



RECODE STUDIOS LIMITED

(Formerly Known As Recode Studios Private Limited)

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CIN : U74999PB2021PLC053619

Date: 08.06.2026

To

**BSE Limited
Department of Corporate Services
25th Floor, PJ Towers, Dalal Street, Mumbai, 400001**

SCRIP CODE: 544755

SYMBOL: RECODE

ISIN: INE2B6701015

Subject: Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015- Submission of Transcript - Earnings Conference Call held on Wednesday, 03rd June, 2026 at 04:00 PM (IST)

Dear Sir/Madam,

This has reference to Regulation 30(6) read with Para-A of Part-A of Schedule-III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In accordance with the Listing Regulations, we hereby enclose a copy of Transcript of Earnings Call held on Wednesday, 03rd June, 2026 at 04:00 PM (IST) for the Half Year and Year Ended 31st March, 2026.

The aforesaid transcript has also been made available on the website of the Company and can be accessed through the following link:

https://cdn.shopify.com/s/files/1/0477/3327/6826/files/Recode_trans_merged.pdf?v=1780902387

Thanking You,

Kindly take note of the same in your records.

For RECODE STUDIOS LIMITED

**(Dheeraj Bansal)
Managing Director
DIN: 09205916**



**“Recode Studios Limited
H2 and FY26 Earnings Conference Call”
June 03, 2026**



MANAGEMENT:

DHEERAJ BANSAL - CHAIRMAN & MANAGING DIRECTOR

NARINDER SINGH - CHIEF FINANCIAL OFFICER (CFO)

Organized by: Moonwalk Capital

Operator: Good afternoon everyone. Welcome to the earnings conference call of Recode Studios Ltd. for FY26 earnings and H2 FY26 earnings. Please note, the conference call may include statements from the company which are forward-looking in nature and represent the current expectations of the management, and the actual results may vary. The conference call will be on listen-only mode. Following the opening statement from the management, we will begin the question-and-answer session. We have Mr. Dheeraj Bansal, who is the Founder of Recode Studios, and Mr. Narender Singh, who is the CFO of the company. I would like now to hand over the call to Mr. Dheeraj Bansal for his opening remarks.

Management: Hi everyone, good evening. It gives me great pleasure to welcome you all to our first investor conference call of Recode Studios Ltd. after our IPO. This is a very important milestone for us. We were featured on Shark Tank in 2023, and we have moved from Shark Tank to an IPO and onto Dalal Street.

Recode started with a simple idea to build affordable luxury in the beauty and personal care industry. From our early days in Ludhiana, we have built this company step-by-step with a focus on product quality, brand building, distribution, and disciplined execution. Today, Recode operates in the beauty, cosmetics, and personal care segments with a diversified portfolio of around 350 SKUs across face makeup, eyes, lips, body care, and accessories. In our accessories line, we have items like makeup brushes and makeup sponges.

Our focus remains on marketing, distribution, product quality, and innovation, which makes our business scalable with an asset-light model. Our growth journey is supported by our omni-channel model, driving more than 70% of online revenue from our own website. This is supported by our 22 COCO [Company Owned Company Operated] and FOFO [Franchisee Owned Franchisee Operated] stores and six warehouses and dark stores. From our FOFO stores, we also handle distribution. We have various small shops in all the Tier 2 and Tier 3 cities, and we supply them from our FOFO stores as well. We leverage institutional customers, retailers, makeup artists, and influencers to further penetrate the market.

As per our latest presentation, we currently have 22 retail stores, including three COCO stores we are currently operating, and 19 FOFO stores. We operate through six warehouses across India. This combination of online, offline, and B2B channels gives us flexibility to reach better customer access. The recent IPO has strengthened our balance sheet and given us growth capital at the right time. We are deploying this capital mainly towards working capital and improving product availability. As we expand our business every day and increase our revenue, we must increase our inventory to meet the stock conditions in our warehouses. We

will also innovate with more new products and expand our market to support our next phase of growth.

