



Retail Research	: IPO Note
Sector	: Personal Care
Price Band (INR)	: ₹150 to ₹158
Issue Type	: Bookbuilding IPO

About The Company

Recode ek Beauty & Personal Care (BPC) company hai jo makeup, skincare, body care aur beauty accessories jaise products apne "Recode" brand ke naam se sell karti hai. Company ka business model kaafi interesting hai kyunki yeh khud manufacturing nahi karti, balki apne saare products third-party manufacturers se banwati hai aur phir unhe branding, marketing aur distribution ke through market me bechti hai. Is approach ko asset-light model bola jata hai, jisme company ko factories aur heavy capex me invest nahi karna padta, aur woh apna focus brand building aur sales par rakh sakti hai. Sales ke liye Recode ek omnichannel strategy follow karti hai, jisme offline aur online dono channels ka use hota hai. Offline me company ke paas COCO (Company-Owned Company-Operated) stores hote hain jo directly company chalati hai, aur FOFO (Franchisee-Owned Franchisee-Operated) stores hote hain jo franchise partners ke through operate hote hain. Total milakar lagbhag 22 stores India ke different states me operate ho rahe hain. Online side par company apni website aur mobile app ke through direct customers ko serve karti hai, saath hi Amazon, Nykaa, Myntra aur Flipkart jaise major e-commerce platforms par bhi apne products sell karti hai, jisse uski reach kaafi wide ho jati hai.

Product portfolio ki baat karein to company ke paas 350+ SKUs ka diversified range hai, jisme face makeup (foundation, compact, primer), eye makeup (kajal, mascara, eyeshadow), lip products (lipstick, gloss), skincare (face wash, serum, sunscreen), body care (lotion, shower gel) aur beauty accessories (brushes, sponges) shamil hain. Yeh products normal consumers ke saath-saath professional makeup artists ko bhi target karte hain, jisse company multiple customer segments cover karti hai. Supply chain ko support karne ke liye company ke paas India me multiple warehouses hain (Ludhiana, Delhi, Mumbai), jahan se products store, pack aur dispatch kiye jate hain chahe woh offline stores ke liye ho ya online orders ke liye. Marketing strategy me Recode ka major focus digital platforms par hai, jahan woh Instagram (4.5 lakh+ followers), influencers, content creators aur digital ads ka use karti hai. Iske alawa workshops aur product demos ke through bhi brand awareness build ki jati hai. 2023 me Shark Tank India me appearance ne bhi brand ko strong visibility di, jisse consumer recognition aur trust improve hua.

Management team experienced hai jisme Dheeraj Bansal finance aur procurement handle karte hain, Rahul Sachdeva aur Karan Bansal sales aur marketing lead karte hain, Shalini Trehan social media manage karti hain aur Shelly Bansal logistics oversee karti hain. Future growth ke liye company ka focus mainly franchise expansion par hai, jahan woh naye FOFO stores open karke especially South aur East India me apni presence badhana chahti hai, kyunki franchise model low cost aur fast scalable hota hai. Saath hi, company apni warehousing capacity bhi expand karne ki planning kar rahi hai jisme Ludhiana me naya warehouse banane ka plan hai, jisse supply chain efficiency aur delivery speed improve hogi. Marketing me bhi significant investment ki planning hai, jisme social media campaigns aur influencer collaborations ke through brand ko aur strong banaya jayega. Iske alawa, company continuously apne product portfolio ko expand aur update karna chahti hai taaki changing consumer trends, demand aur pricing dynamics ke according naye products launch kiye ja sake. Overall, Recode ek brand-driven, asset-light aur omnichannel business model par kaam karne wali company hai jisme growth potential strong hai, lekin execution aur brand positioning par success kaafi depend karta hai.

Issue Details	
IPO Open Date	05-May-26
IPO Close Date	07-May-26
Price Band (Rs)	₹150 to ₹158
Lot Size	800 Shares
Issue Size (Rs Cr)	28,22,400 shares
Face Value	₹10 per share
Sales Type	Fresh capital cum OFS
Issue Type	Bookbuilding IPO
Listing At	BSE SME
Share Holding Pre Issue	81,41,144 shares
Share Holding Post Issue	1,06,44,344 shares
QIB	49.93%
Retail Share	35.02%
NII Share	15.06%
Promoter Holding Pre Issue	88.93%
Promoter Holding Post Issue	65.01%

Objects of the Issue	Estimated Amount (INR Cr.)
Funding of Capital expenditure towards setup of a new Warehouse Facility at Ludhiana, Punjab	5.74
Marketing and advertisement expenses toward enhancing the awareness and visibility of brand	5.41
Utilization towards working capital requirements	19.5

