~45 years), China (~40 years), and the US (~38 years). Further, ~68% of India's population is in the working-age bracket (15–64 years) as per United Nations, World Urbanization Prospects (Urban and Rural Population in CY2024), contributing to rising income levels, growing aspirations, and increased discretionary spending.
- India's urbanization is accelerating, creating concentrated demand centres. Urban households in India increased from 112-122 million in CY2019 to 122-132 million in CY2024, driven by enhanced working opportunities. As of CY2024, ~532 million people resided in urban areas as per United Nations World Urbanization Prospects (medium variant), a population larger than the entire United States (~346 million) as per United Nations World Population Prospects (medium variant), underscoring the scale and potential of India's urban consumer base.
- India's female labour force participation rate among women aged 15 years and above, while historically low, is witnessing an uptick, rising from 30.0% between July 2019 and June 2020 to 41.7% between July 2023 and June 2024, as per the Annual report, Periodic Labor Force Survey (PLFS), July 2023-June 2024. This growth is supported by greater access to education and increased employment opportunities in urban and service-led sectors. The rise of dual-income households is translating into higher disposable incomes and shifting consumption dynamics.

1.2.1 Continued income expansion is translating into rising purchasing power in emerging consumption hubs marked by Tier 2+ cities, which are projected to account for almost 1/3rd of India's retail spends by Fiscal 2030

Figure 2: India Retail market – split by city tier

₹ trillion (US\$ billion)



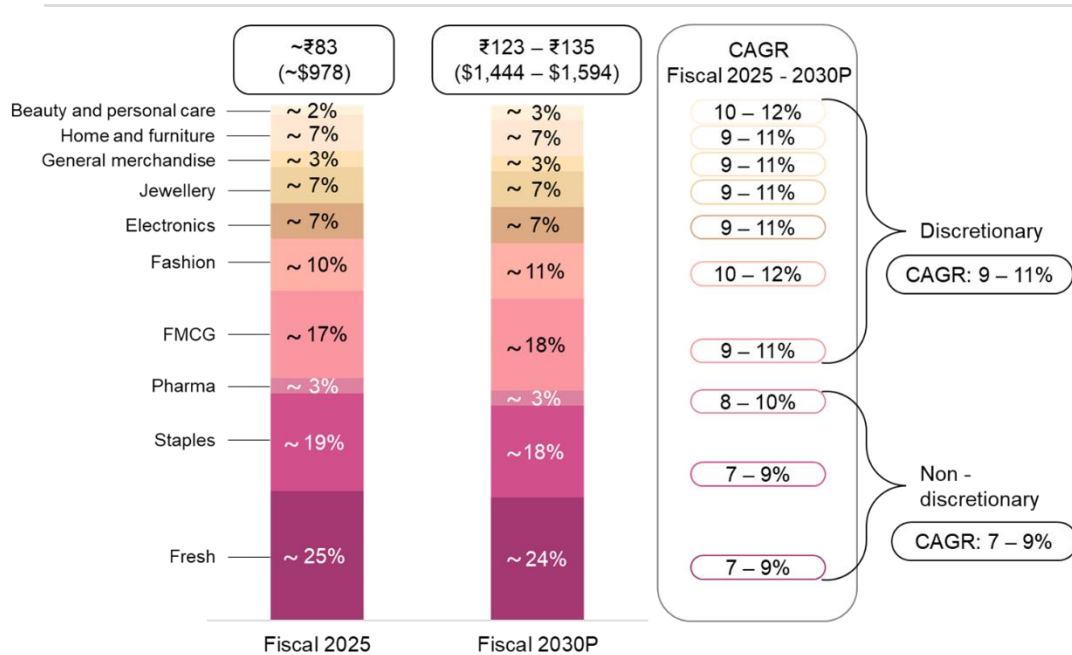
Note: 1. Top-8 cities are defined as cities with a population over 5 million as of Fiscal 2025, comprising Mumbai (Maharashtra), Delhi (NCT), Bangalore (Karnataka), Chennai (Tamil Nadu), Hyderabad (Telangana), Kolkata (West Bengal), Pune (Maharashtra) and Ahmedabad (Gujarat); 2. Tier 1 cities defined as cities with a population of between 1–5 million as of Fiscal 2025; 3. Tier 2+ cities defined as cities with a population of less than 1 million as of Fiscal 2025; 4. Rural are the areas not classified as urban by Census 2011; 5. Conversion rate: 1 US\$ = ₹85

Source(s): Redseer research & analysis

1.2.2 India's expanding purchasing power is also fuelling the growth in discretionary spends

Figure 3: India Retail market – split by category

In %, ₹ trillion (US\$ billion)



Note: 1. Conversion rate: 1 US\$ = ₹85; 2. Categories are defined as: a) BPC - Consists of beauty and personal care products such as Makeup, Haircare, Skincare, Personal hygiene, Oral care, Deo and fragrances; b) Home and furniture - Includes home improvement, furniture, mattresses, furnishings and home decor; c) General merchandise - Includes books, toys, baby care, stationery, office supplies, and other long-tail product verticals; d) Jewellery - Includes Ornaments made from precious metals,

gemstones, or other materials, worn for decoration or cultural significance; e) Electronics - Includes mobile phones, home appliances and consumer electronics, kitchen appliances and other small appliances, home entertainment, computer peripherals and personal care devices; f) Fashion - Includes apparel, footwear, kids fashion, accessories (Fashion Jewelry, belts, bags, watches, hair accessories, wallets, wearables, scarfs and stoves, caps and hats etc.); g) FMCG - Includes packaged foods, beverages, toiletries, cleaning supplies etc. excluding personal care and baby care consumable; h) Pharma - Includes prescription medicines and over-the-counter drugs; i) Staples - Includes items such as grains, pulses, flour, edible oils etc.; j) Fresh - Includes fruits, vegetables, meat, seafood, dairy, and other perishable products
Source(s): Redseer research & analysis

India's GDP per capita stood at ~₹2,34,859 (~US\$2,763) in Fiscal 2025 as per press note on first advance estimates by Ministry of Statistics and Program Implementation's (The provisional estimates of annual gross domestic product for 2024-25 and quarterly estimates of gross domestic products for the fourth quarter of 2024-25). This milestone is globally linked to surges in discretionary spending due to improved financial stability. For example, after China crossed this threshold in 2006, its PFCE grew at ~16% CAGR between CY2006 to CY2011 as per World Bank (Households and NPISHs final consumption expenditure). Similar trend is expected to play out in India, with discretionary categories projected to reach ₹68–76 trillion (US\$794–893 billion) by Fiscal 2030, growing at a CAGR of 9–11% between Fiscal 2025 to Fiscal 2030, compared to 7–9% for non-discretionary categories. This is also supported by increasing smartphone penetration and content-led discovery, which are shaping trend-driven and upgrade-led consumption.

Despite this momentum, discretionary spending remains underpenetrated compared to global benchmarks, indicating significant long-term growth headroom.

Figure 4a: India Retail market – by Discretionary vs Non-discretionary
In ₹ trillion (US\$ billion)

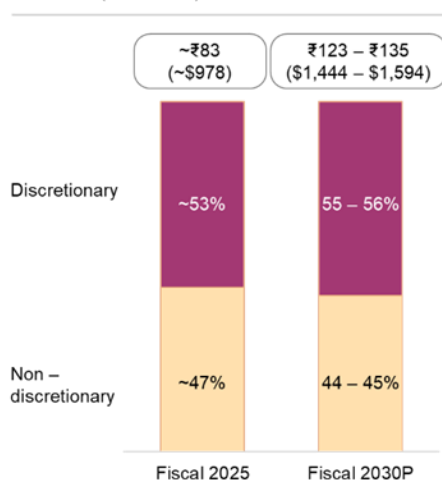
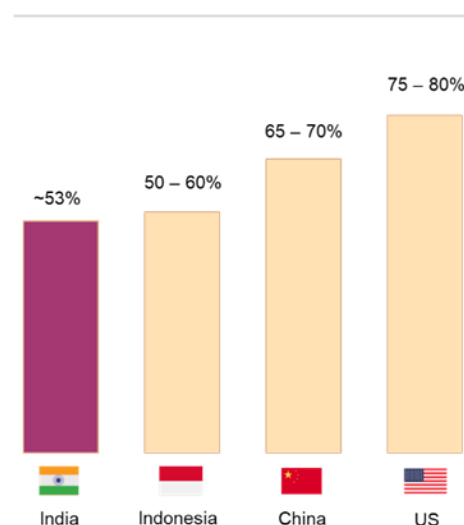


Figure 4b: Global benchmarks – Discretionary spend as a % of total Retail market
In %, CY2024

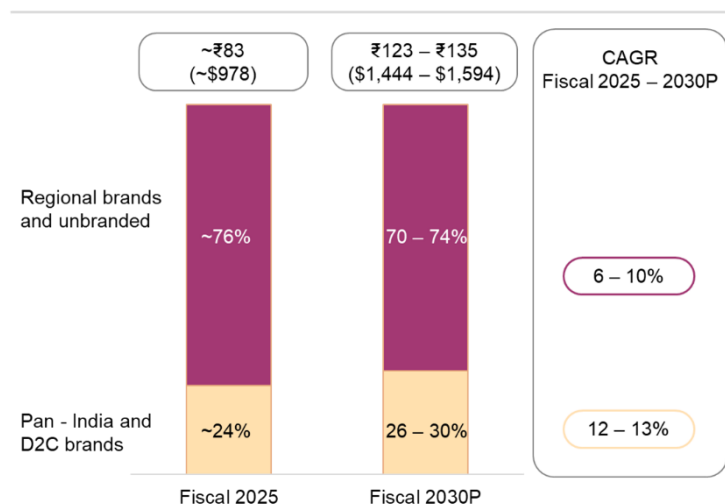


Note: 1. Conversion rate: 1 US\$ = ₹85; 2. Discretionary includes categories namely BPC, Home and furniture, General Merchandise, Jewellery, Electronics, Fashion, and FMCG; 3. Non-Discretionary includes Pharma, Staples and fresh; 3. India discretionary spend as a % of total retail market pertains to Fiscal 2025
Source(s): Redseer research & analysis

1.3 Supply in India retail remains highly fragmented, with a large share of consumption being met by regional brands and unbranded products

Figure 5: India Retail market – split by brand type

In %, ₹ trillion (US\$ billion)



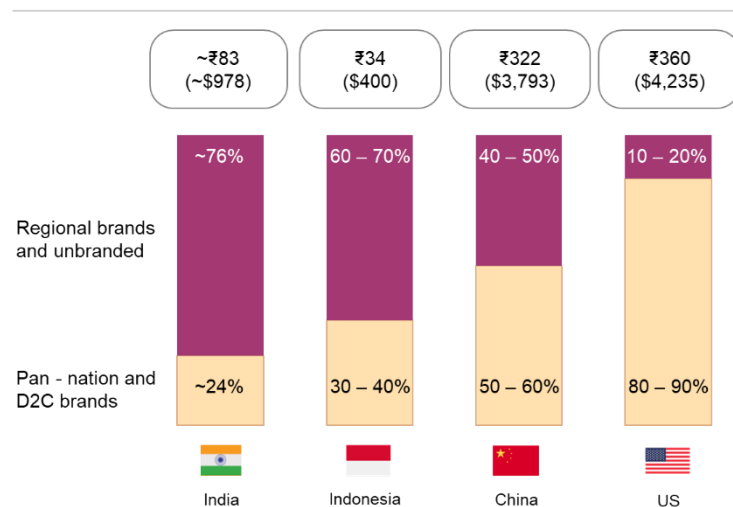
As of Fiscal 2025, regional brands and unbranded products together contribute more than 75% of the India retail market, with Pan-India and D2C brands accounting for the remainder. While the share of Pan-India and D2C brands is expected to increase, the regional brands and unbranded segment is projected to retain a dominant 70–74% share by Fiscal 2030, indicating supply fragmentation in India retail will sustain in the long term.

Note: 1. Conversion rate: 1 US\$ = ₹85; 2. Unbranded market - Products that lack distinct branding and are typically sold without a proprietary label, often sourced from manufacturers and sold under various retailer or distributor names; 3. Regional brands - Brands belonging to a company that has an offline distribution presence in less than 3 regions (defined as North, South, East, West, and Central) in India (excluding D2C brands); 4. Pan-India Brands - Brands belonging to a company that has an offline distribution presence in three or more regions (defined as North, South, East, West, and Central) in India (excluding D2C brands); 5. D2C Brands - Brands with a large portion of their sales from online channels (more than 60%). These brands typically sell products directly to end customers, bypassing traditional retail intermediaries through online infrastructure. These may or may not have offline distribution and are classified separately regardless of regional reach or revenue

Source(s): Redseer research & analysis

Figure 6: Global benchmarks – Retail market split by brand type

In %, ₹ trillion (US\$ billion), CY2024



A similar pattern is seen in China, where despite significantly higher GDP per capita, regional brands and unbranded segment continue to hold meaningful share, driven by vast geographic diversity, entrenched local preferences, and the price sensitivity that remains prevalent across large consumer segments.

Note: 1. Conversion rate: 1 US\$ = ₹85; 2. India split by brand type pertains to Fiscal 2025

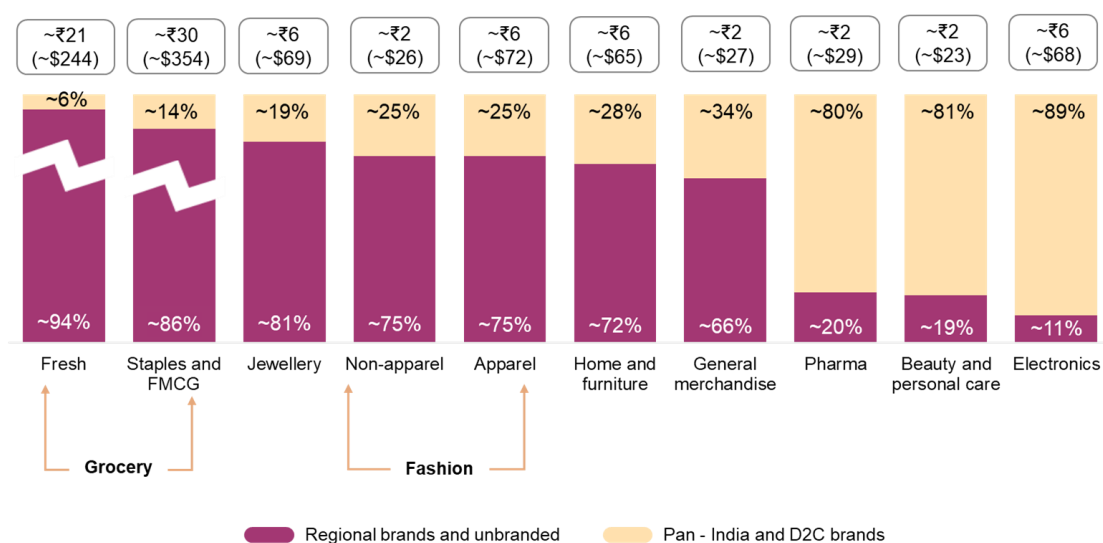
Source(s): Redseer research & analysis

1.3.1 Supply fragmentation is a multi-category phenomenon

The supply fragmentation led by regional brands and unbranded segment is prevalent across most prominent categories in India retail (except pharma, BPC, and electronics).