Our focus areas for the coming year are very clear. First, we want to improve product availability across key markets like South India, North East India, and Central India. Second, we are looking to strengthen our presence in modern trade as well. Just the day before yesterday, we opened our first kiosk in Omaxe Mall in New Delhi, and many more are in the pipeline. Our team is in discussions with many more malls, and we will also foray into quick commerce in the next one to two months. We are already in discussions with all the major quick commerce platforms, and we have already started to sell our products through agreements with shipping companies which will provide quick commerce delivery within 4 hours to the next day in all major cities from the Recode website.

Third, we are investing in our supply chain and distribution network, including the planned Ludhiana warehouse which is expected to commence operations from April 2027. We believe India's beauty and personal care market offers a large growth opportunity. Consumers are becoming more aware, more experimental, and more open to affordable Indian brands. Digital discovery, influencer-led buying, availability in quick commerce, and shops nearby in the markets or high streets—along with offline experience-led selling—are all changing the way beauty products are being purchased.

Recode is well-placed to benefit from these trends. At the same time, we want to grow responsibly. Our asset-light model allows us to scale with relatively lower capital intensity. We will continue to focus on brand strength, product quality, working capital discipline, and profitable growth. That is our number one priority because from the day we started as a startup, we have been profitable, and now our profit is visible. FY26 was a strong year for us. Revenue, EBITDA, and PAT saw healthy growth supported by deeper market penetration, channel expansion, and operating leverage. The second half of FY26 was particularly strong, showing the benefit of better execution and improved profitability.

As promoters, we remain confident about the company's growth journey. We are targeting at least 50% growth in 2027 and we are hoping to achieve this number in H1 as well, backed by demand momentum, deeper market penetration, new channels, and an expanding distribution network.

Before I hand over to our CFO, I would like to thank all shareholders, advisors, merchant bankers, employees, customers, franchisee partners, distributors, and business partners for their continued trust in Recode. With that, I will now invite our CFO to take you through the financial performance. Handing over to Mr. Narender Singh.

Management: Thank you, sir. Good evening everyone and thank you for joining

us. If we talk about revenue year-on-year, we recorded revenue of 29 crores in 2025. If we look at the yearly figures, we did 48 crores in 2025 and 80 crores in 2026, which is a 67% year-on-year growth. Our EBITDA in 2025 was 6 crores and in 2026 it was 16 crores.

Our PAT in 2025 was 3.11 crores and in 2026 it was 11.22 crores, which is a 260% year-on-year growth in PAT. Regarding the EBITDA margin, in FY25 it was 13%, and in FY26 it reached 20%. Regarding the PAT margin, in FY25 it was 6.5% and in FY26 it was 14%. Our ROE for 2025-26 is 78% and our ROCE is 59%. On a half-yearly basis, our revenue in H2 FY25 was 29 crores and in H2 FY26 it is 43 crores. Thank you. Now we can open the floor for questions.

Operator: Investors can raise their hands and unmute to ask questions. We have the first question from Mr. Deepak Poddar from Sapphire Capital. You can unmute and ask your question.

Deepak Poddar - Sapphire Capital: Am I audible? Yes. Okay, great. Thank you very much for this opportunity. I just wanted to understand our thought process. Do we want to be asset-heavy or asset-light? Among the various channels of sales that you have mentioned, how should that mix look over the next 2-3 years?

Management: We will continue to operate under the same asset-light model and follow the same trajectory. Even in the previous two months, we have remained on the same trajectory. We are projecting that we will achieve that revenue. If you look at Recode in India, we were previously weak in Central India and South India, specifically in Andhra Pradesh, Tamil Nadu, Kerala, and Karnataka. We are working heavily on those regions and have already hired a team there. We are expecting quite good revenue from there; we are already seeing results and expect more in the future.

Deepak Poddar - Sapphire Capital: Right. Our majority of sales come from online. You mentioned 45% of revenue comes from online and B2B as well. Is that B2B revenue what we are providing to e-commerce companies like Amazon, Myntra, and others?

Management: No, those are strictly online. Nykaa is categorized as B2B because Nykaa buys upfront. Amazon, Flipkart, and Myntra are part of D2C, whereas in our books, Nykaa is recorded as B2B because they purchase inventory upfront.

Deepak Poddar - Sapphire Capital: Right. So we can say 70% of sales are B2B and online? Will that mix remain the same going forward?

