



BlueStone Jewellery and Lifestyle Limited

Q2 FY26 Earnings Call

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MANAGEMENT: **MR. GAURAV SINGH KUSHWAHA – FOUNDER, MANAGING
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 MR. RUMIT DUGAR – CHIEF FINANCIAL OFFICER
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Moderator: Ladies and gentlemen, good day, and welcome to BlueStone Jewellery and Lifestyle Limited Q2 FY26 Earnings Call.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Rhea Dharia from EY. Thank you. And over to you, ma'am.

Rhea Dharia: Thank you, Dorwin. Good evening to all the participants on this call.

Before we proceed with the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our business risks that could cause future result performance or achievement to differ significantly from what is expressed or implied in such forward-looking statements.

Please note that we have mailed the results and the same is available on the exchange. In case you have not received the same, you can write to us and we will be happy to send the same over to you.

To take us through the results and answer your questions today, we have the top Management of BlueStone Jewellery and Lifestyle Limited represented by Mr. Gaurav Singh Kushwaha – Founder, Managing Director and Chief Executive Officer; Mr. Rumiit Dugar – Chief Financial Officer and Mr. Vipin Sharma – Chief Merchandising Officer.

We will start the call with a brief overview of the quarter gone past and then conduct the Q&A session.

With that said, I will now hand over the call to Mr. Gaurav.

Gaurav Singh Kushwaha: Good evening, everyone. Thank you for joining us today. We welcome you to BlueStone's Quarter Two Earnings Conference Call.

It gives me great pleasure to share another strong quarter of performance. This is particularly encouraging, given a rather volatile gold price environment coupled with high base of the preceding quarter last year.

I will take you through the 'Key Business Highlights' and then Rumiit can talk about the 'Financial Performance'.



Our performance this quarter underscores the resilience of our business model and deep execution focus. We continue to benefit from our omni-channel strategy which seamlessly connects our online presence with an expanding physical retail footprint. As of September end, we operate 311 stores across 127 cities, adding 19 new stores during the quarter.

Customer trend remains strong with our customer base growing 31% year-on-year to 858,000 customers and same store sales growth of 11.1% YoY, supported by a continued focus on design innovation and superior customer experience.

This quarter's performance is strong considering the high base effect of Q2 FY25 where custom duty cut had released pent-up demand and SSSG in preceding quarter last year was in excess of 43%. Gold price operating environment was dynamic in this quarter and customer demand was mixed in September, but we saw a very strong festive finish towards the end.

From a strategic perspective, we continue to make investments in design capabilities and drive operational efficiencies. Much of the investment we made in the past 15 months to 18 months, whether it may be in manufacturing capacity, stores and designs, are beginning to translate into tangible operating results both at revenue and operating profit level. Our cohorts are still young and there is significant room for growth and operating leverage.

From an operational perspective, we continue to invest in design capabilities, both on talent and manufacturing techniques, strengthen store productivity and build on density as well as enter new markets, and optimize capital efficiency.

Our digital tech-first DNA continues to power everything we do from designs to shelf turnaround to marketing efficiencies to creating personalized tech-enabled shopping experiences that connect with India's new-age jewellery consumers.

Thank you. And with that, I will hand over to Rumit to walk you through the financials before we open the floor to questions.

Rumit Dugar:

Thank you, Gaurav. Good evening everyone and thank you for joining us today.

I am pleased to share our financial performance for Q2 FY26. I will keep my remarks brief as we have detailed disclosures and materials available on the Stock Exchanges. Also, please note, that our accounting and revenue recognition is based on only secondary retail sales.



For the quarter, we delivered a record standalone revenues crossing Rs. 500 crores and a strong growth of 37.4% year-on-year even with the high base effect of Q2 FY25, which had benefited from custom duty cut.

For the first half of FY26, we have delivered a growth of 39.4% year-on-year. Our strong revenue growth continues to translate into operating leverage with a much stronger adjusted EBITDA performance with margins expanding to 13.9% compared to 1.4% in the same quarter last year.