Shareholding Pattern (%)	
Dheeraj Bansal	9.13
Rahul Sachdeva	10.97
Shelly Bansal	6.72
Preeti Trehan	15.85
Shalini Trehan	15.86
Karan Bansal	5.95
Neeraj Bansal	9.91
Saloni Tanwar Sachdeva	7.27
Madan Lal Sachdeva	3.64
Neelam Sachdeva	3.64

RISK

1. Manufacturing & Supply Chain Dependency Risk

Company apne products khud manufacture nahi karti aur poori tarah third-party manufacturers par dependent hai. Agar kisi bhi vendor ki taraf se quality issue, production delay ya regulatory non-compliance hota hai, to iska direct impact company ke products, brand reputation aur sales par padega. Is model me company ka control limited hota hai, jisse operational risk kaafi badh jata hai.

2. Brand Reputation Risk

Company ka business largely “Recode” brand ki perception par dependent hai. Agar social media par negative reviews, influencer backlash ya product-related complaints viral ho jati hain, to brand image ko nuksaan ho sakta hai aur iska direct effect sales aur customer trust par padega.

3. Changing Consumer Preferences Risk

Beauty industry me trends bahut fast change hote hain. Agar company timely naye trends (jaise organic, vegan ya new makeup styles) adopt nahi kar pati, to uske products outdated ho sakte hain aur demand me girawat aa sakti hai.

4. Online Platform Dependency Risk

Company ka significant revenue Amazon, Nykaa aur Flipkart jaise platforms se aata hai. In platforms ki policies, commission structure ya algorithm changes company ke margins aur visibility ko impact kar sakte hain. Saath hi negative reviews ka viral hona brand ke liye risk create karta hai.

5. Franchise (FOFO) Model Risk

Franchise-operated stores company ke direct control me nahi hote. Agar franchise partners service quality maintain nahi karte ya compliance follow nahi karte, to customer experience kharab ho sakta hai aur brand reputation damage ho sakti hai.

6. Supplier Concentration Risk

Company limited number of manufacturers par dependent hai. Agar koi key supplier operations band kar deta hai ya pricing increase karta hai, to supply chain disrupt ho sakti hai aur cost structure par pressure aa sakta hai.

7. Customer Retention Risk

Company ke paas long-term customer contracts nahi hain aur revenue repeat orders par dependent hai. Agar customers competitors ki taraf shift ho jate hain, to revenue stability impact ho sakti hai.

8. Product Concentration Risk

Company ki majority sales face make-up category se aati hai. Agar is segment ki demand me decline hota hai, to overall revenue aur profitability par significant impact padega.

9. Trademark & Legal Ownership Risk

Company ke kuch trademarks par objections ya legal issues pending hain. Agar adverse outcome aata hai, to company apne brand name ka use restrict ho sakta hai, jo business ke liye major setback hoga.

10. High Competition Risk

Beauty industry me already strong players jaise Nykaa, Mamaearth aur Lakmé present hain. High competition ki wajah se price wars, margin pressure aur market share loss ka risk rehta hai.

11. Lease Dependency Risk

Company ke offices, warehouses aur stores leased premises par hain. Lease renew na hone ya rent increase hone se operations aur cost structure impact ho sakta hai.

12. Regulatory & Compliance Risk

Company ko operate karne ke liye multiple licenses aur approvals chahiye hote hain. Agar compliance fail hota hai ya approvals delay hote hain, to operations temporarily disrupt ho sakte hain.

13. Cash Flow & Working Capital Risk

Company ka working capital requirement high hai aur inventory aur receivables me significant cash block hota hai. Past me negative cash flow bhi raha hai, jo liquidity risk ko highlight karta hai.

14. Statutory Dues & Compliance Delay Risk

Company ne PF, GST, TDS jaise statutory dues me delays kiye hain. Future me iske liye penalties, interest ya legal action ho sakta hai.

15. Legal Proceedings Risk

Company, promoters aur directors ke against kuch legal cases pending hain. Adverse judgement se financial loss aur management distraction ho sakta hai.

16. Raw Material Control Risk

Raw material procurement manufacturers handle karte hain, jisse company ka direct control nahi hota. Isse quality aur cost fluctuations ka risk rehta hai.

RISK

17. Technology Dependency Risk

Company apne IT systems ke liye third-party vendors par dependent hai. System failure, data breach ya downtime operations aur customer trust ko impact kar sakta hai.

18. Logistics & Delivery Risk

Delivery ke liye company logistics partners par dependent hai. Delays, damage ya service failure se customer dissatisfaction aur brand damage ho sakta hai.