Figure 7: India Retail market – category split by brand type

In ₹ trillion (US\$ billion), In %, Fiscal 2025



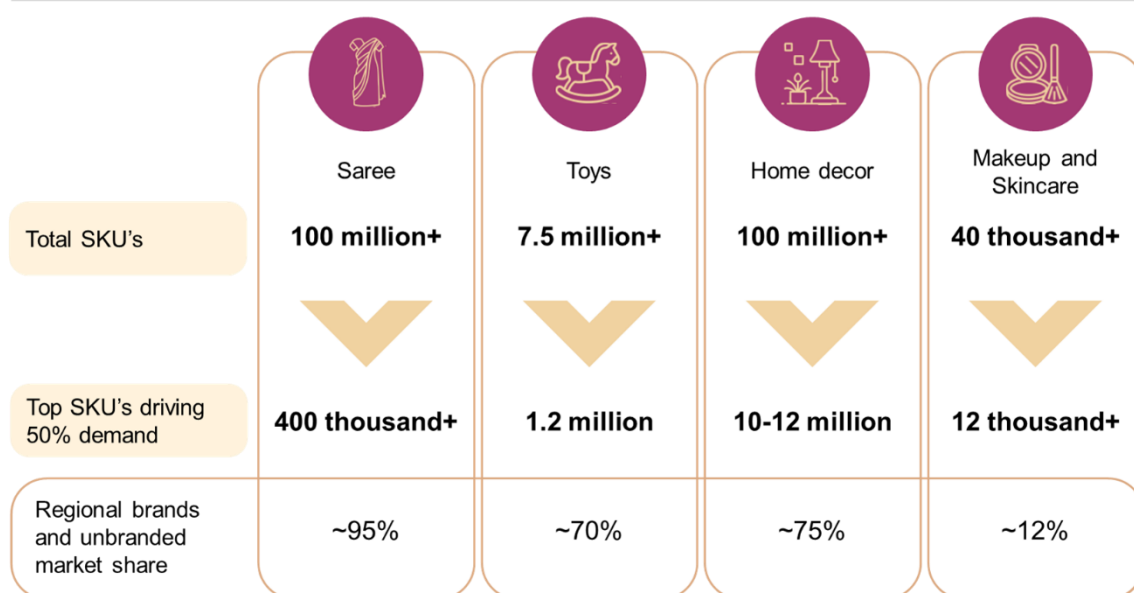
Note: 1. Conversion rate: 1 US\$ = ₹85

Source(s): Redseer research & analysis

This fragmentation becomes a lot more pronounced owing to the presence of an extensive SKU spread across multiple verticals, and a vast range of top SKUs driving the major portion of demand. To illustrate this complexity, the below analysis highlights select verticals within each category that are both large in size and exhibit a high degree of fragmentation. The underlying factors of SKU spread vary by product vertical and are illustrated below.

Figure 8: SKU fragmentation case studies – select verticals

Fiscal 2025



Source(s): Redseer research & analysis

- Sarees** vertical is sized at ₹510–595 billion (US\$6–7 billion) as of Fiscal 2025 and remains highly fragmented due to strong regional variations in design, fabric, and cultural significance. For example, consumers in South India prefer temple and Kalamkari prints on silk or cotton sarees, in contrast to the preference Bandhani and Bagru prints in the West India. The regional

brands and unbranded products dominate the vertical, driven by their ability to serve demand for affordable, daily-wear products across diverse consumer segments. This results in high fragmentation, as no single brand or SKU type is able to scale nationally due to the deeply localized nature of preferences.

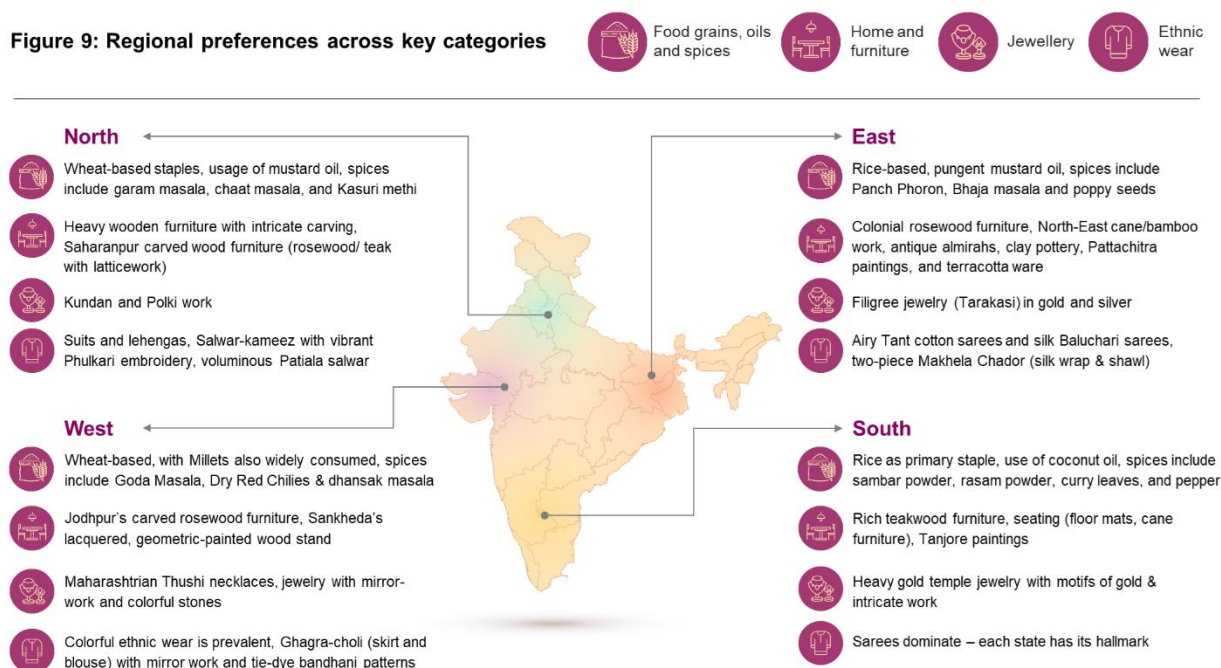
- **Toys** vertical is sized at ₹170–255 billion (US\$2-3 billion) vertical as of Fiscal 2025. It is largely unbranded, owing to a highly fragmented manufacturer base, large import dependency, and high price sensitivity. The supply fragmentation has sustained to address the consumer preferences that vary significantly by age-group, leading to requirement of different materials (plastic, fabric, wood, rubber), features (mechanical, battery-operated, educational), and rapid innovation cycles. For example, infants (0–3 years) require soft, sensory toys made of fabric and silicone with safety features, while older children (6+ years) gravitate toward STEM kits, and customizable board games involving electronics and advanced plastic components. These factors have resulted in emergence of a vast range of SKUs and their distributed demand contributions. As a result, long-tail SKUs serve hyper-specific age, feature, and price-point combinations.
- **Home decor** vertical is sized at ~₹170 billion (~US\$2 billion) as of Fiscal 2025 is a highly personalized and style-driven category, with wide variation in material, design, and utility preferences across regions and consumer segments. It includes multiple sub-verticals such as wall decor, lighting, mirrors, and decorative pieces, each differentiated by use case, format, and material base. For example, demand for Madhubani and Warli artwork in East and Central India, or brass idols and clay lamps during festivals, reflects deep regional and seasonal preferences. Additionally, sub-verticals like wall art vary by more than 100 materials (e.g., wood, canvas, MDF, metal), 100+ design types (traditional, religious, abstract), and 50+ colour schemes. Regional brands and unbranded segment continue to serve the niche preferences, while Pan-India brands presence is limited to select sub-verticals.
- While **Makeup and Skincare** is largely dominated by Pan-India and D2C brands, it continues to exhibit high SKU fragmentation. This is driven by personalized consumer needs that vary by skin type, age, lifestyle, and climate, resulting in a wide range of formulations, textures, and ingredient combinations. In makeup, usage also shifts based on occasions (casual, professional, wedding) and expression preferences (playful, bold, classic), leading to significant variation in shades, finishes, and product formats across lips, face, eyes, and nails. Additionally, skincare products differ by application format (e.g., cream, serum, gel, stick) and pack size (e.g., daily use, travel friendly, jumbo), further expanding the assortment. These layered and dynamic requirements continue to sustain SKU proliferation and a long-tail demand structure within an otherwise branded category.

1.3.2 Regional variations, lower purchasing power, and complex supply chains, contribute to the structural fragmentation in supply

Key factors contributing to high fragmentation in supply are outlined below:

- **Regional variation in consumer preferences:** India's cultural, linguistic, and taste diversity leads to inherent fragmentation in supply, particularly in food and fashion. This fragmentation has led to the emergence of regional products that cater to specific cultural and aesthetic preferences within their core geographies. However, these regional products often lack relevance beyond their home markets, making it challenging for them to scale Pan-India.

Figure 9: Regional preferences across key categories

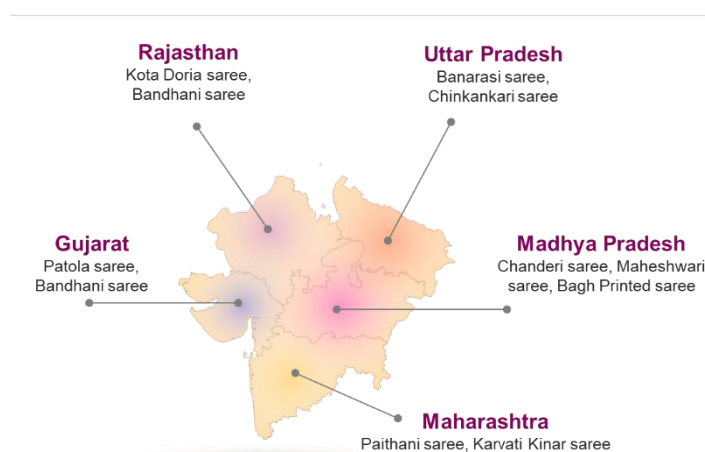


Note: 1. North India comprises the states of Jammu and Kashmir, Himachal Pradesh, Punjab, Haryana, Uttarakhand, and Uttar Pradesh, along with the union territories of Delhi, Chandigarh, and Ladakh; 2. South India includes the states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, and Kerala, along with the union territories of Puducherry, Lakshadweep, and Andaman and Nicobar Islands; 3. West India comprises the states of Rajasthan, Gujarat, Maharashtra, and Goa, along with the union territory of Dadra and Nagar Haveli and Daman and Diu; 4. East India consists of the states of Bihar, Jharkhand, Odisha, West Bengal, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim. It does not include any union territories; 5. Central India includes the states of Madhya Pradesh and Chhattisgarh, and has no associated union territories

Source(s): Redseer research & analysis

Even within a given region, consumer preferences often vary significantly across states (and even within states in a few cases), making standardization difficult. Below figure illustrates such intra-regional variation in the sarees vertical.

Figure 10: States preferences in India's select regional section – saree



Source(s): Redseer research & analysis

- **Lower purchasing power leading to high price sensitivity and low-ticket purchase:** Given the relatively low per capita income (vs other large economies), a large section of Indian consumers prioritizes affordability over other purchase criteria (e.g. availability of specific brands, ease and speed of access etc.), across multitude of purchase use cases. This makes consumption in India highly price elastic, resulting in thin profit margins for Pan-India brands, as a result of competitive pricing pressures (particularly from unbranded / regional brands).

The strive for affordability in India has also led to prevalence of low-ticket size purchases, indicated by ~85% of person-to-merchant UPI transactions being below ₹500 as of Fiscal 2025, as per National Payments Corporation of India's (NPCI), UPI Ecosystem Statistics.

- **Complex supply chain:** The highly diverse and distributed demand base in India, has resulted in creation of supply chains with multiple intermediaries (agents, brokers, and wholesalers), who help with enabling product reach to the remote pockets of the country (otherwise difficult to access), facilitating product and cashflow management, and providing credit. These factors have led to strong dependence of suppliers (Pan-India brands, regional brands, and unbranded entities) on unorganised intermediaries, often driven by trust, credit cycles, and hyperlocal relationships, and resulting in emergence of a large number of such entities. For example, across the retail value chain, distributors and stockists are estimated at 80,000–100,000, wholesalers are estimated at 3–5 million, and retailers are estimated at 15–20 million as of Fiscal 2025. These supply chain complexities cause significant margin leakages for brands, and limited visibility and control over the product and end-consumer experience.

As a result, large-scale Pan-India brand building remains challenging in India. Majority of consumption continues to be met by small regionally trusted brands and retailer or wholesaler labels, which operate with low infrastructure overheads and working capital requirements.

1.4 Supply fragmentation has contributed to the continued presence of unorganised retail, which faces challenges in sourcing and store operations, often resulting in a less consistent consumer experience

The fragmented supply has created an unorganised way of retail trade in India, which accounts for almost 79% of India's retail market. Unorganised retail comprises kirana stores, independent retailers, and family-run establishments, which operate outside formal structures. Unorganised retail formats have sustained in the market despite the growing footprint of organised retail, owing to their alignment with India's consumption patterns, as outlined below:

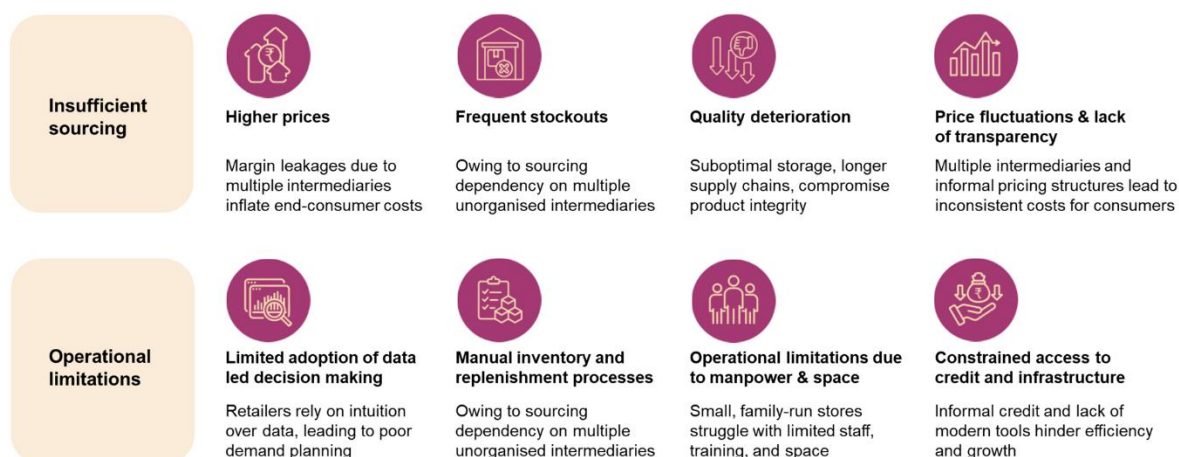
Figure 11: Factors driving sustenance of unorganised Retail in India's Retail landscape



Source(s): Redseer research & analysis

However, unorganised retail is constrained by inefficiencies across sourcing and store-level operations, impacting the consumer purchase experience.

Figure 12: Unorganised Retail constraints



Source(s): Redseer research & analysis

1.5 Organised retail is expanding fast within India's retail landscape, with e-commerce emerging as the fastest growing format

Organised retail, comprising modern brick and mortar formats and e-commerce players, has grown from ~15% of the total India retail market in Fiscal 2020 to ~21% in Fiscal 2025. It is further projected to reach 32–34% by Fiscal 2030, translating into a ₹39–46 trillion (US\$462–542 billion) opportunity. There is immense headroom for organised retail to further expand in India, as indicated by global benchmarks from mature and emerging markets.

Figure 13a: India Retail market – split by purchase format
In ₹ trillion (US\$ billion)

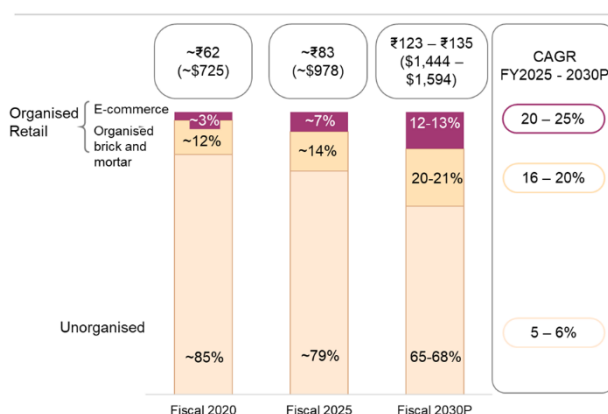
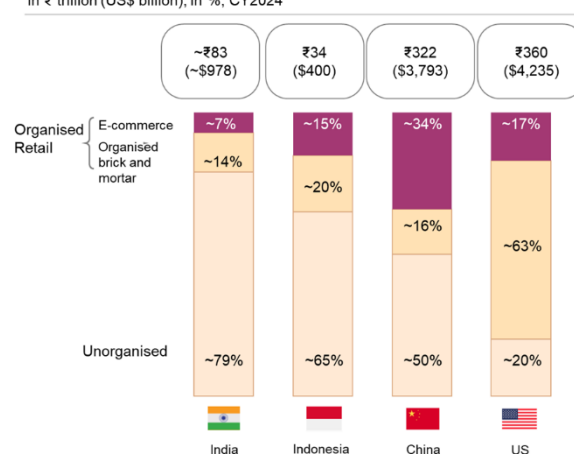


Figure 13b: India Retail market vs global benchmarks – split by purchase format
In ₹ trillion (US\$ billion), In %, CY2024



Note: 1. Conversion rate: 1 US\$ = ₹85; 2. India split by purchase channel pertains to Fiscal 2025; 3. E-commerce is defined as retail business model that involves customers buying and selling goods over the internet, including quick commerce; 4. Organised brick and mortar is defined as purchase of goods with large-scale, standardized operations, professional management, and regulatory adherence, which provides better product assortment and access to the consumers. It includes chain stores, supermarkets, hypermarkets, malls, etc.