From a transparency perspective, we continue to disclose inventory gain or losses separately so that our core operating performance remains visible and measurable. This quarter, we recorded an inventory gain of Rs. 160 million. Given our vertically integrated model into manufacturing, contribution margin excluding inventory gain is the core operating and core margin metric to track. This margin improved to 31.8% and expansion of over 300 basis points year-on-year, driven by scale and manufacturing efficiencies.

Our pre-IndAS EBITDA margins for the quarter excluding inventory gains stood at 3.1% versus -5.6% in same quarter last year, reflecting the strength of the model and the operating leverage that is starting to flow in. For the first half of FY26, pre-IndAS EBITDA margins excluding inventory gains stood at 3.9% as compared to -4.6% in the first half of last year.

A&P expenses were at 8.2% of revenue for the quarter, down over 220 basis points year-on-year, but higher sequentially driven by early festive and consumer push towards old gold exchange that drove higher adoption of our Big Gold exchange program.

Overall, our cost structure is steady and aging cohorts along with revenue scale is driving operating leverage. On balance sheet metrics, our balance sheet remains strong and is well positioned for growth driven by the equity raise that we completed as part of the IPO in this quarter. Gross debt is down marginally year-on-year and broadly steady on a sequential basis.

To summarize, Q2 FY26 has been another strong quarter for us, one where we have continued to deliver robust revenue growth and strong core margin performance both at the contribution level as well as the EBITDA level.

Thank you. Operator, we can now open the floor for questions.

Moderator:

Certainly, sir. Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Percy Panthaki from IIFL Securities. Please go ahead.



Percy Panthaki: Hi, just trying to understand your quarterly margin seasonality. So, now we have margins for all the four quarters of the last year. However, we do not know how much of inventory gain loss or how much of custom duty one-time impact has happened in any of these quarters.

So, it would really help if on a theoretical basis, if you can just help with the margin seasonality, in the sense that, if there is a full year EBITDA margin, 1Q would be how many basis points above or below that? 2Q would be how many basis points above or below that? 3Q would be how many and so on? So, that would help us understand what is the normal seasonality in the EBITDA margins on a pre-IndAS basis, ex inventory gain loss.

Rumit Dugar: This is Rumit here, Percy. So, given at the stage that we are in where there is both strong revenue ramp up as well as aging of our store cohorts, it is very difficult to kind of use historical benchmarks to give you a seasonality or a breakdown of how percentage EBITDA is going to move between first half and second half.

That being said, I think a good way to think about this is that largely the cost base is fixed. So, incremental revenue growth which is demonstrated in the seasonality whether of Q3 or Q4 versus the first half will flow in at a contribution margin level. And then, below the contribution margin largely the cost base remains fixed except for the stores that we are adding. So, we are at a phase where there is tremendous amount of operating leverage that is kind of playing out.

So, it is very hard Percy to give you like a pie chart or a breakdown between first half and second half.

Percy Panthaki: What I am asking Rumit is that your Q2 EBITDA margin of 3.1 is lower than your Q1 EBITDA margin of 4.7. And as you say, we are growing in scale etc. So, is this a normal seasonality that Q2 margin will be lower than Q1 or what?

Rumit Dugar: So, I would not say it is just seasonality. There is some element of that because what happens is by the time you get into Q2 you have a fair amount of stores that have opened in Q1 as well as Q2. So, there is a larger base of cost, which is sitting in Q2 relative to Q1.

So, I think that is one delta, but I think if you are asking specifically for this quarter, I think there has been higher A&P sequentially, because festive was ahead in Q2. So, there are sometimes you have these dislocations where when the festive is coming whether it is in Q2 or is fully in Q3. So, largely it is driven by that shift in A&P.

Percy Panthaki: The festive timing mismatch and the resultant phasing of ad spend that is to the extent of approximately how many basis points of sales?