Management: The current split is around 40-60, where 60% is online and 40%

is offline. However, in this financial year, this ratio will move toward 50-50. Although we will grow at the same pace in online, the pace in offline will be faster because there were certain markets where Recode's availability was lower compared to Delhi NCR, North East India, or West Bengal. I am hoping that during this fiscal year, the split will reach 50-50.

Deepak Poddar - Sapphire Capital: Okay. What does it mean for EBITDA margins? Given this change in the split and the growth leverage advantage you will get, how should one look at your EBITDA margin?

Management: Most likely, the EBITDA will remain the same because marketplaces also charge a significant commission from us, and we follow a similar model in offline channels. So, the margins for online and offline remain equivalent. In online, we spend on marketing, marketplace commissions, and shipping. In offline, we provide the product to our franchisee store or retailer, and then they have their own responsibilities. Therefore, the EBITDA margin should remain consistent.

Deepak Poddar - Sapphire Capital: Okay. But in your first half versus the second half, your first half margin was 16% and your second half margin was 24%, which averages out to 25% for the EBITDA margin. So how should one look at the margins for the entire year for FY27 and FY28?

Management: The margins for the entire year will remain consistent. If you see, the first half, H1, always remains a bit weak for color cosmetics because of the humid weather and summer.

Additionally, when there is summer in North India, the monsoon hits the southern region of India, resulting in high humidity. However, after Rakhi in August, sales start pushing from September onwards. In North India, we have festivals like Karwa Chauth, and elsewhere we have Pongal or Durga Puja. Consequently, our revenue increases in H2, which we refer to as OND [October, November, December]. October, November, and December are very good for color cosmetics specifically because there is no humid weather; it is winter. So our revenue increases in color cosmetics. This trend will always follow.

Deepak Poddar - Sapphire Capital: But for the full year, our margin was 21% in FY26. Can we expect some improvement there as our revenue scale increases?

Management: EBITDA improvement is not currently on the cards because we will spend more on marketing and branding. If we have more EBITDA in hand, we will spend more on marketing to acquire future customers for us.

Deepak Poddar - Sapphire Capital: Understood. Got it. That would be all from my side. I would like to wish you all the best. Thank you so much.

Management: Thank you.

Operator: The next question is from the line of Mr. Tejas Shirodkar from Vyom Capital.

Tejas Shirodker - Vyom Capital: Hi Mr. Dheeraj, first of all, congratulations on a fantastic set of numbers. I want to understand your customer acquisition cost and how it has been faring from last year to this year. That will be the first question. If you can help us understand how you have achieved your customer acquisition cost, and what your main levers are.

Management: Regarding customer acquisition, as I mentioned on Shark Tank, we utilize influencer marketing and conduct makeup masterclasses for self-grooming. For example, if there is a customer in 12th grade going to college who does not know how to apply eyeliner or identify the right shade of foundation, we provide education. Education is our main model. You also asked about Recode's benchmark; we have set a guideline of spending 20% of our revenue on marketing. As far as the Customer Acquisition Cost (CAC) is concerned, CAC is not clearly defined in Recode's case because we are not selling only online where I spend on Meta or Google. We also generate business through Nykaa, Amazon, Flipkart, Myntra, and Meesho. At the same time, we have good demand in offline channels, whether in Ahmedabad or Bangalore. We are a North India-based brand, so I will not talk as much about North India as we are already doing well there and will continue to do so. Therefore, CAC is not defined on a per-customer basis. What we are doing is spending 20% of our revenue on advertising.

Tejas Shirodker - Vyom Capital: And you will continue to do so, sir?

Management: Yes, absolutely. Everyone has to do it. If Google and Apple are running ads for themselves, why shouldn't Recode? We only have these verticals to maintain our position, make our products available, and display our products to new people while maintaining recall among existing ones. So this will remain the same.

Tejas Shirodker - Vyom Capital: Regarding your physical stores, both COCO and FOFO, how much revenue per annum must a store generate before you consider it a successful location? And what is the time period you or your franchisee partner give to this commitment?

Management: When we started the franchise model, we gave them a payback period of 22 months. However, we have now stopped the FOFO franchise model and are opening dark stores, which I mentioned earlier. We have opened dark stores in Jabalpur, Hyderabad, Chennai, and have Bhubaneswar and Ranchi in the pipeline. Being a single brand and not yet as large as others, we have to

consider the high rentals. Therefore, we are operating in the dark store model now. The FOFO model is closed for the time being.