Source(s): Redseer research & analysis

Key factors driving the expansion of organised retail in India are:

1. Efficient sourcing with low intermediary presence: Organised retailers typically operate on direct sourcing setups with brands, manufacturers, and even certain intermediaries such as wholesalers. This

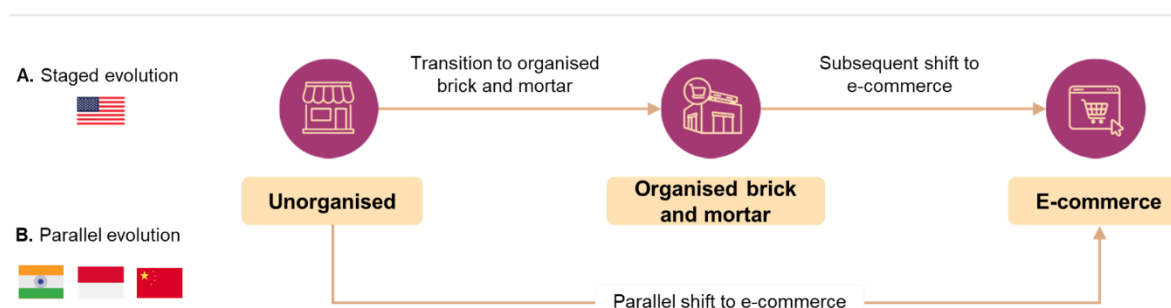
reduces the value leakage (which is quite prominent in the unorganised sourcing approaches), thereby improving their ability to deliver better pricing and value to customers (vs unorganised retailers). Further, it also enables organised retailers to have greater control over the product availability and quality.

2. Advanced technology and infrastructure driving better consumer experience: Digital adoption, technology led innovation, and logistics improvements enable organised retailers to provide a superior consumer purchase experience across multiple dimensions.

- **Wide, curated, and good quality assortment:** with the help of larger stores, supplier aggregation through e-commerce, advanced intel to tailor the assortment in-line with the latest trends and consumer needs, and infrastructural investments (e.g. cold storage, quality control procedures)
- **Enhanced discovery and post-purchase support:** through assistance by well-trained staff or online influencers, better in-store and on-platform engagement (through digital store catalogues, filters on e-commerce websites and applications etc.), presence of reviews and ratings on e-commerce, and a formalized customer support process
- **Convenience and easy product access:** investments in warehousing, route optimization, last-mile delivery capabilities (including product return management), and integrated omnichannel operations, are reducing cost-to-serve and enabling faster, more reliable access across geographies.

Organised retail in India comprises two primary formats, organised brick and mortar and e-commerce. Organised brick and mortar refers to branded retail touchpoints with centrally managed supply, combined with a good-quality in-store purchase experience. E-commerce is a retail format that facilitates buying and selling of goods over the internet. While organised brick and mortar presence is constrained by physical limitations, e-commerce has enabled broader geographic reach through its digital-first approach.

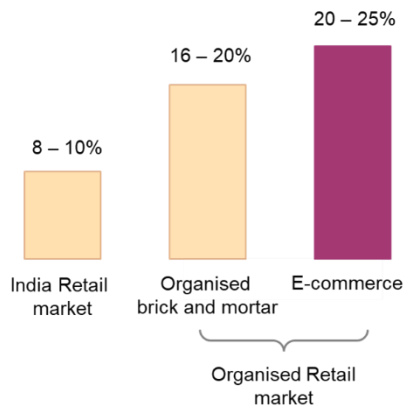
Figure 14: Retail formalization journey



Source(s): Redseer research & analysis

India's retail formalization journey diverges from the staged evolution observed in developed markets. While economies like the US transitioned gradually from unorganised retail to organised brick and mortar before expanding into e-commerce, countries such as India, China, and Indonesia are experiencing a more accelerated and parallel shift to e-commerce, bypassing some of the structural dependencies of traditional formats.

Figure 15: Retail format growth projections (CAGR Fiscal 2025 – Fiscal 2030P) – India
In %



As a result, e-commerce is projected to grow at 20-25% CAGR over the next five years, outpacing the India retail market and the organised brick and mortar format.

Note: 1. E-commerce is defined as retail business model that involves customers buying and selling goods over the internet, including quick commerce; 2. Organised brick and mortar is defined as purchase of goods with large-scale, standardized operations, professional management, and regulatory adherence, which provides better product assortment and access to the consumers. It includes chain stores, supermarkets, hypermarkets, malls, etc.
Source(s): Redseer research & analysis

Chapter 2: The Rise of E-commerce

2.1 India's e-commerce market (including quick commerce) is projected to grow at 20–25% CAGR over the next 5 years, riding on the high growth potential in the non-electronics categories

Figure 16a: India e-commerce market
In %, ₹ trillion (US\$ billion)

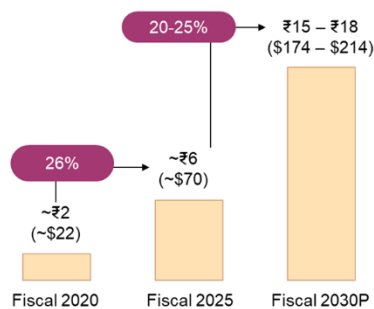
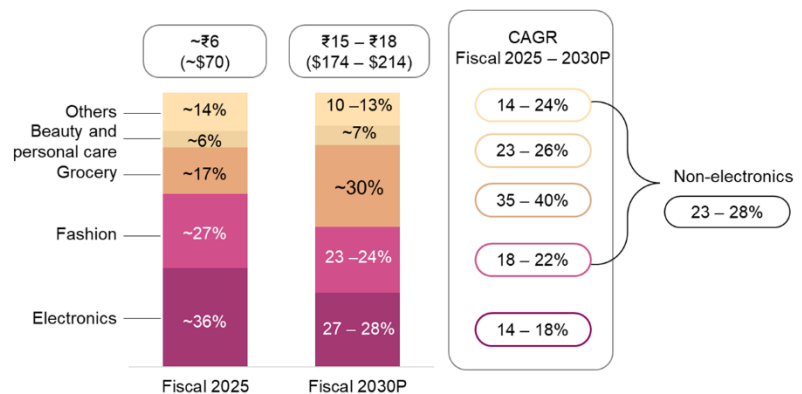


Figure 16b: India e-commerce market – split by category
In %, ₹ trillion (US\$ billion)



Note: 1. Conversion rate: US\$ = ₹85; 2. Electronics includes Mobile Phones; 3. Others include home and furniture, pharma, baby Care and other general merchandise, and jewellery; 4. Grocery includes FMCG, Staples and fresh; 5. The e-commerce market is represented in terms of Gross Merchandise Value (GMV)
Source(s): Redseer research & analysis

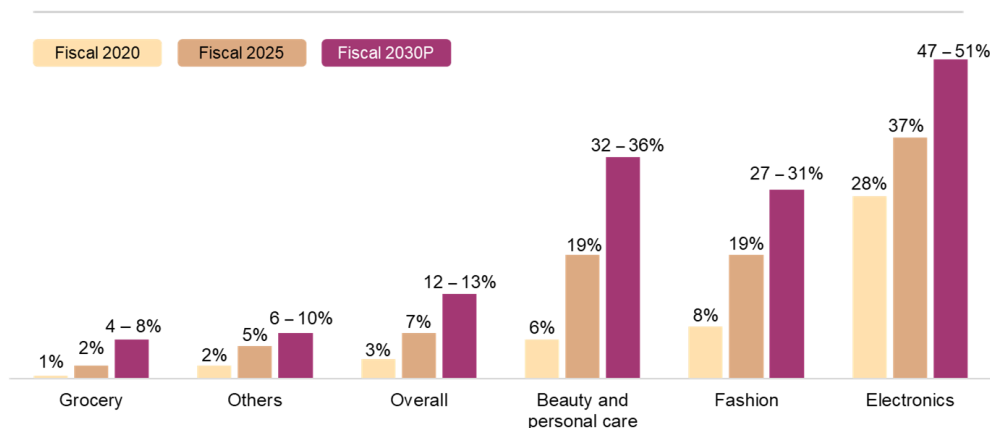
India e-commerce market is currently sized at ~₹6 trillion (~US\$70 billion) in terms of gross merchandise value (GMV) and is projected to reach ₹15–18 trillion (US\$174–214 billion), penetrating 12–13% of India retail market by Fiscal 2030.

As of Fiscal 2025, e-commerce penetration in non-electronics categories remains significantly below that of electronics (~37%), indicating substantial headroom for growth. Penetration levels in non-electronics categories stand at ~2% in grocery, ~19% in fashion, ~19% in beauty and personal care, and ~5% in others where others include Pharma, Home and furniture, General merchandise and

Jewellery. Capitalizing on this headroom, the non-electronics categories are projected to lead the e-commerce growth in India over the next ~5 years contributing to 72–73% of India e-commerce market in Fiscal 2030P as compared to ~64% in Fiscal 2025.

Figure 17: E-commerce penetration evolution by category and overall – India

As a % of overall Retail market



Note: 1. Electronics includes Mobile Phones; 2. Grocery includes Staples, Fresh and FMCG; 3. Others include Pharma, Home and Furniture, General Merchandise and Jewellery

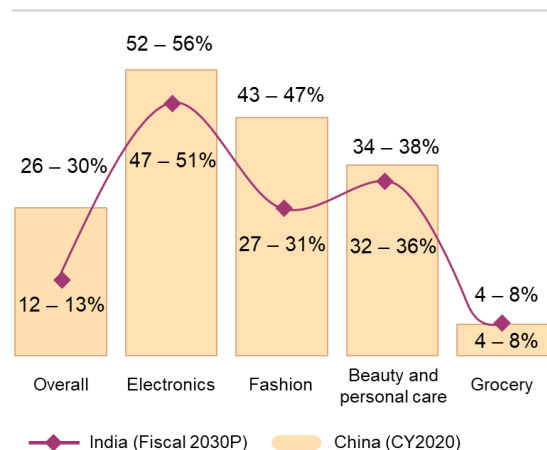
Source(s): Redseer Research & Analysis

E-commerce adoption in India has followed a clear category evolution, similar to the patterns observed in China during the late 2010s. In both India and China, the e-commerce journey began with electronics, as it is marked by high ticket size and low purchase frequency, and faces relatively less supply fragmentation, allowing for faster online adoption. Subsequently, penetration expanded into discretionary and lifestyle categories such as fashion and BPC. This shift now unfolding in India has

been accelerated by content-led discovery, influencer-driven commerce, and increasing adoption of digital payments. In contrast, essential categories such as grocery continue to see limited online adoption due to low average order values, fulfilment complexities, and entrenched offline habits, and are projected to witness increased e-commerce play in the future.

Figure 18: E-commerce penetration evolution by category and overall – India vs China

As a % of overall Retail market



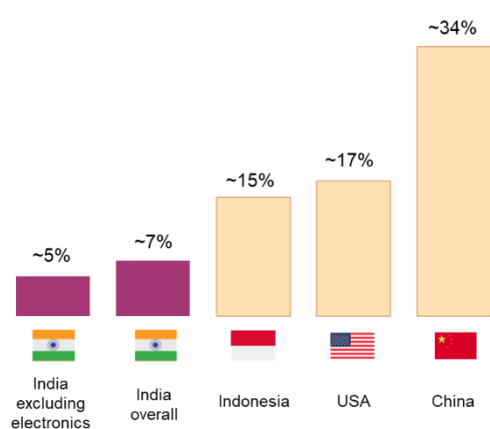
Note: 1. Grocery includes fresh, staples and FMCG; 2. Electronics Includes mobile phones, home appliances and consumer electronics, kitchen appliances and other small appliances, home entertainment, computer peripherals and personal care devices

Source(s): Redseer Research & Analysis

This progression underscores a broader pattern where e-commerce penetration typically advances from high-value, structured categories with standardized offerings to experiential categories, and ultimately to high-frequency low ticket categories. This is evident from an almost identical pattern observed between India e-commerce category penetration projections for Fiscal 2030 and China e-commerce penetration for Fiscal 2020.

Figure 19: E-commerce penetration - India and global benchmarks

In %, CY2024



In summary, the growth headroom in India e-commerce remains largely characterized by non-electronics categories. This is evident from e-commerce penetration in India retail reducing to ~5% when considering the non-electronics categories (compared to ~7% for all categories).

Note: 1. India e-commerce penetration pertains to Fiscal 2025; 2. Global benchmarks represent overall e-commerce penetration; 3. Electronics Includes mobile phones, home appliances and consumer electronics, kitchen appliances and other small appliances, home entertainment, computer peripherals and personal care devices

Source(s): Redseer Research & Analysis

2.2 A thriving digital ecosystem of shoppers, sellers and logistics is enabling India's e-commerce growth

2.2.1 India's online shopper base is expanding rapidly, driven by widespread internet penetration, low data costs, and increasing consumer confidence in digital transactions

India is home to one of the largest and fastest-growing digital economies globally, driven by rapid internet adoption. Internet users increased from 310–330 million in Fiscal 2015 to 818–853 million in Fiscal 2025 and are projected to reach nearly 1 billion by Fiscal 2030. Key inflection points included the launch of low-cost data packs by a leading Indian conglomerate in Fiscal 2016, and the COVID-19 pandemic in Fiscal 2020, both of which accelerated digital access and consumption. Several structural enablers continue to support digital adoption:

Figure 20: Digital adoption enablers

 Public infrastructure and regulatory reforms - Government initiatives like Digital India and BharatNet have significantly boosted digital connectivity across Tier 2+ cities - TRAI-led telecom reforms have further improved digital literacy and access in non-metro regions	 Affordable data - India offers one of the world's lowest data costs at ~₹14 (US\$0.16/GB), compared to a global average of ~₹222 (US\$2.59/GB) - India now has widespread smartphone-led internet usage across income segments and geographies	 Payments innovation - UPI has revolutionized digital payments, making transactions seamless and accessible for all user segments - Tier 1 and Tier 2+ cities now contribute ~55% of UPI transaction value, expected to rise to ~65% by Fiscal 2030
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Source(s): Redseer Research & Analysis

India's huge internet userbase is supported by the strong habit formation with using internet products and services. This is evident from India having a large base of 500–530 million social media users as

of Fiscal 2025. Further, as per GWI, the consumer insights platform reports cited in the chart below for February 2025, the average amount of time spent by Indians on internet and social media stands at ~409 minutes and ~148 minutes respectively, broadly in line with global benchmarks.