Rumit Dugar: So, there are two components that are at play as I had highlighted in my opening remarks. One is that our Big Gold Upgrade (old-gold exchange) program there was a much stronger adoption of that given how the gold prices were. So, there is a significant impact of that as well as the festive. So, I think it is a combination of these two which you are seeing as a reflection on a sequential basis.

Percy Panthaki: Understood. And if I just look at the second part, which is only the festive which is just a phasing issue and I am assuming that instead of in 3Q the spends have happened in 2Q and to that extent 3Q spends would be lower. So, if I look at that how much is the adjustment that I need to sort of understand that okay Q2 margins in absence of the change in timing would have been higher by this much and that benefit will happen in 3Q instead.

Rumit Dugar: I think you can assume in the range of 50 basis points to 100 basis points. I would say in that territory, because I think there is still festive in Q3. So, Dhanteras etc. is still in Q3. So, only the Navratri piece got moved into Q2. So, 50 to 100 basis points is what I would say.

Percy Panthaki: Understood. Secondly, just wanted to ask on the inventory part. In the past three months, it has gone up by about Rs. 220 crore approximately. You have opened 19 stores in the past three months. So, the store opens at let us say Rs. 3 crores - Rs. 3.5 crore. So, about Rs. 60 crores - Rs. 70 crores of inventory goes there, remaining another Rs. 150 crore of inventory has gone up.

So, what is the reason for this? We were already at a decently high inventory level and now, basically we do not need to necessarily put more and more inventory into existing stores at least for a while. We were supposed to get a leverage on the inventory turns, that has not happened this quarter. So, what is the reason?

Rumit Dugar: So, couple of points there, Percy. One is that because the gold prices go up, the store at which you need to start the inventory, you need minimum pieces, so to that extent, anyways the inventory that you start a store with goes up a little bit. Second is obviously there is a mark to market effect on that inventory. So, that is what is the delta, mark-to-market to the extent that we are hedged. Those are the two components that are driving it.

One more thing is the festive came in earlier. So, there is that build up of inventory anyways which is a little bit different by seasonality.

Percy Panthaki: Understood. Coming to 3Q, is there any sort of benefit in terms of margins on account of the festive in the sense that you sell higher gross margin pieces or you get an operating leverage benefit or anything like that? Just trying to understand if 3Q



margins, the logic should be even higher than 1Q margins, right? I mean at EBITDA level, is this understanding correct?

Gaurav Singh Kushwaha: Percy, hi. Gaurav this side. So, Percy, like Rumit was pointing earlier that a lot of our cost base is very fixed in nature. So, as we see the stores productivity go up during this quarter where the cost would not go up proportionally. So, logically speaking, EBITDA margins should definitely go up.

Percy Panthaki: Okay, got it. Thanks a lot. That is all from me. All the best.

Moderator: Thank you. We have our next question from the line of Tejas Shah from Avendus Spark Institutional Equities. Please go ahead.

Tejas Shah: Hi, thanks for the opportunity. Just wanted to understand based on your customer profile and your presence today, how should we think about your peer group to compare with and within the listed universe, whom do you mark yourself with in terms of performance?

Gaurav Singh Kushwaha: So, I think from the very time we started around 2012, truly there had been only one company which did business or which kind of approached the customers in a very similar fashion as we did, that is CaratLane. So, it is not listed separately, but I think it is very well understood as part of Titan group.

Apart from that, I think a lot of players are kind of, they fall in that other bucket of legacy players, traditional designs, very retail and kind of cost driven approach. Whereas both CaratLane and BlueStone, especially BlueStone in our case, we deal with design, we deal with omni-channel experience. That is how we always operated.

And I think to that extent, today's young consumers, which is also going up in the next generation that is coming up, and the generation is always on their mobile, on their online devices, etc. Yet, there are categories where the importance of offline presence, offline touchpoint and offline experience is also very, very high, like any high touchpoint category, jewellery, cars, etc.