Tejas Shirodker - Vyom Capital: So, what happens to all the existing FOFO stores?

Management: As I mentioned before, every FOFO store is not just a retail store; it is also a distributor for us. For example, the Ahmedabad partner handles 500 shops, and the Kolkata store handles around 200 shops. When we started this brand, we realized that traditional distributors already handle a crowd of 15 to 20 brands. In that crowd, a brand might achieve primary sales, but secondary sales do not happen. The distributor places the product, and after 2 or 3 years, the product is returned. The brand gets stuck when returns come back after 3 years. Therefore, we created our own distributors. All the FOFO stores are also distributors. For example, my Indore franchisee sells in Indore and also covers Ujjain and Dewas. Similarly, the Jabalpur partner covers Rewa, Satna, and Katni. So our franchisee stores are not only retail touchpoints but also touchpoints for retailers, makeup artists, and makeup academies.

Tejas Shirodker - Vyom Capital: Right. But the franchisee would have invested in getting a prime location, either in a shopping mall or a high street. For a dark store, they would have to move out to a warehouse-led model rather than a frontage property. How would the company compensate for such revenue loss to those franchisee partners?

Management: It is not like that. They are already doing revenue of 4 to 5 lakhs monthly from retail footfall. They are already doing business of 4 to 5 lakhs monthly, which covers their rental and worker costs. Additionally, they handle the distributorship. No Recode franchisee has closed since we started this model, except for one where the shopping mall itself became non-operational. All franchisees are happily working with Recode, meeting their expenses through the footfall they receive and the distribution they manage simultaneously.

Tejas Shirodker - Vyom Capital: Okay, I will go back into the queue. Thanks.

Operator: Our next question is from Mr. Rohit Balakrishnan from Ithought PMS.

Rohit Balakrishnan - Ithought PMS: Thank you, sir, and congratulations on fantastic numbers. I am looking at the company for the first time, so please pardon any basic questions. This space is extremely competitive. Could you explain where you fit in the mass premium, premium, or entry-level segments? What is your differentiation?

Management: We compare ourselves with international brands. We do not compare ourselves with any Indian brand. We say we are affordable luxury.

Recode is a replacement for international brands. Our quality speaks for itself, and our customers say so as well. So we are affordable luxury and mass premium.

Rohit Balakrishnan - Ithought PMS: Got it. You mentioned that you have 19 FOFO stores and are not increasing them incrementally. Regarding these dark stores you are trying to open, are these your own stores or are you partnering with Blinkit and other quick commerce players?

Management: We are partnering with freelancers or others similar to our franchisee partners to run these dark stores. We are giving these to third parties.

Rohit Balakrishnan - Ithought PMS: Okay, so I could be a dark store operator for Recode. Is that how it will be?

Management: Yes, that is correct.

Rohit Balakrishnan - Ithought PMS: Okay. And we are still not live on quick commerce platforms like Blinkit or Zepto?

Management: We are on Blinkit in Delhi NCR. However, regarding the quick commerce model, we went live on Zepto, Swiggy, and Blinkit about 1.5 years ago, but we did not quite understand their model at the time. It was burning a hole in our pockets. The Recode model is focused on being profitable. I do not want to spend 200 rupees to sell 100 rupees worth of goods. That is why I mentioned we are trying to do quick commerce ourselves or even open our own quick commerce service. Being Recode, we will not spend 200 rupees to sell goods worth 100 rupees. That is why Recode is not widely available on quick commerce at the moment.

Rohit Balakrishnan - Ithought PMS: Understood. I looked at your balance sheet and saw receivables around 15 crores, whereas last year it was 8 crores. Could you perhaps bifurcate this year's numbers across the channels, such as FOFO, e-commerce, and B2B? How many days does it take to get paid?

Management: I will be unable to give you the exact figures, but broadly speaking, for Nykaa, we receive payments in about 2 to 3 months, and sometimes it goes up to 120 days. For Flipkart, we keep our inventory there, so that goes into the inventory account. It is similar for our FOFO stores. Basically, I needed capital because as Recode expands, the FOFO store owners do not have enough capital to always buy from me in cash or give me immediate payment. They also have to provide credit in the market. Recode is there to support them, which is why I needed the money for working capital so that I can maintain my inventory and feed my FOFO stores so we do not run out of stock as the brand grows every day.