Figure 21: Average daily time spent on internet, social media and TV – India and global benchmarks

In minutes, As of February 2025

Country	Low High		
	Internet	Social media	TV
	409	148	204
	444	188	170
	400	129	295
	335	114	141

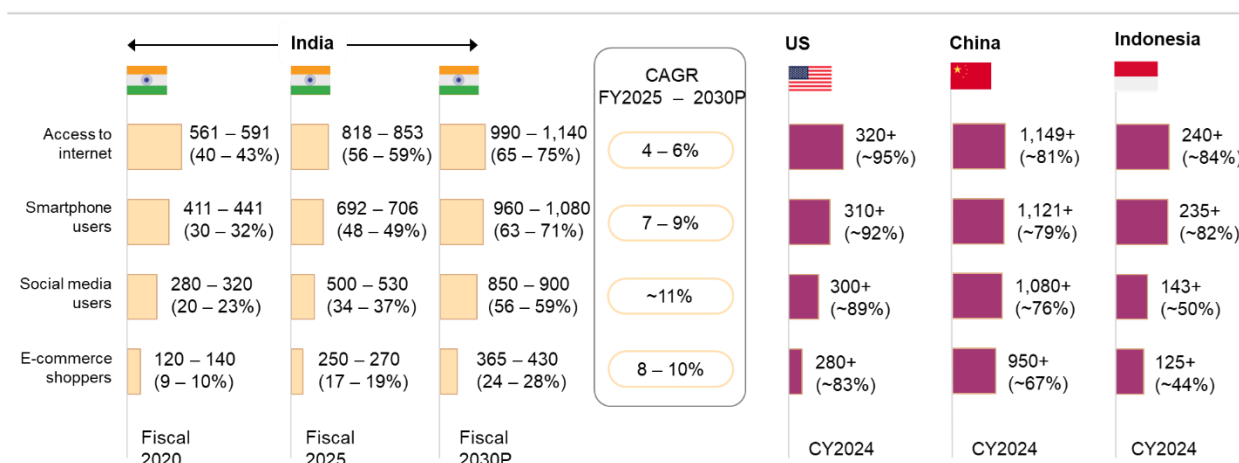
Note: Indicates the average daily time spent by internet users aged 16 to 64 years

Source(s): GWI, the consumer insights platform namely Digital 2025: India, Digital 2025: Indonesia, Digital 2025: The United States of America and Digital 2025: China

While the online shopper base has nearly doubled post-COVID, a sizeable gap persists between India's smartphone users and shoppers. As of Fiscal 2025, India has 692–706 million smartphone users, while the number of e-commerce shoppers stands at only 250–270 million, highlighting significant headroom for further e-commerce penetration. India's e-commerce shoppers represent 31–32% of internet users, below mature economies like the US (~88%) and large emerging economies such as China (~83%) and Indonesia (~52%), also indicating a headroom for increased e-commerce penetration.

Figure 22: Digital user penetration – India and global benchmarks

As % of population, In million



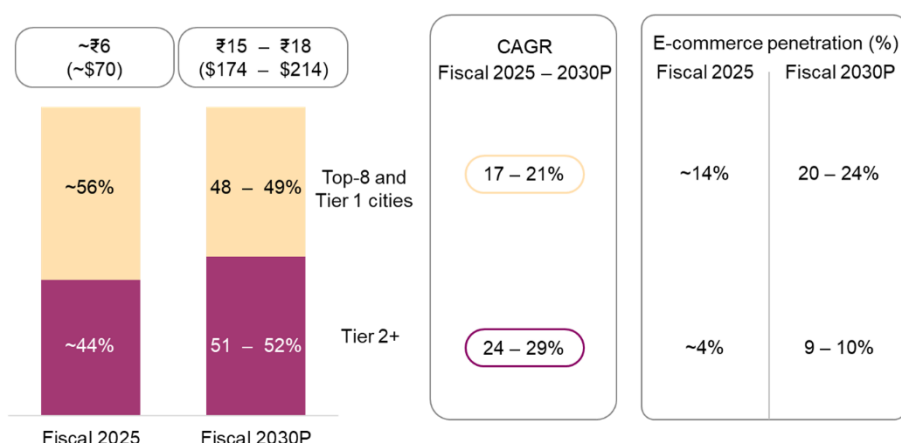
Note: 1. Access to Internet refers to the share of the population with reliable connectivity—via mobile data or broadband—sufficient for basic online activities like communication, browsing, and e-commerce; 2. Smartphone Users are defined as total population with access to smartphone or smart feature phone; 3. Social media users are defined as users of networking and community based platforms; 4. E-commerce shoppers are defined as users who have made at least one transaction on e-commerce in the last fiscal year.

Source(s): Redseer Research & Analysis

The majority of new online shoppers are projected to come from tier 2+ cities, which are projected to account for 51–52% of India’s e-commerce market by Fiscal 2030, up from ~44% in Fiscal 2025. Despite the growing digital access and rising transaction volumes in Tier 2+ cities, e-commerce penetration remains low at ~4% in Fiscal 2025, compared to ~14% in Top-8 and Tier 1 cities. This gap underscores the immense headroom for e-commerce growth in these locations.

Figure 23: India e-commerce market – split by city tier

In ₹ trillion (US\$ billion)



Source(s): Redseer Research & Analysis

2.2.2 E-commerce supply is getting digitized to actively support the digital demand

India’s retail seller base comprises Pan-India brands, D2C brands, regional brands, and unbranded product sellers including manufacturers, wholesalers, distributors and retailers. A growing base of sellers is beginning to explore e-commerce as a path to scale, efficiency, and diversification. This shift is being enabled by a combination of platform-led interventions and ecosystem readiness. Key enablers driving e-commerce adoption by sellers include:

- **Pan-India market access:** E-commerce removes geographic barriers, enabling sellers to reach beyond local catchments and tap nationwide demand.
- **Channel diversification:** Sellers increasingly adopt hybrid models, combining e-commerce with general/modern trade to diversify revenues and reduce operational risks.
- **Data driven optimization:** E-commerce players provide real-time analytics and demand insights, supporting better pricing, inventory, and assortment decisions.
- **Favourable commercial terms:** Certain platforms offer lower commissions, flexible warehousing, faster settlements, and lower promotion dependency, making e-commerce viable for smaller sellers.
- **Seller enablement:** Platforms guide sellers on pricing, discounts, catalogue standards, and listing quality, helping alignment with market expectations and improving discoverability.
- **Simplified onboarding:** Mobile-first registration, minimal documentation, and recent policy changes (e.g., GST exemption) make it easier for small and unregistered sellers to join.

India has a vast and diverse seller base of 55–60 million as of Fiscal 2025, including retail entities (branded and unbranded sellers as described above) and non-retail entities (such as industrial suppliers). Despite this scale, e-commerce penetration among sellers across categories remains low. Many operate fully offline or use basic digital tools like UPI without partnering with e-commerce players. However, post COVID-19, seller adoption of e-commerce has accelerated, driven by increasing online

demand, growing digital infrastructure, and simplified onboarding processes. As a result, e-commerce sellers have increased from 0.5–1 million in Fiscal 2020 to 3–4 million in Fiscal 2025.

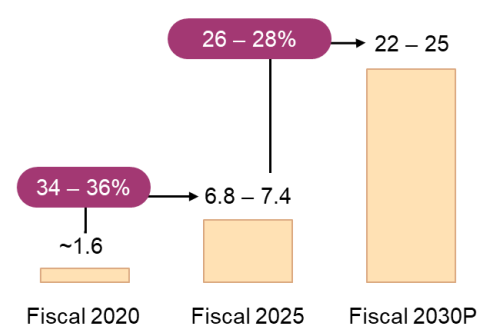
2.2.3 Declining logistics costs is enabling e-commerce to provide low ticket servicing

Logistics accounts for a significant portion of the overall cost structure in e-commerce, making it a key driver of both business viability and scalability. Efficient logistics not only support sustainable operations but also directly impact pricing, margins, and market expansion, critical levers for growth. At the same time, delivery experience, shaped by the quality and agility of logistics, is a crucial factor in the consumer purchase journey. Therefore, as e-commerce scales across categories and cohorts, logistics providers are also adapting to the evolving consumer needs around delivery speed, order density, geographic coverage, and fulfilment complexity while simultaneously driving down per unit logistics cost through network optimization, scale benefits, and technology adoption.

Unlike traditional transportation, which is optimised for bulk movement between fixed nodes, e-commerce logistics is designed to handle high volumes of small parcels, dispersed pickup and delivery points, and time-sensitive service levels. It requires handling complex reverse logistics, alongside real-time quality checks and reintegration into inventory. Cash handling and multi-mode payment reconciliation are also essential, due to the high share of cash-on-delivery transactions in India. Additionally, category specific requirements such as secure packaging and the need for rapid scale-up during peak periods, make e-commerce logistics more operationally intensive and technology-driven.

Figure 24: India e-commerce shipments

In billion



India's e-commerce logistics shipments grew at a CAGR of 34–36% from Fiscal 2020 to Fiscal 2025, reaching 6.8–7.4 billion shipments in Fiscal 2025. They are projected to reach 22-25 billion by Fiscal 2030, growing at 26–28% CAGR.

Note: 1. E-commerce Shipments include forward and reverse shipments where forward shipments include delivered and Return to Origin (RTOs) shipments

Source(s): Redseer Research & Analysis

E-commerce logistics providers in India are reducing yield per shipment as fulfilment costs decline. This strengthens the ability of e-commerce players to serve low ticket size transactions and further expand shipment volumes, as demonstrated by the corresponding decline of ~30% in the average order value in India e-commerce from Fiscal 2020 to Fiscal 2025.

Figure 25a: Average shipment yield – India e-commerce (excluding Quick Commerce)

Base year Fiscal 2020 indexed at 100 units

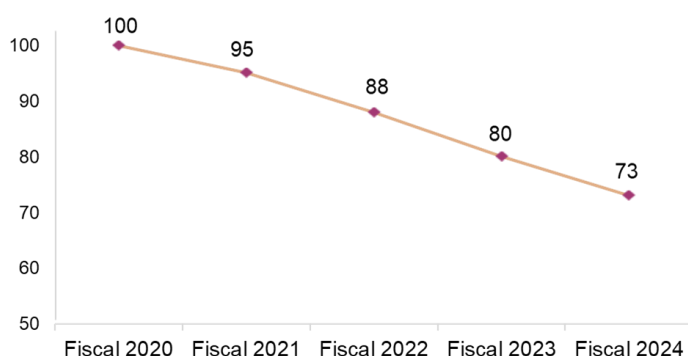
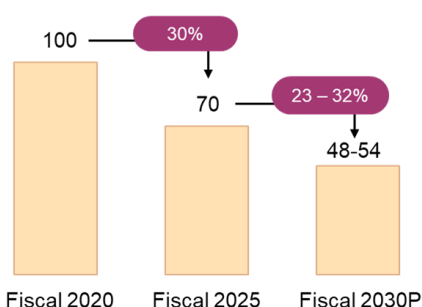


Figure 25b: Average order value – India e-commerce

Base year Fiscal 2020 indexed at 100 units



Note: 1. Average Shipment Yield is calculated as logistics providers' revenue from e-commerce Shipments / Number of e-commerce Shipments; 2. Average order value is at selling price i.e. post MRP discount and pre-checkout discount / offers and excludes delivery fees and any convenience fee on order.

Source(s): Redseer Research & Analysis

Comparison with mature e-commerce markets such as China indicates that the decline in average shipment yield and the corresponding increase in the ability of e-commerce players to serve low ticket size transactions, play a significant role in expanding e-commerce penetration. This is because it becomes viable for e-commerce to materially serve low ticket size and high-volume categories use-cases across categories such as fashion, beauty and personal care, home goods, grocery, and general merchandise. These categories, characterised by fragmented supply, high SKU diversity, and dispersed demand, are otherwise unviable to serve due to high fulfilment costs.

Figure 26a: Express delivery Average shipment yield – China

Base year CY2016 indexed at 100 units

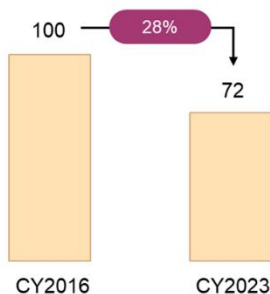
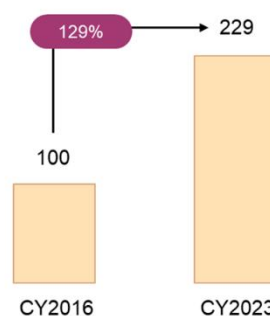


Figure 26b: E-commerce penetration – China

Base year CY2016 indexed at 100 units



Note: 1. Average Shipment Yield is calculated as Revenue from Express Delivery / Number of Express Shipments; 2. Express Delivery refers to a delivery activity (only for parcels and documents of a given size and weight) which is finished promptly within a specified time frame, including online shopping delivery service (e-commerce to customer or business to customer), customer to customer (C2C), and business to business (B2B) deliveries, where C2C and B2B is a minor share; 3. Revenue from express delivery service refers to the income obtained by enterprises from engaging in express delivery business;

Source(s): Redseer Research & Analysis

Logistics providers are also increasingly investing in localised fulfilment and service layers to tap into the new customer base, further reinforcing volume growth across low-ticket, high-frequency segments. As of Fiscal 2025, e-commerce fulfilment coverage has expanded to ~19,300 pin codes as per India Postal Pin code data, thus deepening e-commerce serviceability in tier 2+ locations.

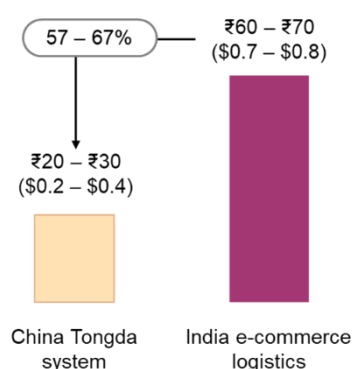
Asset-light logistics providers are spearheading e-commerce logistics cost decline, with the help of technology-led logistics models.

India's logistics network is primarily dominated by small and unorganised players. Similarly, the warehousing segment is also highly fragmented, with ~90% of the market served by unorganised operators. This high degree of fragmentation results in suboptimal asset utilization, as individual logistics players often operate at low scale, leading to underused fleet capacity, inefficient route planning, and limited warehouse throughput.

These inefficiencies are being addressed in e-commerce by asset-light logistics providers, who operate through distributed, outsourced networks supported by scalable cloud-based platforms. This model reduces fixed infrastructure cost, improves fleet utilisation, and enhances hub efficiency, thereby reducing the overall logistics costs. These players maintain hold over operations through proprietary technology stacks, avoiding the need to own physical fleet or warehousing assets. As shipment volumes increases, cost per shipment declines further through improved network densities, route optimisation, and automation across key nodes enabling scalable and efficient fulfilment across e-commerce needs.

Figure 27: Average shipment yield – China Tongda system vs India e-commerce logistics

In ₹ (US\$), CY2024



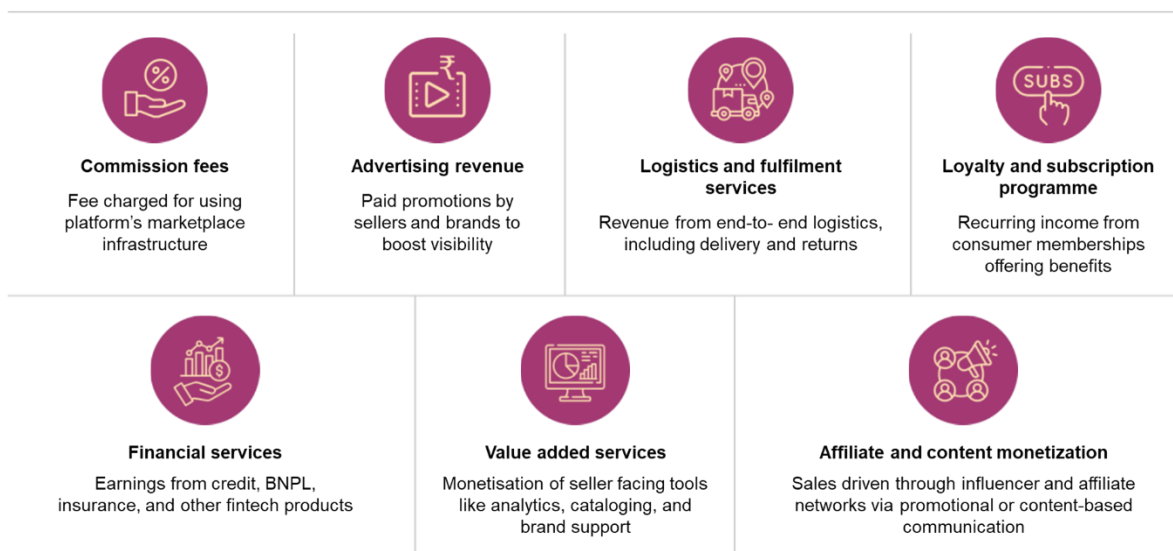
A similar trend is observed in China, where logistics players operating under an asset-light framework, commonly referred to as the Tongda system has average shipment yields of ₹20–30 (US\$0.2-0.4) in CY2024, significantly lower than the China express delivery market average of ~₹109 (~US\$1.3) in CY2023. This substantial gap underscores the cost efficiency achieved by asset-light models at scale. In comparison, India's average e-commerce shipment yield for Fiscal 2025 is at ₹60–70 (US\$0.7-0.8) remains materially higher than Chinese Tongda players, indicating meaningful headroom for further yield compression with improved scale and asset-light business models.