So, our approach to this category, our approach to the design is very, very different from almost all the legacy players. And to that extent, there is no directly listed player. But I think in CaratLane's numbers, CaratLane is one company or one brand that comes closest to us.

Tejas Shah: Thanks, very clear. Second and last question, this last two quarters have been very volatile, especially the last quarter pertaining to gold prices. And there are evidences of latent demand or people holding back demand also.

So, just wanted to understand and since you capture a lot of data, are you seeing that there is a lot of inquiries happening online or offline, which has not been converted because people are pushing the purchases?

And second, historically, since you have 10-year data with you, similar episode happened somewhere around 2013 - 2014 also when gold prices were volatile. How does it play out, let us say, if hypothetically, we have to assume that gold price is correct by 20% - 25% in the next three months' time?

Gaurav Singh Kushwaha: So, see the last two - three quarters have been the most volatile period I have seen since I have been in the business. Now, I think we are also learning it. So, you spoke about 2013, but Tejas very honestly, I had only started business. I did not even understand jewellery at that time individually. It was second year in operation, and I do not come from that background. In fact, I do not even remember that time, which is largely focused on online only.

So, as I think that year, the scale of business might have been some Rs. 5 crores - Rs. 10 crores in revenues, etc. So, it is very difficult. So, I do not even have any memories of that period. I think what we are seeing right now is when the gold is so volatile, people tend to hold back. It is just, I mean, having that feeling that, okay, if only I had bought it 15 days back, I could have gotten it much cheaper, etc. I think that is what, and then a lot of people expect the price to also come back.

So, I think people holding back their purchases is very real and we see that in our data. We see that in Titan's commentary also, or other players also talk about that. We see a big impact on demand of these sudden movements in pricing. And if you remember last year, same quarter, when the government dropped the price, the custom duty by around 9-10 percentage points, we saw a huge jump in demand.

So, I think our category is such that the pricing is linked to the gold rate and the volatility in the gold rate does have an impact on how the demand shapes or at least in the mid-term. And I think that has been going on for the last couple of quarters. And what we saw in Q3 was that as festive period approached and people kind of understood that, or people believed that the gold is here to stay, I think some of the demand came back is what we noticed.

Tejas Shah: Thanks, that is very helpful. And all the best for coming quarters.

Moderator: Thank you. Our next question comes from the line of Harish Advani from Axis Capital. Please go ahead.

Harish Advani: Hi, thank you for taking my question. The first question was on the SSSG. So, you mentioned that we have done 11% SSSG on a very high base of last year due to custom



duty cost. So, how do you think about this going forward from Q3 onwards now that that is being wrapped up? And at the same time, if you could share some data of the 3-5 year cohort which are some of the more mature stores? That would be my first question.

Gaurav Singh Kushwaha: So, Harish, on SSSG, as we pointed out earlier also, last year, same quarter was very, very strong. And the same store sales growth in that quarter was 43%. So, to that extent, the base was very high from where we had to jump, which is why the SSSG for this quarter is slightly less than 11 point something.

I think for future, as a company, we refrain from giving any guidance. I think I will just refer to the SSSG in quarter one, which was close to 18%. And I think these are the factual numbers that we will be happy to talk about, but not give any forward guidance.

And your second question was on the older stores?

Harish Advani: Yes, oldest stores.

Gaurav Singh Kushwaha: The oldest stores?

Harish Advani: Yes, how are they doing any competitively?

Gaurav Singh Kushwaha: So, they are also growing. They are more or less in the same territory as our is blended number.

Harish Advani: Okay. Similarly, when we look at the margins, I understand there is a great amount of operating leverage which is coming in. But how do we think about margins for FY26 pre-IndAS except the inventory gains? Is a mid-single digit kind of a margin a fair assumption? Or are we looking at a higher number over there?

Rumit Dugar: See, let me try and give you some color without actually giving a guidance, right? So, if you look at first half of FY26, we are already about mid-single digit. So, our pre-IndAS EBITDA margin was close to 4% versus -4.6% in the first half, right.