Rohit Balakrishnan - Ithought PMS: So the inventory you give to FOFO stores is recorded as a sale, but it functions like a consignment?

Management: What exactly do you mean by consignment?

Rohit Balakrishnan - Ithought PMS: Basically, I saw that inventory has not increased much, but receivables have increased. The major question is when we sell goods to FOFO stores, we sell them on credit, right?

Management: Yes.

Rohit Balakrishnan - Ithought PMS: Okay. And as they sell that inventory, they return the money in 2 or 3 months.

Management: Yes, that is correct.

Rohit Balakrishnan - Ithought PMS: Regarding your opening remarks about products being returned after a year or a year and a half, do you track the sales returns or dead inventory?

Management: Our historical data shows that dead inventory was around 1%. We do not really have dead inventory. We conduct masterclasses. If we have launched a product that has an expiry of 24 or 36 months, and the product is not moving from the shelves in 6 months or a year, it is likely not going to sell in the following 3 months either. So, we include that product as goodies. We know the quality is high. If a product does not move from a shelf for 6 to 12 months, it will not move in the next 6 months. Well before the expiry date, we distribute those products as goodies in our masterclasses where we teach self-grooming to students. More or less, we do not have dead inventory because we distribute it for free before it expires.

Rohit Balakrishnan - Ithought PMS: One last question. You mentioned you do not sell on Nykaa through your own brand, or you referred to Nykaa as B2B. Could you clarify that?

Management: It is not restricted that way; it is Recode on Nykaa. Recode is a trending brand. If you open Nykaa and search for Recode, you will see around 8 to 10 products trending in the top 20. We call Nykaa B2B because Nykaa buys upfront. They do not sell and then pay us; they buy upfront and pay us.

Rohit Balakrishnan - Ithought PMS: I understand. They take the inventory onto their books.

Management: Yes. That is technically a Sales or Return (SOR) model. Fortunately, for the past 3 to 4 years, we have not had returns because we do

not launch such products. Any products that are weak on the Recode website, we do not onboard them on Nykaa. We only give Nykaa the products that are easily saleable. Nykaa falls into B2B for us because they purchase the inventory upfront from us.

Rohit Balakrishnan - Ithought PMS: Got it. How many products do we launch every year? Is there a metric for that per year or per quarter?

Management: We do not have a specific metric so far, but there are around 20 to 25 products currently in the pipeline that we will launch in the next 6 months.

Rohit Balakrishnan - Ithought PMS: And how many products were launched last year?

Management: Last year would be about the same. We will be making slightly larger products now. Previously, our products were smaller, for example, with an MRP of 200 or 300. This year, we are launching high-value products with MRPs of 999, 1,500, and 2,500.

Rohit Balakrishnan - Ithought PMS: Got it. I have a few more questions, but I will get back in the queue. Thank you.

Operator: The next question is from the line of Mr. Shubhanu Bangal from Three Head Capital.

Shubhanu Bangal - Three Head Capital: I hope I am audible. Thank you for the opportunity. I have two questions. Our EBITDA margin has improved drastically over the last 3 years. What is the main reason for this? Was there a shift in the business that caused this improvement? I know there was a model shift, but will future shifts lead to further improvement? You mentioned EBITDA margins next year will be similar to FY26, but what can be done to improve margins further?

Management: Regarding the improvement in EBITDA, our revenue increased, but our worker expenses did not increase in the same proportion. Since our sales increased, our purchases also increased. At Recode, we have better purchasing power and bargaining power. We have purchased products more efficiently through bargaining and by determining better costings, which improved our margins. In the future, as I mentioned, since Recode is not yet a mature brand, we will spend more money on branding. Therefore, the EBITDA margin will remain more or less where it currently is. If we see an increase in EBITDA due to revenue growth where expenses do not explode in that same ratio, we will spend more on advertising to acquire more new customers.

Shubhanu Bangal - Three Head Capital: Okay, understood. So the EBITDA margin will remain at this level for the next 2 to 3 years?