Note: 1. India e-commerce logistics player average shipment yield pertains to Fiscal 2025; 2. Conversion rate: 1 US\$ = ₹85 = ¥ 7.20 Source(s): Redseer Research & Analysis

2.3 Multiple levers have emerged for e-commerce players to monetize the growing spends

As the e-commerce market matures, monetization is evolving from a transaction-led model to a multi-layered strategy. With high engagement frequency, deep user insights, and scaled seller networks, players are increasingly leveraging their infrastructure to unlock ancillary revenue streams beyond commissions. These monetization levers span both consumer and seller facing services and are becoming central to player profitability and differentiation. Key monetization streams across the e-commerce ecosystem include:

Figure 28: Typical monetization streams in e-commerce



Note: 1. This is a non-exhaustive list and is representative of monetization streams leveraged by leading e-commerce players in India and global markets

Source(s): Redseer Research & Analysis

- **Commission Fees:** E-commerce players charge commission fees as a percentage of gross merchandise value, with rates typically varying by product category, seller profile, and commercial terms. Commission structures may include fixed and variable components.
- **Advertising revenue:** Advertising has emerged as one of the largest ancillary revenue drivers globally. Players have scaled advertising revenue through native formats, self-serve dashboards, and Demand Side Platforms (DSPs), enabling precise targeting and high margin returns. Despite early-stage infrastructure compared to global benchmarks, e-commerce players in India have shown that advertising can be a scalable monetization lever even in unbranded and low-ticket transactions. Advertising revenue has emerged as a meaningful and fast-growing monetization lever for Indian e-commerce, contributing ~3% of total e-commerce GMV in Fiscal 2025. This remains significantly below global benchmarks. Globally, e-commerce players generated advertising revenue equivalent to 5–10% of GMV in Fiscal 2025, underscoring the untapped potential for Indian e-commerce players to further scale advertising as a high-margin, scalable revenue stream.
- **Logistics and Fulfilment Services:** Players monetize their logistics infrastructure by offering end-to-end fulfilment solutions to third-party sellers, also translating into improved fulfilment reliability. These include warehousing, inventory management, packaging, shipping, and reverse logistics.
- **Loyalty and subscription programs:** Loyalty programs serve as high-margin, recurring revenue streams that drive improved retention, frequency, and cross-category purchases. They often bundle faster delivery, exclusive deals, or early access to events as part of the program offering, against a membership fee.
- **Financial services:** Leveraging buyer and seller data, e-commerce players globally offer embedded financial products such as Buy Now Pay Later (BNPL), short-term credit lines for consumers, and working capital financing for sellers. These services improve transaction conversion, reduce cart abandonment, and offer incremental revenue potential through commissions, interest income, or third-party partnerships.
- **Value added Services:** E-commerce players also monetize by offering value-added services to sellers ranging from catalogue management, pricing analytics, marketing tools, and even

brand-building support. These services generate fee-based income and deepen merchant dependency on the platform.

- **Affiliate and content monetization:** Global players are scaling affiliate networks by leveraging both influencers and content on their platform to drive traffic and sales through commission-based models. This approach enables organic customer acquisition with minimal ad spend.

2.4 Two prominent e-commerce business models have evolved to effectively serve the value focused and convenience focused consumer purchase behaviour

Consumer purchase behaviour in India is broadly segmented into two archetypes: value focused, and convenience focused.

- Value focused purchase behaviour is driven by price sensitivity, low-ticket purchases, and a preference for unbranded products or regional brands. Consumers in this segment prioritize affordability and assortment spread over speed of delivery or brand. They typically engage in exploratory shopping that is impulse-driven, and their decision-making requires greater product education through product reviews, detailed descriptions, and social validation.
- Convenience purchase behaviour is driven by brand preference and time constraints. Their shopping behaviour is more intent-driven, with relatively clear needs or brand preferences. These consumers prioritize reliability, speed, and service experience. This segment is more brand-aware and willing to pay a premium for faster delivery or curated product access.

E-commerce business models in India are evolving fast to address the divergent consumer needs. While value focused e-commerce model is solving for affordability and assortment spread, convenience focused model is addressing consumer demand for Pan-India and D2C brands, faster delivery, assortment curation, and product availability.

Figure 29: India - prominent business models in E-commerce

Features	Value focused e-commerce	Convenience focused e-commerce
Primary product categories	Fashion, Home and Kitchen, Beauty and Personal care, General Merchandise	Grocery, Electronics, Fashion, Beauty and Personal care, Home Kitchen and Furniture, General Merchandise
Target consumer segments	Mass-market consumers in Tier 2+ cities and middle-income groups	Urban, affluent, and time-sensitive consumers
Value propositions	1. Access to affordable, unbranded and regional products 2. Low-friction seller model enabling lowest pricing	1. Speed and convenience 2. Curated assortment with high availability 3. Access to leading Pan-India, D2C and global brands
Typical assortment type	Unbranded products and regional brands, typically available at entry-level price-points	Branded products and essentials, typically focused on high velocity SKUs and known brands
Assortment spread	Broad within primary verticals, driven by long-tail unbranded products and regional brands	Curated assortment across categories
Typical delivery timeframe	4–7 days	10 minutes to few days
Typical fulfilment model	Typically fulfilled through a distributed network of third-party logistics partners and seller inventory	Typically fulfilled via centralized warehouses and owned/dedicated delivery fleets to ensure speed
Typical consumer journey	Discovery-led	Search-led
Operational control	1. Minimal control over product assortment and inventory 2. Open platform play for sellers, buyers and partners to interact	1. High platform control over product assortment and inventory 2. Centralized fulfilment and in-house or dedicated delivery networks
Cost to seller	Low	High

Source(s): Redseer Research & Analysis

In mature e-commerce markets (such as China and Indonesia), leading players differentiate starkly in terms of value focus and convenience focus, shaping their assortment pricing and experience accordingly. Global value focused e-commerce players expand access to a broader and more affordable assortment to drive frequency and inclusion, while convenience focused players prioritize faster delivery, along with curated and typically branded selection to cater to time sensitive needs. Similar player evolution could also play out in India, as India moves up on the e-commerce maturity curve.

2.5 Value focused e-commerce model is spearheading the expansion of India's e-commerce userbase and has potential to gain significant share of the market

Figure 30a: E-commerce shoppers vs value focused e-commerce shoppers - China

In million, CY2016, CY2024

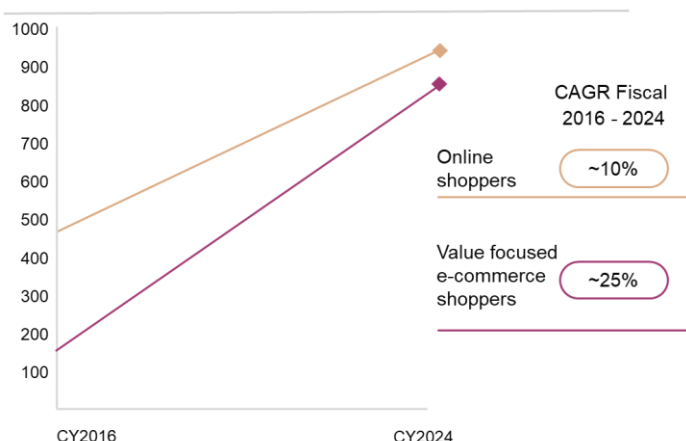
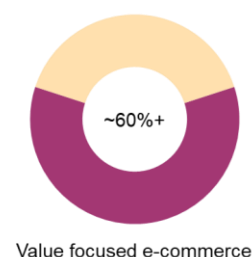


Figure 30b: Value focused e-commerce market share - China

In %, CY2024



Note: Value focused e-commerce shoppers refer to shoppers transacting on value focused e-commerce platforms

Source(s): Redseer Research & Analysis

As India's e-commerce ecosystem matures, players optimized for affordability and long-tail assortment (value focused e-commerce) are emerging as key enablers of the online shopper growth. This trend is projected to continue in the future, wherein the primary driver of e-commerce user penetration will be the broad assortment of SKUs available online at low price points (aligned with India's fragmented consumption base, marked by unbranded supply, low-ticket purchase behaviour, and high sensitivity to price and selection). Value focused e-commerce model specializes in delivering the above offering to customers.

In mature e-commerce markets such as China, online shopper penetration witnessed a sharp acceleration post the rise of value focused e-commerce players. Further, as of CY2024, the value focused e-commerce players together had more than 60% share in China's e-commerce market, emerging as the dominant driver of both transaction volumes and consumer spending on e-commerce. Similar trends may emerge in India as its e-commerce market matures wherein value focused e-commerce could lead the e-commerce userbase expansion and also command substantial share of the market value.

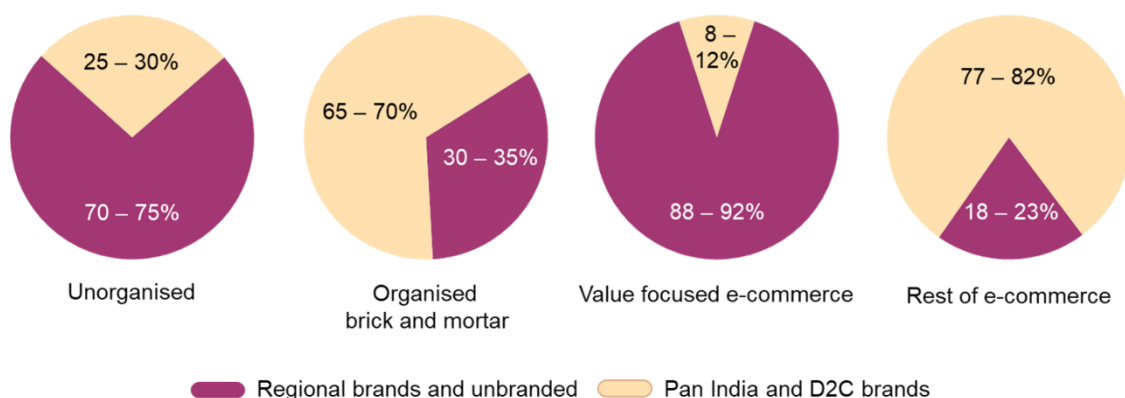
Chapter 3: Value focused e-commerce - A fast-growing and sustainable e-commerce play

3.1 Value focused e-commerce is well-suited to address India's fragmented supply and affordability led demand, and is gaining share in the India e-commerce market, with stronger margin expansion.

India's retail market is expected to remain predominantly driven by regional brands and the unbranded segment (led by multiple small-scale sellers). This large segment remains underserved by organised retailers and is largely served by the unorganised retail channel, as indicated by 70–75% contribution of regional brands and the unbranded segment to unorganised retail in India. Value focused e-commerce, while part of organised retail, enables regional brands and unbranded products supply through technology-led orchestration and efficient logistics and fulfilment, thereby addressing the inherent inefficiencies of unorganised retail. In contrast, the other organised retail models thus far have largely been focused on enabling the supply of Pan-India and D2C brands.

Figure 31: India Retail market formats – split by brand type

In %, FY2025



Note: 1. Value Focused E-commerce represents scaled e-commerce players with GMV exceeding US\$500 million as of Fiscal 2025, and more than 80% GMV led by fragmented supply (i.e. regional brands and unbranded products)

Source(s): Redseer research & analysis

Driven by the provision of a vast assortment of regional brands and unbranded products, ability to serve low-ticket purchase including affordable entry packs of national and D2C brands, and the growing expansion across and within categories such as fashion, home and kitchen, and beauty and personal care, value focused e-commerce players have been able to gain share in the India e-commerce market. Over the same period, their EBITDA has also expanded faster, owing to a capital-light operating model and monetization via advertising and seller services. By avoiding inventory ownership and leveraging third-party logistics, these players have maintained low fixed costs and scalable unit economics, enabling margin expansion even at lower ASPs.

Figure 32a: GMV CAGR – value focused e-commerce vs other e-commerce

In %, Fiscal 2022 - Fiscal 2024

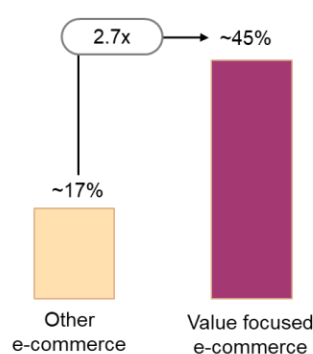
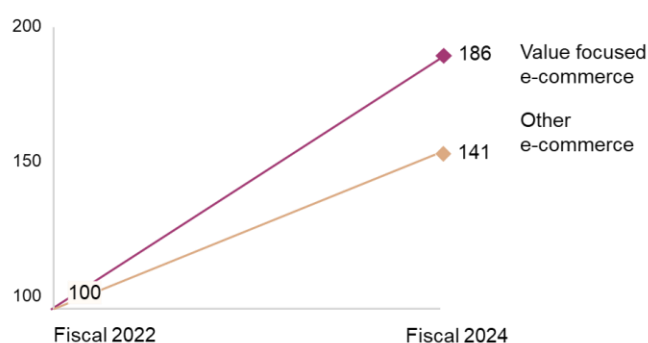


Figure 32b: EBITDA growth – value focused e-commerce vs other e-commerce

Increase over the last 2 years: Fiscal 2024 / Fiscal 2022, wherein Fiscal 2022 EBITDA is indexed at 100 units



Note: 1. EBITDA=PBT + Finance Cost + Depreciation and Amortisation - Other Income; 2. GMV and EBITDA have been indexed to Fiscal 2022 to normalise for base-year performance; 3. Value focused e-commerce represents scaled e-commerce players with GMV exceeding US\$500 million as of Fiscal 2025, and more than 80% GMV led by fragmented supply (i.e. regional brands and unbranded products); 4. Other e-commerce represents other scaled e-commerce players (including quick commerce) in India with GMV exceeding US\$500 million as of Fiscal 2025

Source(s): Company filings (Annual reports, Financial statements & Investor presentations), The Ministry of Corporate Affairs (MCA), Redseer Research and Analysis

3.2 Value focused e-commerce runs on discovery-led purchase journey, and provision of wide, deep and affordable assortment

3.2.1 Discovery-first navigation and content-driven engagement enable low-intent commerce

As e-commerce adoption expands beyond early adopters, shopping journeys become less intent-driven and more exploratory, shaped by price sensitivity, low-ticket but high-frequency purchases, and limited familiarity with structured catalogues. Instead, these shopping journeys are more responsive to intuitive product presentation, price visibility, and social cues.

This shift in user behaviour has driven the growing relevance of discovery-led commerce. Discovery-led commerce differs fundamentally from traditional search-based journeys. While search-led commerce is more apt for branded searches, where users have clear intent and prior product knowledge, discovery-led journeys are unstructured, with users engaging with feed, visuals and content before forming any specific purchase need. These discovery-led journeys are analogous to consumer shopping patterns in offline retail especially for discretionary categories, where purchase decisions are often influenced by in-store assortment visibility, merchandising, and impulse considerations. This discovery-first navigation model encourages exploration and impulse-driven consideration, especially in lifestyle and low ASP categories.

To support this shift, value focused e-commerce players use dynamic home feeds, curated selections, ratings and reviews, and frequently refreshed catalogues that surface relevant products without requiring active search. These elements guide users towards the appropriate product listings by simplifying navigation and increasing exposure to trending and affordable items.

Content is rapidly emerging as a key enabler of discovery-led commerce

Content commerce includes e-commerce purchases directly influenced by content created and distributed by content creators or influencers. It includes videos created by influencers, wherein the influencers recommend, demonstrate, or review products across short-form, long-form, or live-streamed video formats. The content is directly linked to the commerce journey, through embedded shoppable links or buttons / banners.