19. COD & Payment Collection Risk

Cash-on-delivery model me delays ya mismanagement se cash flow issues create ho sakte hain aur working capital pressure badh sakta hai.

20. Inventory & Returns Risk

High inventory levels aur product returns (especially cosmetics me) cost increase karte hain aur profitability ko impact karte hain.

21. Geographic Concentration Risk

Company ka operations kuch regions, especially Ludhiana me concentrated hai. Koi bhi regional disruption poore business ko impact kar sakta hai.

22. Expansion & Capex Risk

New warehouse setup me delays, cost overruns ya expected efficiency achieve na hone ka risk hai, jo ROI ko impact karega.

23. Marketing ROI Risk

Company heavy marketing spend karti hai, lekin yeh guarantee nahi hai ki isse proportionate sales ya brand growth milegi.

24. IPO & OFS Risk

IPO me Offer for Sale component hai jisme promoters apne shares bech rahe hain, jisse company ko pura fund nahi milega. Yeh investor ke liye concern ho sakta hai.

25. Forex & Import Risk

Imported products ki wajah se forex fluctuation cost aur margins ko impact kar sakta hai.

26. Debt & Financial Risk

Company ne loans liye hain aur interest obligations ko manage karna zaroori hai, warna financial stress ho sakta hai.

27. Promoter & Management Dependency Risk

Business promoters aur key management par dependent hai. Unka exit ya attrition business performance ko impact kar sakta hai.

28. IPO Listing & Price Volatility Risk

IPO ke baad share price volatile ho sakta hai aur listing gains guaranteed nahi hote.

29. External & Macro Risk

Economic slowdown, inflation, regulatory changes, geopolitical events jaise factors demand aur profitability ko impact kar sakte hain.

RECODE STUDIOS



TOP 10 SUPPLIERS

(Rs. in lakhs)

S. No.	Name	Amount	% of Total Purchases
1	Supplier 1	470.43	21.61
2	Supplier 2	351.59	16.15
3	Supplier 3	293.53	13.48
4	Supplier 4	277.75	12.76
5	Supplier 5	129.01	5.93
6	Supplier 6	111.10	5.10
7	Supplier 7	82.05	3.77
8	Supplier 8	68.14	3.13
9	Supplier 9	64.94	2.98
10	Supplier 10	54.70	2.51
	Total Top 10 Suppliers	1,903.23	87.43
	Total Purchases	2,176.86	100.00

Top 10 Suppliers for FY 2024-25:

(Rs. in lakhs)

S. No.	Name	Amount	% of Total Purchases
1	Supplier 1	393.86	17.86
2	Supplier 2	377.91	17.14
3	Supplier 3	333.44	15.12
4	Supplier 4	172.69	7.83
5	Supplier 5	142.46	6.46
6	Supplier 6	111.75	5.07
7	Supplier 7	91.92	4.17
8	Supplier 8	82.83	3.76
9	Supplier 9	56.51	2.56
10	Supplier 10	53.89	2.44
	Total Top 10 Suppliers	1,817.25	82.40
	Total Purchases	2,205.40	100.00

THE DETAILS OF ADVERTISEMENT, PROMOTION AND BRANDING EXPENDITURE

(Rs. in lakhs)

Particulars	FY 2022-23	% of Revenue from operations	FY 2023-24	% of Revenue from operations	FY 2024-2025	% of Revenue from operations	April 2025' to December 2025'	% of Revenue from operations
Marketing, and Advertisement Expenses	253.88	11.34%	546.49	14.84%	886.18	18.54%	1,061.04	18.49%
Total	253.88	11.34%	546.49	14.84%	886.18	18.54%	1,061.04	18.49%

TOP 10 CUSTOMERS

S. No	Name of Customers	Amount	% of Net sale of products
1	Customer 1	885.01	15.94%
2	Customer 2	468.55	8.44%
3	Customer 3	180.44	3.25%
4	Customer 4	144.47	2.60%
5	Customer 5	100.88	1.82%
6	Customer 6	96.58	1.74%
7	Customer 7	89.37	1.61%
8	Customer 8	77.83	1.40%
9	Customer 9	73.18	1.32%
10	Customer 10	70.28	1.27%
	Total Top 10 Customers	2,186.60	39.38%
	Revenue from Operations (Net Sale of Products)	5,552.30	100.00%

Top 10 customers for FY 2024-25:

(Rs in Lakhs)