Second is, as Gaurav had alluded to, while answering the question that was asked earlier, there is a fair amount of operating leverage given our cost base is fixed, right? And as you know in this business there is a fair amount of seasonality with Q3 or second half rather being better than first half. So, we are already close to single, mid-single digit in first half with the seasonality to play out.



- Harish Advani:** Okay. Another question I had was on the store expansion guidance. So, we have done close to about 40 in the first half, are we expecting a similar kind of a trend in the second half of the year? And is that the number we can kind of build in for '27 and '28?
- Rumit Dugar:** I think for this year, we should be in that 70 - 80 kind of that ballpark range. I think beyond this, I think we do not want to give out a number for next year. But if you look at our distribution, large part of our heavy lifting in terms of distribution was done over the last two years to three years.
- Now the store expansion has to be also looked at in conjunction with aging of cohorts and revenue productivity. So, I think it is a balance and that is what I would like to leave it there. Beyond '26, we do not want to really guide a number.
- Harish Advani:** Okay. Thanks. I will come back in the queue for future follow-ups.
- Moderator:** Thank you. Our next question comes from the line of Harsh Shah from Bandhan Asset Management. Please go ahead.
- Harsh Shah:** Yes. Hi. Good evening, Rumit and Gaurav. Rumit, just a bookkeeping question here. Since we were discussing the fixed cost and the leverage with the fixed cost which we have, could you basically for, let us say, FY25 and 1H FY26, could you split the fixed cost for us, let us say, one at the corporate level and second lying at the store level?
- Rumit Dugar:** See, Harsh, we have not detailed out a break up. But the way to think about this is model all the cost up till contribution margin as sort of variable. So, and the contribution margin is largely fixed. Bulk of the cost outside of the store is actually sitting in A&P.
- Harsh Shah:** But Rumit, even at store level, I mean, there is some degree of leverage which you would get, right? Because again, there, ...
- Rumit Dugar:** No. That is what I said, Harsh, that everything below the contribution margin, right, all cost structure below the contribution margin is largely fixed and dominated between store and A&P. So, between store and A&P, I would say, is bulk of the cost. So, everything below that, as I said, is fixed, below contribution, dominated by store and A&P. So, corporate is not significant for us.
- Harsh Shah:** But what would that number be, corporate, let us say, fixed cost for FY25 and 1H FY26?
- Rumit Dugar:** So, as I said, we do not break up the P&L.
- Harsh Shah:** Okay. But if you could give us the, let us say, store level EBITDA blended basis, even that would be helpful, if that is possible.



Rumit Dugar: Okay, let me give you a way for you to calculate it, right? I think if you look at our DRHP and RHP, we have given actually the cost structure at a store level, which is about Rs. 1 crore OpEx at a per store level per annum, which includes the employee cost, the rent and the facility, and you know the A&P.

So, broadly, you know the direct cost at the store level, you know the A&P. So, you can actually try and back calculate all the cost which is sitting outside the direct store and A&P. That will give you a number on how much is store, how much is the A&P and how much is outside the direct cost of stores.

Harsh Shah: Got it. And let us say for this, linking the previous participant's question, I add for the store cohort, which are, say, three years - four year and older stores, what would be the buyer growth there in those mature, let us say, in those mature kind of stores?

Gaurav Singh Kushwaha: So, SSSG for those is also more or less on the same line.

Harsh Shah: See, SSSG would, also have an element of whatever inflationary prices in gold which we have seen, right, Gaurav. I am talking about, let us say, if you measure the buyer growth, let us say, for that particular store, if that number is handy with you, what would that be?

Rumit Dugar: Harsh, we do not have that number handy. But I think if you look at our overall customer growth, right, we have grown our customer base to about more than 858,000, right, and even sequentially, the numbers have grown. So, this is both driven by existing cohorts and older cohorts.