The content commerce model is defined by the following characteristics:

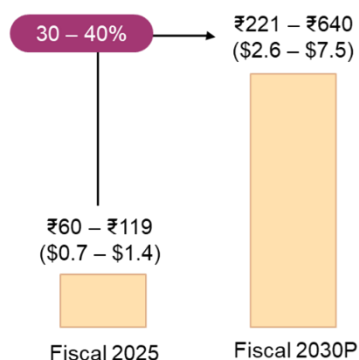
- Video-first and content-led browsing: User journeys are initiated through immersive video formats hosted on social media or e-commerce platforms, rather than through structured navigation or keyword-led search. This supports exploration-driven impulse engagement, particularly in categories which are discretionary, and where visual presentation and usage context influence purchase.
- Trust through influencers and communities: In the absence of strong brand familiarity, trust is often built through influencer-led recommendations, peer validation, and social proof embedded within the content. Influencers play a central role in shaping purchase decisions by bridging the gap between exposure and intent.
- Social media-style curation drives relevance and repeat engagement: Influencer content and product listings are surfaced through algorithmic feeds based on user behaviour, interest signals, and past engagement. This format mirrors social media consumption, enabling high frequency browsing and exposure to relevant, often unbranded products, even in the absence of active purchase intent.

India's content commerce market is at an early stage but is witnessing strong momentum. Content commerce is projected to outpace the overall e-commerce growth, with a projected CAGR of 30–40% between Fiscal 2025 and Fiscal 2030, compared to 20–25% for the e-commerce market, for the same period. As of Fiscal 2025, India's content commerce market is estimated at ₹60–119 billion (US\$0.7–1.4 billion) and is projected to increase to ₹221–640 billion (US\$2.6–7.5 billion) by Fiscal 2030. As of Fiscal 2025, content commerce in India accounted for 1–2% of the overall e-commerce market, significantly lower than Indonesia (20–30%) and China (40–50%) in the same period, highlighting substantial headroom for growth. In China and Indonesia, content commerce has scaled over time,

driven by deep influencer ecosystems, high short-form video engagement, and seamless integration of content with commerce. India demonstrates similar trends, such as aspirational behaviour, young demography, low organised retail share, high mobile engagement and growing influencer density, and has potential to follow a similar adoption trajectory.

Figure 33a: Content commerce GMV - India

In ₹ billion (US\$ billion)

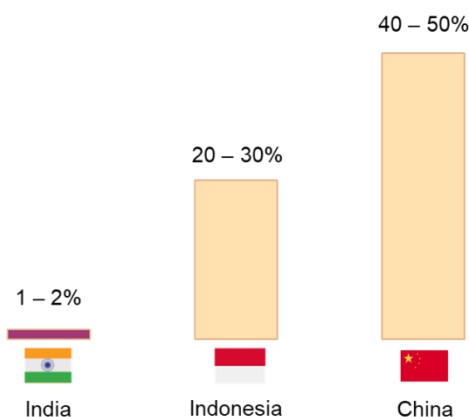


Note: Conversion rate: 1 US\$ = ₹85

Source(s): Redseer research & analysis

Figure 33b: Content commerce GMV as a % of e-commerce – India and global benchmarks

In %, Fiscal 2025



This growth in India's content commerce market is being driven by several factors, such as mobile-first internet adoption, high engagement on social media platforms, expansion of vernacular and culturally relevant content, rise of tier 2+ cities as hubs for discovery-led engagement, and expansion of the influencer ecosystem (number of influencers in India is projected to increase from ~3.1 million in Fiscal 2025 to ~7.3 million by Fiscal 2030 at a CAGR of ~19%).

3.2.2 Large-scale unbranded seller participation enables value focused e-commerce players to offer wide, deep and affordable product assortment

Value focused e-commerce players aggregate fragmented supply by facilitating participation by a large number of unbranded sellers and regional brands, and also enable provision of low ASP SKU packs from national and D2C brands. The unbranded products and regional brands are typically excluded from organised brick and mortar retail (due to physical shelf constraints), and excluded or difficult to discover on other e-commerce formats (due to centralised buying, limited supplier diversity, and onboarding of large brands and branded sellers). The resulting assortment is wider, deeper and more price accessible, with a large share of SKUs offered at lower prices compared to the branded alternatives. The presence of a large, fragmented unbranded and regional seller base fosters competitive pricing, which further enhances affordability for value-conscious consumers. These sellers also benefit from zero or low commission structures on value focused e-commerce, further supporting sustainable low-price offerings.

Figure 34a: Average selling price – value focused e-commerce vs other e-commerce

Value focused e-commerce pricing indexed at 100 units, Fiscal 2025

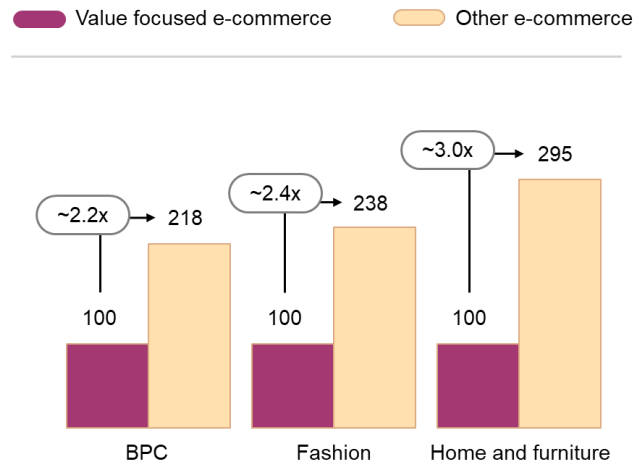
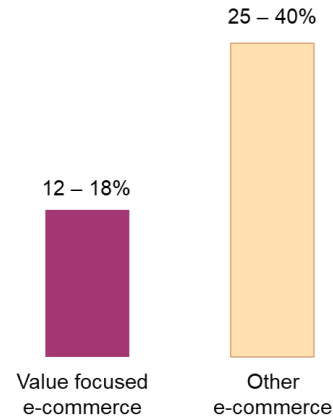


Figure 34b: E-commerce costs incurred by sellers – value focused e-commerce vs other e-commerce

As a % of GMV, Fiscal 2025



Note: 1. Average Selling Price (ASP) refers to the average value per item sold, calculated at the selling price (i.e., after MRP discounts), and excluding coupon and checkout discounts, delivery charges, and other platform fee 2. ASP has been calculated across three leading categories for value focused e-commerce players; 3. E-commerce cost refers to the total charges paid by a seller for transacting, comprising commissions, logistics or fulfilment fees, listing or referral fees, and any additional charges such as shipping and handling. It represents the take rate retained by the e-commerce player from a seller's gross merchandise value; 4. Value focused e-commerce represents scaled e-commerce players with GMV exceeding US\$500 million as of Fiscal 2025, and more than 80% GMV led by fragmented supply (i.e. regional brands and unbranded products); 5. Other e-commerce represents other scaled e-commerce players in India with GMV exceeding US\$500 million as of Fiscal 2025
Source(s): Redseer Research & Analysis

The high assortment width and depth provided by value focused e-commerce players are enabled through the following levers:

- **Easy seller onboarding:** Value focused e-commerce players operate a simplified onboarding process through online registration and minimal profile requirements, allowing unbranded sellers to list products at scale
- **Low platform and fulfilment costs enable favourable seller economics:** Unbranded and regional sellers benefit from zero or low commissions. These cost efficiencies support better margin realisation for sellers and provide them with the flexibility to price products competitively especially in low-ASP categories, which otherwise would not be economically viable due to high operating costs.
- **Assortment freshness driven by seller diversity and data-led insights:** Value-focused e-commerce players maintain dynamic, trend-responsive catalogues by continuously onboarding a diverse base of unbranded sellers who introduce new, seasonally relevant, and trend-aligned products. Platform-driven insights on top-selling SKUs and emerging consumer demand patterns further enable sellers to optimize their assortments, ensuring freshness and relevance across lifestyle and discretionary categories.
- **Logistics cost optimization enables low-AOV servicing at scale:** Certain value-focused e-commerce players leverage distributed fulfilment models and tech-enabled orchestration to minimize cost per shipment. This allows them to economically serve a wide and deep assortment of low-ticket, long-tail SKUs. In addition, the distributed network architecture reduces the need for inventory replication across multiple warehouses or dark stores, thereby lowering inventory holding and operational costs for sellers.

3.3 Value focused e-commerce model typically operates on platform-based play, delivering superior capital efficiency

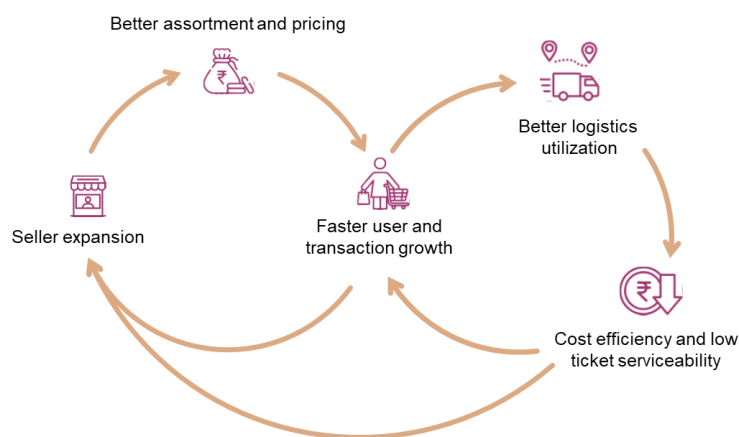
A platform-based play refers to a commerce architecture wherein the platform enables discovery, seller participation, and fulfilment by integrating with network logistics providers, while inventory ownership and fulfilment responsibilities rely on existing seller capabilities and network logistics partners. Platform-based play enables value focused e-commerce players to scale efficiently without holding inventory or investing in centralised warehousing, thereby reducing operating costs and allowing them to service low price SKUs. Unlike full-stack models that generally rely on owned procurement and merchandising, platform-based models act as orchestrators, leveraging technology, modular fulfilment infrastructure and partner networks to connect fragmented supply with dispersed demand. This structure builds strong network liquidity, improving efficiency and scalability without significant capital deployment.

The following characteristics underscore platforms' sustenance in the India market:

- Modular architecture enables wide-scale seller participation: Platform-led models operate as neutral third-party marketplaces, allowing onboarding of a broad range of unorganised sellers. This neutrality fosters trust and creates strong network effects where growth in seller base directly improves assortment spread and affordability.
- Asset-light infrastructure supports capital-efficient scaling: Platform-led models do not rely on inventory ownership or warehousing infrastructure. Fulfilment and logistics are modularized through partners, reducing upfront capital expenditure and enabling geographic expansion. This asset-light construct improves working capital cycles and allows platforms to scale demand and supply without proportional increases in fixed costs and capital expenditures.
- Modular architecture enables easier expansion to new categories: As seller onboarding and fulfilment are decoupled from internal inventory management, new categories can be added without reconfiguring operations.
- Tech-driven orchestration layers optimize cost and discovery at scale while maintaining SLA adherence: Platform algorithms optimise order allocation by dynamically selecting the most cost-efficient logistics partners based on service history, performance benchmarks, and current network load. It also orchestrates product discovery by surfacing the best products to users based on parameters such as price, quality, and ratings. This intelligent routing across both fulfilment and discovery reduces reliance on fixed-cost infrastructure, improves drop density, and brings down per-order fulfilment costs without compromising delivery timelines or reliability.

Each additional seller on a platform brings more supply depth, enabling the platform to unlock new categories and geographies. This, in turn, attracts more buyers and higher transaction frequency, and drives volume for logistics and fulfilment partners, lowering per-unit costs and expanding low ticket serviceability. The resulting improvement in service levels and affordability strengthens buyer retention and seller participation, creating a reinforcing loop of scale, efficiency, and network depth.

Figure 35: Typical platform-based commerce flywheel



Source(s): Redseer Research and Analysis

Over time, this flywheel effect strengthens platform defensibility, particularly in the value focused e-commerce segment, by creating barriers to entry. The simultaneous build out of demand, supplier base, logistics density, and proprietary assortment and pricing data requires significant time, investment, and operational complexity, making replication challenging for new entrants.

Platform models are structurally more capital efficient. They possess faster scalability and an asset-light model, enabling more capital-efficient growth, and hence deliver higher return on capital while generating more free cash flow. This is well demonstrated in relatively mature markets such as China and the US, wherein platform-based business models have generated better revenue and free cash flow against the employed capital, across food services and hospitality and tourism sectors.

Figure 36: Revenue and FCF per Capital employed - global benchmarks of platform vs full stack players

Platform players' ratio is indexed against full stack (full stack = 100 units), CY2024

China 	Food services		Hospitality and tourism	
	Platform	Full stack	Platform	Full stack
Revenue/ Capital employed	129	100	131	100
FCF/ Capital employed	279	100	675	100

US 	Food services		Hospitality and tourism	
	Platform	Full stack	Platform	Full stack
Revenue/ Capital employed	259	100	300	100
FCF/ Capital employed	307	100	1551	100

Note: 1. US comparison includes all publicly listed companies with revenue from operations exceeding ~₹0.85 trillion (~US\$10 billion) in CY2024; 2. China comparison includes all publicly listed companies with revenue from operations exceeding ~₹0.09 trillion (~US\$1 billion) in CY2024; 3. Indonesia has been excluded from this analysis as most large platform players operate across multiple geographies and report only consolidated financials, with no standalone disclosures at the country level, limiting the accuracy of country specific benchmarking; 4. Food services include full stack national and multi-format restaurant chains, and platform-led food delivery aggregators with scaled digital and physical operations across the US and China; 5. Hospitality and tourism players include full stack operators such as airlines and hotel chains companies, and platform-led travel aggregators and digital marketplaces offering booking, accommodation, and mobility services at scale in US and China; 6. Free Cash Flow is defined as the net cash generated from operating activities less CAPEX; 7. Capital employed is calculated as: total equity (add back if any losses) + debt (long-term and short-term) - current and non-current investments, bank balance, cash and cash equivalents, other financial assets, income tax assets, interest accrued on deposits; 8. Revenue: Revenue from operations has been considered; 9. All figures are drawn from the company's consolidated financial statements

Source(s): Company filings (Annual reports, Financial statements & Investor presentations), Redseer Research and Analysis

3.4 Digital advertising is a critical monetization lever for value focused e-commerce players and is growing rapidly due to broader advertising digitisation and superior returns on e-commerce platforms.

Advertising is a critical monetization lever for value focused e-commerce players, given their low commission structures and large, fragmented seller bases. With millions of sellers competing for visibility on high-traffic, low-ticket size platforms, advertising offers a scalable way to drive discovery and improve conversion for sellers, thereby enabling monetization for value focused e-commerce players.

This is supported by broader shifts in India's advertising industry landscape, with digital channels capturing a growing share of the overall advertising market. Digital advertising's contribution (of India's advertising market) has risen sharply, increasing from ~50% in Fiscal 2020 to 65–67% in Fiscal 2025, and is projected to reach 75–78% by Fiscal 2030. This growth reflects not only a structural shift away from traditional, one-way media channels towards interactive, targeted, and measurable digital platforms, but also a meaningful expansion of the advertising market itself. A growing number of sellers are adopting digital advertising for the first time, further accelerating this transition.

Global benchmarks reinforce the potential of this transition, wherein digital advertising has become the primary medium, supported by high internet penetration, a digitally native consumer base, and the ability to drive both brand and performance marketing at scale. China, in particular, has seen digital advertising become deeply integrated across commerce, social, and entertainment platforms, enabling highly targeted and data-driven campaigns (evident from digital advertising contributing 85–90% of the overall advertising industry). India is expected to mirror this trajectory, with digital becoming the dominant channel for advertising spend.

Within digital advertising, e-commerce stands out due to the integration of content, commerce, and first party data. As of Fiscal 2025, e-commerce accounts for ~18% of India's total digital advertising spend, and has substantial headroom for growth when compared to global markets.