Management: Yes, that is the EBITDA we are projecting and trying to maintain.

Shubhanu Bangal - Three Head Capital: My next question is on the sales mix. You mentioned that a portion of sales comes from Nykaa. What percentage of sales comes from Nykaa?

Management: Please proceed with your point.

Shubhanu Bangal - Three Head Capital: If the mix of B2B sales via Nykaa increases, will our margins increase or decrease? In my view, online sales on our own website have higher margins than Nykaa.

Management: If our revenue on the Recode website increases, we get 20% extra. In offline and Nykaa channels, even if revenue increases, we have to maintain a new workforce and our worker costs will rise. So, we will generate more EBITDA, but we will also spend more on advertising.

Shubhanu Bangal - Three Head Capital: What percentage of our sales currently comes from our own website?

Management: 50% of our total online sales are coming through our own website.

Shubhanu Bangal - Three Head Capital: Around 43% of sales are online, and from that, almost 20-22% of total revenue?

Management: Yes, 50% of our online sales are driven by our website, so it would be roughly that much of the overall revenue.

Shubhanu Bangal - Three Head Capital: Do you have a target for increasing this mix going forward? Especially since marketing spend will also increase.

Management: Yes, we are working on that. We are onboarding new influencers and new bloggers. We are also doing a deep dive into Meta and Google. Our main focus is indeed on our own website because we get higher margins there than on any other marketplace in the online business.

Shubhanu Bangal - Three Head Capital: As we expand into quick commerce, the margins there will likely be lower than our current online margins.

Management: We are not doing quick commerce yet.

Shubhanu Bangal - Three Head Capital: But we will be entering quick commerce in the future, right? My point is that margins in quick commerce will be lower.

Management: Quick commerce is currently a loss-making venture; we are still working on that.

Shubhanu Bangal - Three Head Capital: Including your own quick commerce delivery?

Management: Yes, we are working on our own quick commerce service. However, for a player like Recode, other quick commerce players are currently loss-making. It is a total loss.

Shubhanu Bangal - Three Head Capital: Understood. That is it from my side. Thank you.

Operator: The next question is from the line of Mr. Chintan Desai from Sanshi Fund.

Chintan Desai - Sanshi Fund: A couple of questions from my side. How is the rollout of modern trade progressing? For example, you started a pilot in Kolkata. How does the modern trade ramp-up look for the new year, and specifically, what is the revenue per location?

Management: Mr. Chintan, your voice is not properly audible. Your question was not entirely clear.

Chintan Desai - Sanshi Fund: Is it audible now?

Management: Your voice sounds very distant.

Chintan Desai - Sanshi Fund: Is it audible now?

Management: It is audible, but we are unable to understand the question.

Chintan Desai - Sanshi Fund: Okay, I will reconnect and come back in the queue.

Management: Yes, please.

Operator: The next question is from Mr. Deepanshu Bhatia, an individual investor.

Deepanshu Bhatia - Individual Investor: Hello, sir. First, congratulations on listing on the SME platform. I have followed your company since the Shark Tank episode. I have a question on repeat customers. We have three primary channels: FOFO stores, online, and B2B. Which of these are we tracking well in terms of repeat purchases? Do we have data for online, B2B, or FOFO?

Management: Currently, the data that we have properly compiled is from our website only. FOFO data is not yet compiled.

Deepanshu Bhatia - Individual Investor: For the FOFO stores, do we not have the numbers on customers who connect and whether they are buying again?

Management: We do not have that data for FOFO stores currently.

Deepanshu Bhatia - Individual Investor: And for online? What are the stats for repeat purchases and the average purchase size over the last 3 years? Has it increased? Also, I want to know the repeat purchase rate by the same customer.

Management: Month-on-month, we have a 40% repeat rate. The cart value is approximately 100 rupees higher than before.

Deepanshu Bhatia - Individual Investor: Sorry, how much is it?

Management: It is 100 rupees more than before. For example, if we previously had a cart of 700 rupees, it is now an 800-rupee cart. That is the AOV, the Average Order Value.

Deepanshu Bhatia - Individual Investor: The AOV is 800, and the repeat rate is 40% month-on-month.

Management: Yes, and that is what we are able to track, as tracking in offline channels is more difficult.