However, some of the older cohorts are much smaller in size, right, in terms of square footage, etc. And that pool is quite small, right, in terms of both quantum. So, we do not have the exact number, but I think you look at the broader customer growth, I think has been quite robust.

Harsh Shah: So, what is that number mean? What is that number mean? The overall customer base for us? Let us say, if you were to look at YoY buyer growth, let us say, right, including all the stores, right, what would that number be? I mean, let us keep aside the three years - four years old cohort, the mature store, but let us say, if you were to compare 2Q--

Rumit Dugar: Yes, Harsh, you can actually look at some of the data and disclosures that we gave, right. We have given the full trend of AOVs. You have the absolute customer number, and then you can calculate the incremental customer, and with AOVs, you can actually calculate it.

Gaurav Singh Kushwaha: With AOV and overall growth, you can calculate buyer growth.



Harsh Shah: Okay, thank you. Thank you, Gaurav and Runit.

Moderator: Thank you. We have our next question from the line of Alok Shah from 360 One Asset Management. Please go ahead.

Alok Shah: Hi. Good evening, Gaurav and Runit. My first question was, I do not have a history of those whole quarterly numbers as to how typically first half versus second half is. But broadly, second half is heavy in this industry. I just want to check within that or broadly, historically, how 3Q is as the percent of overall sales or just some guidance on that? And typically, how does the studded mix kind of change vis-à-vis the first half broadly, I mean, historically, if you can give that sense. That is number one.

Gaurav Singh Kushwaha: Alok, hi. Gaurav this side. We cannot disclose anything that we have not disclosed anything so far in terms of numbers. And like I said, as a management, we are very particular that we do not give out any guidance. But if you look at last year's number, Q1 and Q2 is already out and we have full year numbers also. Q4 is also there.

Alok Shah: Sure, fair. The second was on the specific operating leverage bit. So, I was just trying to calculate that YoY we have increased sales by about on an absolute number about Rs. 140-odd crore. And if I were to look at the contribution margin that the company would have made on that Rs. 140-odd crore, assuming a contribution margin ex-inventory gain, maybe about 31% - 31.5%.

So, the contribution margin works out to be about Rs. 45 crore or thereabouts. And our pre-IndAS swing ex of inventory gain is roughly the same amount. So, in terms of your ad spend, employee cost and other overhead, is it that this quarter we have seen not a significant benefit of operating leverage or what am I missing here?

Runit Dugar: I think we have added a significant amount of stores also. Despite that, if you see, last year on the cost base, we had almost 233 stores in that cost base. And of that 233 stores, a lot of stores were opened or were aged 12 months to 18 months. So, all that is kind of beginning to flow through. And if you look at, actually, bulk of the growth that has come from the older cohorts flows incrementally straight into the pre-IndAS EBITDA.

Gaurav Singh Kushwaha: Also, last year, same quarter, it was pre-IndAS EBITDA was -20, which now is positive 16. So, there is a swing of Rs. 36 crore there.

Alok Shah: Yes. So, on a potentially contribution margin increase of about Rs. 45 crores. So, that is why I was just trying to check that the swing of Rs. 36 crores. So, if at all there is some one-off or some higher cost?

Runit Dugar: No, there is no one-off. There is just operating leverage. Because, for example, if you look at A&P, A&P as a percentage is down. Because the repeat business is also growing.



If you look at share or contribution of revenue coming from repeat customers that has grown significantly. So, there is no one-off. It is just operating leverage that is playing out both at the store level as well as at the A&P and corporate cost.

Gaurav Singh Kushwaha: Yes. So, when we started, when we started the question, you said Rs. 140 crores of absolute revenue increase compared to last quarter and 31% of that is approximately Rs. 45 crores. And I am saying out of that Rs. 45 crore, almost Rs. 36 crore has grown into pre-IndAS EBITDA and Rs. 9 crore would have been here and there basically, some marginal incremental cost going to new store openings and so on. But bulk of it, almost 80% of it has grown into pre-IndAS EBITDA.