Figure 37a: India e-commerce share as a % of total digital advertising market

In %

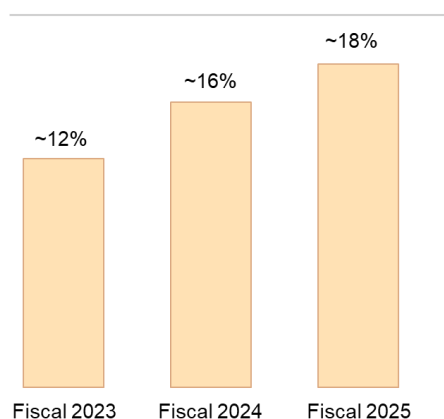
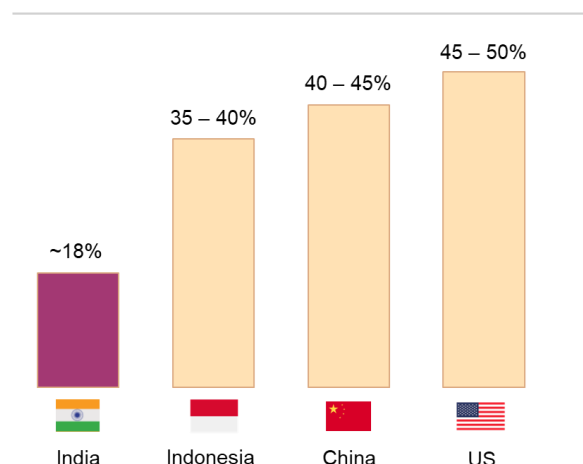


Figure 37b: E-commerce share as a % of total digital advertising market - India vs global benchmarks

In %, CY2024



Note: 1. India e-commerce share as a % of total digital advertising market pertains to Fiscal 2025

Source(s): Redseer Research & Analysis

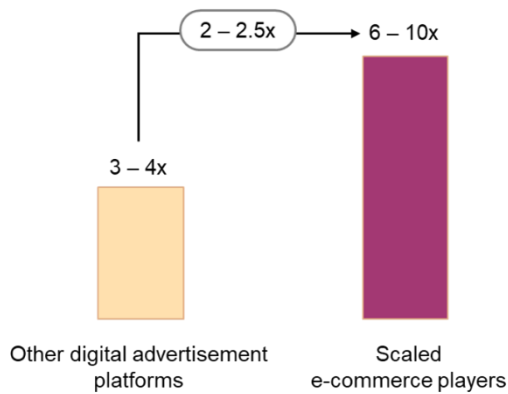
E-commerce is increasingly capturing a larger share of digital advertising budgets, supported by its ability to deliver measurable outcomes, high-intent consumer engagement, and scalable reach. Several factors contribute to this shift:

- **Purchase-oriented user engagement:** Unlike entertainment or social media platforms where users are passive or engagement is content-driven, e-commerce players attract users with active purchase intent. This makes advertising more contextually relevant and closer to the point of transaction, thus increasing the likelihood of conversion.
- **Tailored solutions for advertisers of all sizes:** E-commerce ecosystems support both large and small sellers. While large sellers use e-commerce ads for visibility and channel push, small businesses benefit from cost-efficient, targeted ad formats that drive direct sales.
- **Platform architecture designed for commerce:** Discovery-led and search-driven flows within e-commerce platforms enable precise targeting based on user behaviour, search patterns, and purchase history. This commerce-oriented infrastructure allows brands to align ads with real-time demand signals.

- Category fit and supply fragmentation: Certain product categories, especially those with fragmented supply and low-intent purchases, perform particularly well on e-commerce, encouraging sellers in these verticals to allocate a higher share of spend to such platforms.

Figure 38: RoAS – Scaled e-commerce players vs other digital advertisement platforms

Fiscal 2025



As a result, As of Fiscal 2025, scaled e-commerce players in India deliver a higher return on ad spend (RoAS) of 6–10x, compared to the average of 3–4x on other prominent digital advertisement channels (Other prominent digital advertisement channels include channels such as search engines, social media networks, video streaming (OTT) platforms, messaging apps, and short-form content platforms)

Note: 1. Return on Advertising Spend (RoAS) measures the GMV generated for every unit of advertising spend; 2. Scaled e-commerce players include e-commerce players in India with GMV exceeding US\$500 million as of Fiscal 2025; 3. Other Digital Advertisement Platforms include channels such as search engines, social media networks, video streaming (OTT) platforms, messaging apps, and short-form content platforms

Source(s): Redseer Research & Analysis

This high conversion efficiency has made e-commerce an increasingly attractive advertising channel for sellers, particularly in value focused e-commerce, where small and unbranded sellers benefit from low-entry, performance led ad formats that were previously inaccessible.

The shift toward accessible, results-driven advertising is not limited to retail. The food delivery sector demonstrates a similar transformation, where even small, independent restaurants, who historically relied solely on local footfall, are now actively investing in digital advertising on food delivery platforms to drive sales. Much like unorganised retail sellers, these restaurants are leveraging low-budget, performance-oriented campaigns to increase visibility and reach new customers. Food delivery platforms have fundamentally altered restaurant marketing behaviour. Independent restaurants that never previously spent on advertising now allocate budget to in-app ads to increase order volumes. The catalyst is performance-driven advertising that requires low minimum spends and provides transparent and measurable outcomes.

3.5 Case study of a leading value focused e-commerce player in China

In China's mature e-commerce market, a leading value focused e-commerce player, launched in 2015, has achieved significant scale by focusing on value conscious consumers and aggregating fragmented, unbranded supply. Player GMV grew at a CAGR of ~73%, increasing from ~₹6 trillion (~US\$66 billion) in CY2018 to ~₹29 trillion (~US\$342 billion) in CY2021. Over the same period, the China e-commerce market grew at ~19% CAGR, indicating significant market share gain for the player. Even beyond CY2021, the player has continued to grow at a much faster pace, enabling it to become a leading player in the China e-commerce market in terms of GMV.

Figure 39a: GMV growth – value focused e-commerce player

In ₹ trillion (US\$ billion)

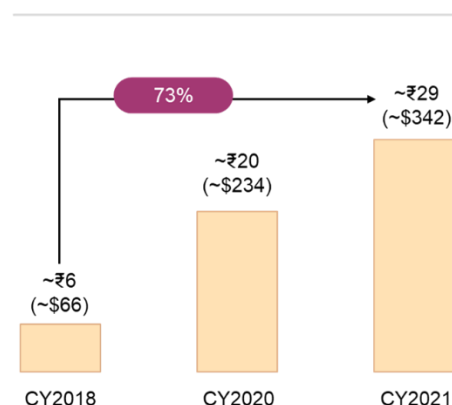
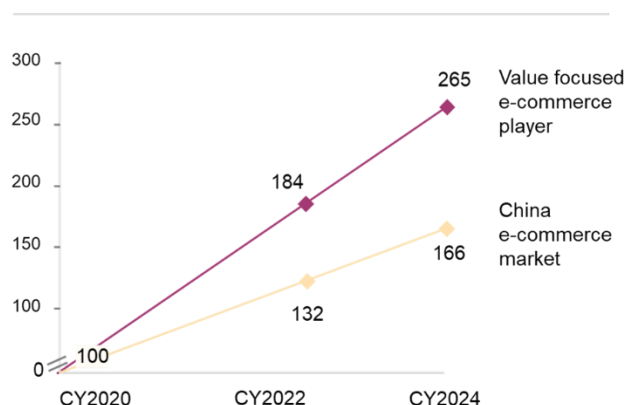


Figure 39b: GMV growth – value focused e-commerce player vs China e-commerce market

GMV growth from CY2020-2024 wherein CY2020

GMV is indexed at 100 units



Source(s): Company filings (Annual reports, Prospectus, Financial statements & Investor presentations), Redseer Research and Analysis

The player has enabled rapid seller digitization. As of CY2019, the player had onboarded ~5.1 million active merchants, which grew at a CAGR of ~25% to reach around ~16 million by CY2024. This growth has been facilitated by simplified onboarding processes, mobile-first interfaces, and platform-led tools for catalogue management, pricing analytics, and integrated payments.

On the demand side, the player has expanded its buyer base by offering a low price, high variety assortment relevant to value conscious consumers. Active buyers grew to ~882 million as of Fiscal 2022, supported by a discovery-led engagement model that integrates social sharing, gamified incentives, and algorithmic feed-based navigation, aiding in low intent, value driven shopping behaviour.

The player's revenue model is anchored in advertising and value-added merchant services. Online marketing services, which contributed ~₹2 trillion (~US\$27 billion) in CY2024, accounted for ~50% of total revenue. While merchants are charged a category-based commission, rates remain lower relative to peers. This approach enables affordability for consumers while unlocking scaled monetization through player's large merchant base and high buyer engagement.

Unlike traditional inventory led or brand centric models, the player operates as a pure-play platform without owning inventory or logistics infrastructure. Instead, it has focused on enabling discovery, offering a wide assortment of long-tail SKUs, maintaining low average selling prices (ASPs), and driving deep customer engagement. This asset-light model unlocks significant operating leverage and allows the platform to scale efficiently through the platform flywheel (where greater selection and value drive more users). This has enabled the player to deliver strong financial outcomes. In CY2024, the player reported a net profit of ~₹1086 billion (~US\$15 billion) and free cash flow of ~₹1409 billion (~US\$17 billion).

Figure 40a: EBITDA margin growth – value focused e-commerce player

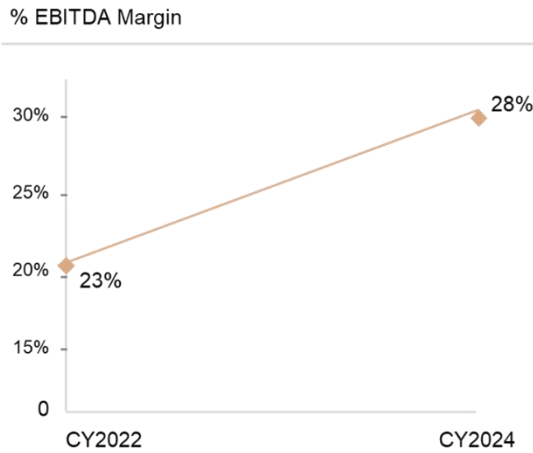
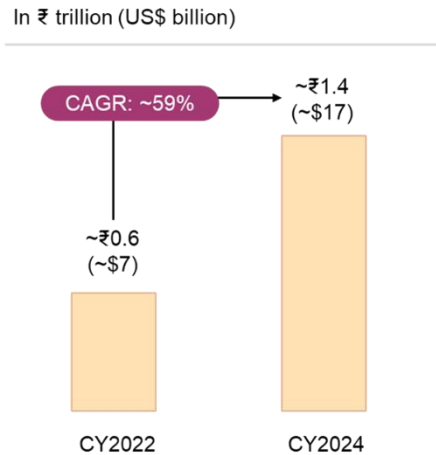


Figure 40b: FCF – value focused e-commerce player



Source(s): Company filings (Annual reports, Financial statements & Investor presentations), Redseer Research and Analysis

Chapter 4: Addressable Market and Competitive landscape

4.1 Addressable Market

India's total retail market constitutes the Total Addressable Market (TAM) for Meesho, estimated at ₹83 trillion (~US\$978 billion) in Fiscal 2025 and projected to reach ₹123–135 trillion (US\$1.4–1.6 trillion) by Fiscal 2030. Within this, Meesho focuses on a subset of categories forming its Serviceable Addressable Market (SAM). As of Fiscal 2025, Meesho's SAM is valued at ~₹33 trillion (~US\$384 billion), and is projected to reach ₹51–56 trillion (US\$600–653 billion) by Fiscal 2030P, reflecting a CAGR of 9–11%, higher than the overall retail market CAGR of 8–10% during the same period.

Figure 41: Meesho – TAM & SAM

In %, In ₹ trillion (US\$ billion), In Fiscal 2025

Categories	TAM	Currently serviced by Meesho	SAM	SAM e-commerce penetration FY2025	SAM e-commerce market growth (Fiscal 2025 – Fiscal 2030P)
Grocery	~₹52 (~US\$599)	Partly - FMCG	~₹14 (~US\$166)	~2%	35 – 40%
Fashion	~₹8 (~US\$98)	✓	~₹8 (~US\$98)	~19%	18 – 22%
Jewellery	~₹6 (~US\$69)	✗	-	-	-
Electronics	~₹6 (~US\$68)	Partly – small household devices	~₹0.4 (~US\$5)	37%	14 – 18%
Home and furniture	~₹5 (~US\$65)	✓	~₹5 (~US\$65)	10 – 12%	18 – 20%
Pharma	~₹2 (~US\$29)	✗	-	-	-
General merchandise	~₹2 (~US\$27)	✓	~₹2 (~US\$27)	7 – 9%	14 – 17%
BPC	~₹2 (~US\$23)	✓	~₹2 (~US\$23)	~19%	23 – 26%
Total	~₹83 (~US\$978)	-	~₹33 (~US\$384)	~8%	21 – 25%

Note: 1. Conversion rate: 1 US\$ = ₹85; 2. Small household devices includes vacuum cleaners, air purifiers, and other personal and home devices

Source(s): Redseer Research and Analysis

4.2 Competitive differentiation

In assessing Meesho's performance across metrics, we benchmark it against a defined peer set of scaled e-commerce players or companies in India, or scaled listed multi-category retail companies. For the purpose of this comparison, scaled players or companies are defined as those with Gross GMV or Revenue exceeding USD 500 million as of Fiscal 2025. Scaled e-commerce players including Meesho account for over 85% of India's e-commerce market in terms of GMV during the same period. Listed multi-category retail companies are organised offline retail entities having at least two distinct product categories contributing over 10% of GMV or Revenue. Individual product categories considered here are Fashion (includes Apparel, Footwear and accessories, and Kids fashion), Beauty and personal care inclusive of Baby and mother personal care, Electronics, Home and furniture, General merchandise, Jewellery, Grocery, and Pharma etc. This peer set reflects players or companies with comparable scale and category diversity, enabling a relevant evaluation of Meesho's market position and operating performance.

Meesho is the largest e-commerce player in India in terms of annual Placed Orders in the last twelve months ended June 30, 2025 and for Fiscal 2025. Meesho has the highest Placed Orders per day among the e-commerce players in India in the last twelve months ended June 30, 2025. In the last twelve months ended June 30, 2025, Meesho recorded ~5.8x the number of placed orders compared to the average of scaled e-commerce players. Also, Meesho has the largest number of annual transacting users among e-commerce players in India in Fiscal 2025, accounting for 23–24% of India's population with access to internet.

Meesho has grown faster than India's e-commerce market over the last two years, thereby gaining market share in terms of GMV. As of first quarter of Fiscal 2026, Meesho has the highest Gross Value of goods sold (GMV considered for e-commerce companies and revenue from operations considered for listed multi-category retail companies) in the Fashion (includes Apparel, Footwear and accessories, and Kids fashion) category among e-commerce companies and listed multi-category retail companies.

Figure 42a: Placed orders – Meesho vs other e-commerce

Meesho orders indexed at 100 units, In the last twelve months ended June 30, 2025

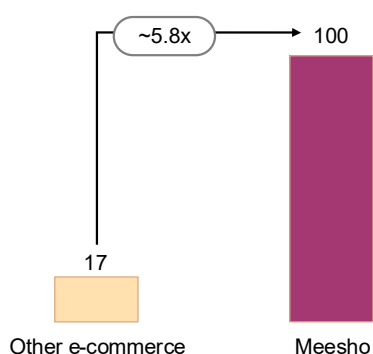
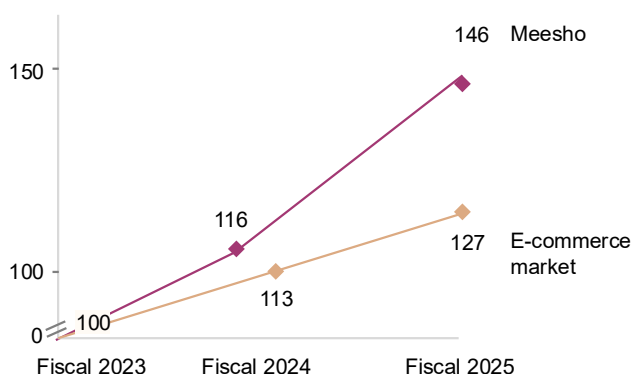


Figure 42b: GMV growth – Meesho vs e-commerce

GMV growth from Fiscal 2023–2025 wherein Fiscal 2023 GMV is indexed at 100 units



Note: 1. Orders refers to gross orders placed on the platform before cancellation and returns; 2. GMV is pre-cancellation and returns at selling price, i.e. post MRP discount and excludes cart/checkout discounts; 3. Other e-commerce represents other scaled e-commerce players (including quick commerce) in India with GMV exceeding US\$500 million as of Fiscal 2025

Source(s): Redseer Research and Analysis

Figure 43: Meesho's market position by category in the e-commerce market

In the last twelve months ended June 30, 2025

Category	Market position in terms of orders
Fashion	1
Home, kitchen and furnishing	1
Beauty and personal care	Among the Top-3

In the last twelve months ended June 30, 2025, Meesho has the highest Placed Orders in Fashion (includes Apparel, Footwear and accessories, and Kids fashion) and Home, kitchen and furnishing among e-commerce players in India, and is amongst the top three e-commerce players in terms of Placed Orders in Beauty and personal care inclusive of Baby and mother personal care. Further, Meesho recorded a GMV market share of 21–23% in Fashion (includes Apparel, Footwear and accessories, and Kids fashion), 23–25% in Home, kitchen and furnishing, and 8–10% in Beauty and personal care inclusive of Baby and mother personal care (market share is implied by Meesho's category GMV as a share of overall e-commerce category GMV).