Deepanshu Bhatia - Individual Investor: Do you have year-over-year data? Is the same customer buying for the last 3 years?

Management: I would have to check that data; I do not have it with me right now.

Deepanshu Bhatia - Individual Investor: Even for legacy brands like Lakme, loyalty is key. Is the customer still buying after 1, 2, or 3 years? If so, they might buy for 10 to 15 years. If you could share that data via email, that would be good. Now, regarding your qualitative strategy, you definitely get higher margins from online sales through your own website. Do you want to aggressively increase online sales, or which channels are your preferred ones where you will focus your resources over the next 2-3 years, and why?

Management: We will focus on both channels: our own website and our FOFO stores that handle distribution. Color cosmetics cannot survive on online channels alone because it is a touch-and-feel product. People need to choose their shades, like for lipstick or foundation, and they must choose the shade according to their skin color first. We will focus on both verticals—offline and online—in parallel. It is not about pushing one more than the other. Color cosmetics is tricky. The touch-and-feel aspect is very significant. It is not like a face wash or a niacinamide serum that can be sold just by showing videos and explaining the properties. We are focusing on both. The masterclasses we conduct serve as an offline experience for the customer. We will continue doing that. Survival depends on both; a color cosmetics brand cannot exist online-only, the brand would fail.

Deepanshu Bhatia - Individual Investor: For the touch-and-feel aspect, do you rely mostly on your classes or is that possible in the FOFO stores as well?

Management: It is both.

Deepanshu Bhatia - Individual Investor: Where is the volume higher? Do more customers experience the products through your stores or in your classes?

Management: In classes, we provide the touch-and-feel experience, but the purchase is typically initiated in the stores.

Deepanshu Bhatia - Individual Investor: So the education and customer acquisition happen in the classes. One more thing: eventually, you want to build a brand out of this. You want Recode to be a trusted brand irrespective of the channel, so that someone like my mother or my wife trusts the name Recode and buys it immediately. Currently, we manage manufacturing through third parties. Have you faced any quality issues or feedback indicating the products are not good? Or do you feel your quality is already top-notch and matching the top brands, and you only need to work on branding?

Management: In the cosmetics industry, or any industry, you cannot acquire an end consumer or get them to re-purchase unless your quality is top-notch.

Deepanshu Bhatia - Individual Investor: Definitely, and a 40% repeat rate is good.

Management: Let me answer the question first. If you keep shooting questions at me, I cannot answer the first one. You have to be patient. We must provide quality. Nowhere in the world will a customer return to you without quality. Even if we buy peanuts for 10 rupees, we expect the kernels not to be raw. That is what we follow at Recode. Each and every piece should be a masterpiece.

Regarding third-party labeling, except for one or two brands in India, all brands—including those in 200 countries—utilize third-party labeling. Our team visits the facilities during batch filling to check the product and ensure the quality we approved is properly filled. Now you can ask your next question.

Deepanshu Bhatia - Individual Investor: My concern was only on quality and recommending it to family. People trust a brand like Lakme regardless of where it is manufactured. How will you build that trust for Recode—through marketing, repeat purchases, or experience centers?

Management: It will be through all three methods you mentioned.

Deepanshu Bhatia - Individual Investor: Okay, thank you.

Operator: The next question is from Mr. Shubham Gupta, an individual investor.

Shubham Gupta - Prospera Wealth Private Limited: Hello, sir. First of all, congratulations on the great numbers. What percentage CAGR will you grow at over the next 3 years? And do you have any products that are currently market leaders?

Management: We have a few products—about 4 to 5—that are market leaders, such as our setting spray or primer, which have gone viral. Regarding your first question?

Shubham Gupta - Prospera Wealth Private Limited: What is your vision for the next 3 years? At what percentage do you want to grow?

Management: We are projecting for the same trajectory we have followed previously.

Shubham Gupta - Prospera Wealth Private Limited: So you guided for a 50% CAGR this year. Will it be a similar CAGR for the next 3 years, with the same margins?

Management: Yes.

Shubham Gupta - Prospera Wealth Private Limited: Okay, thank you.

Operator: The next question is from Mr. Naman Desai from Sunrise India Growth Fund.