S. No.	Name of Customers	Amount	% of Net sale of products
1	Customer 1	889.72	19.05
2	Customer 2	395.09	8.46
3	Customer 3	102.33	2.19
4	Customer 4	96.54	2.07
5	Customer 5	84.07	1.80
6	Customer 6	82.90	1.78
7	Customer 7	69.01	1.48
8	Customer 8	47.96	1.03
9	Customer 9	42.88	0.92
10	Customer 10	41.03	0.87
	Total Top 10 customers	1,851.53	39.65
	Revenue from Operations (Net Sale of Products)	4670.04	100.00

RECODE STUDIOS



KEY PERFORMANCE INDICATORS

(₹ In Lakhs except percentages and ratios)

Key Performance Indicators	April'25 - December' 25	FY 2024-25	FY 2023-24	FY 2022-23
Revenue from operations ⁽¹⁾	5,739.29	4,779.81	3,681.95	2,237.85
EBITDA ⁽²⁾	1,333.96	612.99	167.05	143.78
EBITDA Margin ⁽³⁾	23.24%	12.82%	4.54%	6.43%
PAT ⁽⁴⁾	906.18	330.29	27.43	69.28
PAT Margin ⁽⁵⁾	15.79%	6.91%	0.75%	3.10%
RoE (%) ⁽⁶⁾	68.11%	46.37%	5.14%	24.55%
RoCE (%) ⁽⁷⁾	59.85%	34.47%	9.39%	14.28%
Engaged Sessions (in lakhs) ⁽⁸⁾	53.51	59.65	68.90	39.60
Return on Ad Spend (ROAS) (in times) ⁽⁹⁾	5.23 times	5.27 times	6.16 times	7.74 times
Net Worth ⁽¹⁰⁾	1783.65	877.47	547.18	519.75

Notes:

⁽¹⁾ Revenue from operation means revenue from sale of products & services and other operating revenues

⁽²⁾ EBITDA is calculated as Profit before tax + Depreciation + Finance Cost - Other Income

⁽³⁾ 'EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations

⁽⁴⁾ PAT is calculated as Profit before tax – Tax Expenses

⁽⁵⁾ 'PAT Margin' is calculated as PAT for the period/year divided by revenue from operations.

⁽⁶⁾ Return on Equity is ratio of Profit after Tax and Average Shareholder Equity

⁽⁷⁾ Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as Shareholders Fund + Long term borrowing + Short term borrowing+ Deferred Tax Liability.

⁽⁸⁾ Engaged Sessions refers to total count of user sessions on our website and/or mobile application during a given period that meet user engagement parameters, such as multiple page views, minimum session duration or completion of specified user actions, as tracked through the analytics systems.

⁽⁹⁾ Return on Ad Spend (ROAS) is calculated as Net sales of Products divided by total Advertisement & Promotion Expense and is represented in times.

⁽¹⁰⁾ Net Worth is calculated as total shareholder's funds.

PRODUCTS ARE BROADLY CLASSIFIED INTO THE FOLLOWING CATEGORIES

Main Product Category	Sub-Categories / Products
Face Make-up	Foundation, Compact, Concealer, Primer, Contour, Blush, Highlighter, Setting/Grip Spray
Eye Make-up	Eyeliner, Mascara, Kajal, Eyeshadow, Eyebrow Pencil, Glitter Pigments
Lip Make-up	Lipsticks, Lip Gloss, Lip Crayons, Lip Oil, Lip Liner
Face and Body Care	Face Wash, Cleanser, Toner, Serum, Moisturizer, Face Gel, Sunscreen, Scrub, Mask, Body Lotion, Shower Gel, Hand Cream, Body Oil
Other Accessories	Make-up Brushes, Sponges, Applicators, Cosmetic Tools

THE REVENUE BIFURCATION FROM ONLINE SALES ORIGINATED THROUGH THE COMPANY'S WEBSITE AND MOBILE APPLICATION AND FROM OTHER E-COMMERCE

(Rs. in lakhs)

Particulars	F. Y 2022-23	% of Total Online Revenue	F.Y 2023-24	% of Total Online Revenue	F. Y 2024-25	% of Total Online Revenue	Apr.'25- Dec.'25	% of Total Online Revenue
Revenue from Company's Website and Mobile Application	836.93	96.44%	1,087.99	88.94%	1,568.60	78.37%	1,809.48	72.83%
Revenue from Other E-commerce Platforms (e.g. Amazon, Flipkart, Myntra etc.)	30.89	3.56%	135.33	11.06%	433.00	21.63%	674.92	21.17%
Total Online Revenue	867.82	100.00%	1,223.32	100.00%	2,001.60	100.00%	2,484.40	100.00%

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