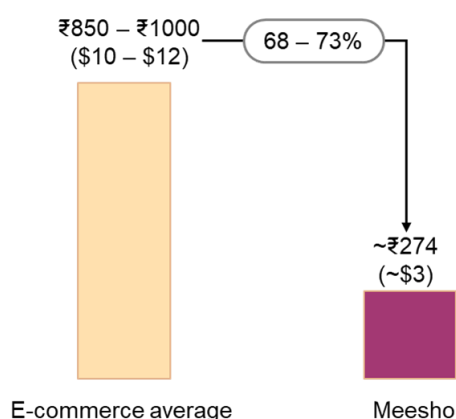
Note: 1. Orders is defined as total number of unique orders placed, including those that were later cancelled or returned; 2. Categories shown represent segments where Meesho's GMV contribution exceeds 10% as of Fiscal 2025; 3. Conversion rate: 1 US\$ = ₹85; 4. BPC is inclusive of Baby and mother personal care; 5. Fashion includes Apparel, Footwear and accessories, and Kids fashion

Source(s): Redseer Research and Analysis

According to Sensor Tower, Meesho was the most downloaded shopping app in India for each of the last four years Fiscal 2022, Fiscal 2023, Fiscal 2024, Fiscal 2025 and first quarter of Fiscal 2026. While the number of e-commerce shoppers in India grew by 11-20% from Fiscal 2023 to Fiscal 2025, Meesho's annual transacting users has increased by ~46% in the same period, implying that a significant portion of e-commerce growth in the last 2 years has been led by Meesho. According to Sensor Tower, Meesho has the highest average minutes per session among the top 10 most downloaded shopping apps in India (as per Sensor Tower) in the last twelve months ended June 30, 2025.

Figure 44: Average order value (AOV) – Meesho vs e-commerce average

Fiscal 2025



Meesho has the lowest AOV (Average order value) among scaled e-commerce players in the last twelve months ended June 30, 2025. Further, Meesho has the highest e-commerce shipment volume in India among the e-commerce players, accounting for 29–31% of total e-commerce shipments (excluding hyperlocal shipments) in Fiscal 2025.

Moreover, Meesho's cost to enable sales for sellers (including commissions / margins, fulfilment, and other platform costs excluding ads) was 28-65% lower than the average of e-commerce players in the last twelve months ended June 30, 2025. In August 2021, Meesho became the first e-commerce player in India to provide 0% commission to its unbranded sellers, and subsequently became the first to achieve a GMV

scale of USD 1 billion under this model.

Note: 1. Conversion rate: 1 US\$ = ₹85; 2. Average order value (AOV) refers to the average value of goods sold per order, calculated at the selling price (i.e., after MRP)

discounts) and excluding coupon and checkout discounts, delivery charges, and other platform fees.
Source(s): Redseer Research and Analysis

Additionally, As of September 2025, Meesho offers one of the most seamless seller onboarding experiences among scaled e-commerce players.

Other claim statements:

1. Regional and Unbranded segment remains underserved by e-commerce players, accounting for only 25–30% of e-commerce GMV in Fiscal 2025.
2. Meesho has the highest value of goods sold (GMV considered for e-commerce companies and revenue from operations considered for listed multi-category retail companies) per Full time employee (FTE) among all scaled listed multi-category retail companies and e-commerce companies in India as of Fiscal 2025
3. Meesho is generating the largest free cash flow (Cash flow from operating activities - Capital expenditure as per cash flow statement) among the scaled listed e-commerce companies in India as of Fiscal 2025
4. Meesho reported the highest capital efficiency (Value of goods sold (GMV considered for e-commerce companies and revenue from operations considered for listed multicategory retail companies)/ Capital employed) among all scaled listed multi category retail companies and e-commerce companies in India as of Fiscal 2025
5. As of September 2025, Meesho is the only scaled e-commerce player in India that allows sellers to register on its platform without requiring GST registration, in compliance with prevailing regulations.
6. Valmo is Meesho's asset-light logistics platform. Valmo is the only completely asset-light model among scaled e-commerce logistics providers in India as of Fiscal 2025, defined as a logistics and fulfilment network with no ownership or lease of physical infrastructure across the first-mile, mid-mile or last-mile, including pickup fleets, sorting hubs, line-haul assets, delivery networks, warehouses and dark stores, with all operations executed entirely through third-party or partner-led infrastructure.
7. Valmo's average cost per shipment for a surface delivered shipment weighing 0.5-1kg is 1-12% lower than that of the average cost per shipment (for a shipment of similar specifications) of the scaled e-commerce logistics providers in India in the last twelve months ended June 30, 2025.
8. As per Sensor Tower, Meesho is the fastest shopping app in India to cross 500 million downloads, achieving this milestone in CY 2023
9. Meesho is the first scaled e-commerce player in India to open-source key components (such as feature store, control plane, orchestration UI and SDKs) of its internal ML platform named "BharatMLStack" on GitHub.
10. Meesho has the largest number of annual transacting users among e-commerce players in India in the last twelve months ended June 30, 2025

Chapter 5: Threats and Challenges

While value focused e-commerce in India is witnessing fast growth, several structural and external risks could impact its trajectory. These challenges span macroeconomic factors, operational dependencies, regulatory complexity, and evolving consumer expectations.

- **Economic sensitivity and discretionary demand volatility:** Discretionary categories such as fashion, home, and personal care are highly sensitive to macroeconomic cycles. Periods of

inflation, income stagnation, or broader economic downturns may lead to reduced consumer spending.

- **Intensifying competitive landscape:** The e-commerce market in India continues to attract significant investment across multiple formats. Escalating competition on parameters such as pricing, logistics capabilities, seller incentives, and platform experience could exert pressure on margins and user retention, especially for players operating at scale.
- **Operational and fulfilment challenges:** The industry's reliance on large-scale logistics ecosystem creates vulnerability to supply chain disruptions, last-mile inefficiencies, and rising costs. As shipment volumes increase, ensuring consistent and reliable delivery performance becomes paramount. While infrastructure remains important, the logistics ecosystem must also evolve operationally to manage growth effectively, with labour availability and management posing greater challenges. Additionally, infrastructure constraints, regulatory bottlenecks, and service disruptions can significantly impact consumer satisfaction and cost structure.
- **Regulatory and policy uncertainty:** Frequent changes in the regulatory landscape, including those related to e-commerce FDI norms, data protection, taxation, and digital payments, pose ongoing compliance risks. Ambiguities in enforcement and evolving interpretations may increase operational complexity and raise legal or reputational exposure for players.
- **Cybersecurity and technology risks:** As e-commerce players deepen their digital operations and scale user transactions, they face an evolving technology landscape that introduces new risks and complexities. Exposure to cybersecurity threats, data breaches, and infrastructure vulnerabilities increases accordingly. Ensuring robust security measures, data privacy, and system reliability is essential to maintaining user trust and complying with regulatory standards.
- **Seller ecosystem fragmentation:** A significant share of supply in value focused e-commerce is driven by sellers. Managing this fragmented seller base presents challenges in ensuring product quality, adapting to changing trends, delivery consistency, and regulatory compliance. Inadequate oversight or quality control mechanisms can lead to elevated customer dissatisfaction and brand dilution.

Glossary

Term in use	Definitions
Retail market	Comprises purchase of products across categories, including grocery, fashion, electronics, pharmaceuticals and over-the-counter medication, beauty and personal care and general merchandise
Top 8 cities	Defined as cities with a population exceeding 5 million as of FY2025, comprising Mumbai (Maharashtra), Delhi (NCT), Bangalore (Karnataka), Chennai (Tamil Nadu), Hyderabad (Telangana), Kolkata (West Bengal), Pune (Maharashtra), and Ahmedabad (Gujarat).
Tier 1 cities	Tier 1 cities are defined as cities with a population between 1 million and 5 million as of FY2025.
Tier-2+	Tier 2+ cities are defined as cities with a population of less than 1 million as of FY2025.
Rural	Rural areas are defined as areas not classified as urban by Census 2011
Fresh	Fresh includes fruits, vegetables, meat, seafood, dairy, and other perishable products
Staples	Includes items such as grains, pulses, flours, edible oils etc.
FMCG	Includes packaged foods, beverages, toiletries, cleaning supplies etc. excluding personal care and baby care consumables
BPC	It consists of beauty and personal care products such as Makeup, Hair Care, Skin Care, Personal hygiene, Oral Care, Deo and fragrances etc. (excludes appliances)
Electronics	Includes mobile phones, home appliances and consumer electronics, kitchen appliances and other small appliances, home entertainment, computer peripherals and personal care devices
Fashion	Includes apparel, footwear, kids fashion and accessories (belts, bags, watches, hair accessories, wallets, wearables, scarves and stoles, caps and hats etc.)
Apparel	Includes all types of clothing, such as tops, bottoms, dresses, ethnic wear, jackets etc.
Non-apparel	Includes fashion accessories that complement clothing but are not worn as primary garments, including footwear, bags, belts, watches, artificial jewellery, etc.
Home and furniture	Includes home improvement, furniture, mattresses, furnishings and home decor
Home, kitchen and furnishing	Includes home improvement, furnishings, home decor and Mattresses
General merchandise	Includes, Toys, Baby Care, stationery, office supplies etc.
Jewellery	Ornaments made from precious metals, gemstones, or other materials, worn for decoration or cultural significance.
Grocery	Grocery includes fresh foods like fruits, vegetables, dairy and meat, FMCG (packaged foods and non-foods (for e.g. cleaning and laundry products)) and staples
Pharma	Includes prescription medicines and over-the-counter drugs
Discretionary spending	Includes categories namely BPC, Home and furniture, general merchandise, jewellery, electronics, fashion, FMCG
Non-discretionary spending	Includes categories namely Pharma, Staples and Fresh
Gross Domestic Product (GDP)	Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.
Gross Merchandise Value (GMV)	Represents the total sales value of goods sold through a platform before any deductions.
Private Final Consumption Expenditure (PFCE)	Expenditure incurred by the resident households and non-profit institutions serving households on final consumption of goods and services, whether made within or outside the economic territory

First-mile	The transportation of goods from a seller's store or platform's/seller's warehouse to the next hub from where the goods are forwarded.
Mid-mile	The part of the supply-chain that involves processing and movement of goods between Mother hubs, sortation centers, and delivery centers before the last-mile
Last-mile	The last leg of the supply-chain in which goods are moved from the last delivery center to the final consignee
E-commerce shipments	E-commerce shipments include the total volume of shipments, comprising Delivered orders, Return to Origin (RTO) shipments (counted once for both forward and return legs), and Reverse Pick-Up shipments
North India	North India comprises the states of Jammu and Kashmir, Himachal Pradesh, Punjab, Haryana, Uttarakhand, and Uttar Pradesh, along with the union territories of Delhi, Chandigarh, and Ladakh
South India	South India includes the states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, and Kerala, along with the union territories of Puducherry, Lakshadweep, and Andaman and Nicobar Islands
East India	East India consists of the states of Bihar, Jharkhand, Odisha, West Bengal, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim. It does not include any union territories
West India	West India comprises the states of Rajasthan, Gujarat, Maharashtra, and Goa, along with the union territory of Dadra and Nagar Haveli and Daman and Diu
Central India	Central India includes the states of Madhya Pradesh and Chhattisgarh, and has no associated union territories
Conversion rate	1 US\$ = ₹85
Compound Annual Growth Rate (CAGR)	Average annual growth rate of an investment or value over a specified period, assuming constant year-on-year growth.
CY	Calendar Year (January to December)
FY	Financial year as per Indian standard which begins on 1st April of the base year and ends on 31st March of the following year. For reference, FY2025 includes a time period 1st April 2024 to 31st March, 2025.
E-commerce players	E-commerce players, defined as players facilitating the buying and selling of goods over the internet, are considered individually rather than at the corporate group level to distinctly capture variations in their operating models, market positioning, and targeted user cohorts.
Warehousing segment	Warehousing segment is defined as a fundamental part of business infrastructure and a key enabler in the global supply chain. It serves as the central point for procurement, manufacturing, and distribution services, all of which contribute to building robust economies
Downloads	As defined by Sensor Tower - The download metric that is tracked in our platform is a unique download per iOS or Google Play Account
Average order value (AOV)	Average order value of an order at Selling Price (net of Discounts) exclusive of Delivery fees and cart discounts
Average Selling Price	Average Selling Price (ASP) refers to the average value per item sold, calculated at the selling price (i.e., after MRP discounts), and excluding coupon and checkout discounts, delivery charges, and other platform fee
Annual transacting users	Annual Transacting Users refers to the unique number of users who have completed at least one transaction (purchase or sale) on a platform within a given financial year
Annual orders	Annual orders are defined as Gross orders placed on the platform before cancellation and returns
Average minutes per session	The average of how long users spent within each session where session is defined as any time a user brings an app to the foreground of the phone for more than two seconds. A session

	concludes when the user navigates away from the app to the home screen, the app launcher, or another app, such that the app is no longer in the foreground.
Orders per day	Orders per day is defined as Gross orders placed on the platform per day on average for the year, before cancellations and returns.
Content commerce	Content commerce includes e-commerce purchase directly influenced by content created and distributed by content-creators or influencers. It includes videos where influencers recommend, demonstrate, or review products across shortform, longform, or livestreamed video formats.
Unbranded seller	Seller who sells products that lack distinct branding and are typically sold without a proprietary label, often sourced from manufacturers and sold under various retailer or distributor names
RoAS	Return on Advertising Spend (RoAS) measures the revenue generated for every unit of advertising spend
Digital advertisement channels	Digital advertisement platforms include channels such as search engines, social media networks, video streaming (OTT) platforms, messaging apps, and short-form content platforms
Value of goods sold	Value of goods sold is equivalent to GMV for E-commerce companies and Revenue from operations for Retail companies
FTE	FTE is defined as full time employee as on date
E-commerce logistics providers	Includes 3PL and captive logistic provider players
3PL e-commerce players	3rd party logistics players are to who companies outsource their logistics for services such as transportation, warehousing, fulfilment and other value-added services and
Captive logistics	In-house logistics services that majorly cater to deliveries of its parent company.
Platform players	A platform-based player refers to a commerce architecture wherein the platform enables discovery, seller participation, and fulfilment by integrating with network logistics providers, while inventory ownership and fulfilment responsibilities rely on existing seller capabilities and network logistics partners.
Average shipment yield	Average Shipment Yield is calculated as Revenue from E-commerce Shipments / Number of E-commerce
Scaled e-commerce logistics providers	E-commerce logistics provider with more than 200 million volume of e-commerce shipments in FY2025(Collectively, these players including Valmo account for over 80% of India's e-commerce shipments excluding quick commerce during the same period)
Scaled player/companies	Scaled player/companies is defined as players/companies with Gross GMV/ Revenue exceeding USD 500 million as of FY2025
Hyperlocal	Platforms that provide on-demand retail deliveries to consumers within 3 hours for all orders
Cost per shipment	Cost of shipment incurred by a logistics provider
Capital employed	Capital employed is calculated as: total equity (add back if any losses) + debt (long-term and short-term) - current and non-current investments, bank balance, cash and cash equivalents, other financial assets, income tax assets, interest accrued on deposits
Quick Commerce	Players who deliver retail groceries (fresh foods (like fruits and vegetables, meat, dairy etc.), staples and packaged foods), fashion, electronics, beauty and personal care, and general merchandise, home/ kitchen goods and pharmaceutical products to consumers within 30 minutes
Listed multi-category offline retail companies	Listed multi-category offline retail companies are those having at least two distinct product categories contributing over 10% of GMV or Revenue. Individual product categories considered here are Fashion (includes Apparel, Footwear and accessories, and Kids fashion), Beauty and personal care inclusive of Baby and mother

	personal care, Electronics, Home and furniture, General merchandise, Jewellery, Grocery, and Pharma.
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