Naman Desai - Sunrise India Growth Fund: How much revenue potential does the Ludhiana warehouse cater to, and which channels does it serve?

Management: The Ludhiana warehouse is our main warehouse. All the material we receive lands at Ludhiana first, and from there we distribute to every platform—whether it is our COCO stores, FOFO stores, Amazon, Flipkart, or Myntra. Everything is catered from Ludhiana. That is why we need a larger warehouse there.

Naman Desai - Sunrise India Growth Fund: What will be our strategy for modern trade?

Management: For modern trade, as I mentioned, we opened one store just the day before yesterday. We are looking at Shoppers Stop, Lifestyle, and Dabur New. In the next 10 to 15 days, we will have a dedicated modern trade vertical with its own team, similar to our teams for General Trade or online channels. We have already issued offer letters to them. We will cater to Dabur New, Lifestyle, and Shoppers Stop as our top priorities, followed by other stores like Spencer's.

Naman Desai - Sunrise India Growth Fund: Thank you, sir.

Operator: The next question is from Mr. Hastin Mehta, an individual investor.

Hastin Mehta - Individual Investor: First of all, congratulations on a great set of numbers. What is the average revenue per COCO store versus FOFO store, and what is the payback period for a new COCO store? What is the royalty or margin structure for FOFO franchisees?

Management: We have already closed the FOFO vertical, as I mentioned before. For COCO stores, we have started opening dark stores instead to save on rentals, electricity, and worker costs. We have switched our model to dark stores. Previously, when we started the FOFO stores, we committed to a payback period of 22 months, and all FOFO stores are happily working with us.

Hastin Mehta - Individual Investor: You source raw materials from Germany, Taiwan, China, and Thailand. Has the global geopolitical situation caused any supply chain disruptions? How is the INR movement affecting input costs? Do you plan to increase domestic sourcing?

Management: The disruption occurred previously during COVID-14, but currently, the situation in the Gulf does not have the same impact as before. We are sourcing within India where possible. However, we purchase our kajal from Germany, from one of the largest manufacturers in the world. Our foundation comes from Thailand, from a company listed in South Korea that supplies international brands. Achieving that quality in India is currently difficult as no manufacturer here possesses it, though we are in touch with every manufacturer in India. The products we source from India and those from abroad will remain consistent. We are developing new products in Germany, Thailand, and India. The weightage of Indian sourcing might increase slightly, but both will continue because many color cosmetic products cannot yet be made in India with the specific quality we require.

Hastin Mehta - Individual Investor: Got it, thank you.

Operator: Mr. Rohit from I-Thought PMS has a question.

Rohit - I-Thought PMS: You mentioned a 50% growth trajectory. Where does your confidence come from, given that the overall market is not growing that fast?

Management: The CAGR for the Beauty and Personal Care market is 6% to 8%, but we have already been following this trajectory for the last two months. We are seeing the demand, so we are already moving along those footprints.

Rohit - I-Thought PMS: Regarding the dark stores, you mentioned FOFO stores generate 4 to 5 lakhs per month and are in high-street areas. How do the economics of a dark store model work?

Management: A deep dive into the dark store model is a separate vertical. Should I go into that detail now?

Operator: I think we can take that as a separate one-on-one meeting.

Rohit - I-Thought PMS: I will get in touch with the organizer for that. One last question. You mentioned sales via influencers and that 20% of sales are through your website. What is the CAC for customers coming directly to the website?

Management: CAC is not clearly defined on our website because with influencer marketing, such as through reels, there are often no short links or UTM links. If a reel goes viral, it drives traffic to our website and also to Nykaa. This is a question I have faced since our inception. My answer is that we spend 20% of our revenue on marketing; that has been my answer for the last 7 to 8 years.

Rohit - I-Thought PMS: Fair enough. And we do not have a brand ambassador currently?

Management: We had one previously, but currently there is no brand ambassador as we are in a growth model and do not want to spend on that right now.

Rohit - I-Thought PMS: I will get in touch separately regarding the dark store model. Thank you, and all the best.

Operator: We can now conclude the call. Thank you to the investors and participants for joining. Thank you to the Management, Mr. Dheeraj and Mr. Narender.

Management: Thank you everyone for joining. Thank you, sir.

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