Alok Shah: Perfect. So, that is what I was trying to get at. So, roughly, as Runit also mentioned that this is something which kind of going ahead should also kind of continue and improve from here on.

Gaurav Singh Kushwaha: Correct.

Alok Shah: Okay. Thanks.

Moderator: Thank you. The next question is from the line of Kashyap Mehta from WhiteOak Alpha. Please go ahead.

Kashyap Mehta: So, my question was regarding the inventory section. Will you be able to give me a specific bifurcation that what part was from gold and from gemstones and diamond, etc.?

Runit Dugar: So, we do not break that up from a cost composition perspective. But predominantly, if you look at the margin structure of our business, studded is obviously significantly higher margin than plain gold. So, at a carrying cost level, it is predominantly gold followed by diamond.

Kashyap Mehta: The follow up question was that there is an increase in the inventory, one of the peers said Rs. 220 crores. So, the thing was, the high figure, is it due to the higher price or the increase in quantity?

Runit Dugar: So, it is a combination of multiple things. As I had mentioned, one is that there are new stores that have opened, right. So, obviously, there is inventory that needs to be allocated to the new stores, the 19 new stores that opened. Second is there is also the whole mark-to-market on the gold price. And third is the festive, because this time the festival was earlier. So, obviously, you need to bring in a higher level of inventory. So, it is a combination of all these three things.



Kashyap Mehta: So, last question. So, I just wanted to know that in the coming quarters, the company is trying to increase its EBITDA margin or will it be regard in the mid-single-digits itself for H2?

Rumit Dugar: See, as I had explained earlier, there were a couple of questions that we addressed in this context. Ours is a fixed cost business, one. Second is, there is a fair amount of seasonality in this sector and in this industry, with second half being significantly better than the first half, in terms of revenues, etc.

So, when you have incremental revenues and seasonality playing out on a fixed cost base, obviously, there is significant amount of operating leverage, which comes in. And you can see, we were explaining in the previous question, that 37.4% growth last year has seen a significant improvement in the overall EBITDA performance. So, if you look at our Q2 pre-IndAS EBITDA margins, they are significantly better, which is at 3.1% versus -5.1%.

So, that kind of demonstrates that operating leverage and the revenue base keeps expanding, the cost base will not expand at the same pace.

Kashyap Mehta: Okay, thank you so much for attending my question.

Moderator: Thank you. Our next question comes from the line of Shirish Pardeshi from Motilal Oswal. Please go ahead.

Shirish Pardeshi: Hi, Gaurav, Rumit. Thanks for the opportunity. On slide #25, you have given some numbers. So, I am just asking a simple question. If I look at 8,60,000, the customer count and minus 6,60,000. So, 2,00,000 number which we get as a difference is purely a new customer base what you have got or something else is there?

Gaurav Singh Kushwaha: That is correct. This is the addition that has accrued through the year.

Shirish Pardeshi: Okay. So, I would assume that these are the new customers. So, that growth number is 23%, which I calculated. Is it correct? Is that understanding is correct or something else is there?

Gaurav Singh Kushwaha: So, this is 8,58,000 over 6,57,000.

Shirish Pardeshi: Yes. So, the difference what you get is the new customer base. Is that correct understanding?

Gaurav Singh Kushwaha: That is right. The difference is the new customer. So, I think the difference over the base that you are saying is 23%.



Shirish Pardeshi: Okay. The second what you mentioned is that the 50% - 51% contribution is coming from the repeat revenue. So, I was more curious if the AOV is 60,000, what is the repeat customer ticket size? Is it significantly higher or lower?

Gaurav Singh Kushwaha: See, typically what happens Shirish is as people get more comfortable with the brand, with the platform and with our products, they typically tend to shop more and higher value. They are kind of more confident. And hence, end up buying a higher value items also with us. It is like I think many, many categories where you actually try things out first with a lower price point products with a lower cost of error.

And once you are comfortable, once you are confident of the brand, you kind of end up buying more and higher value also with that. So, that is a behavior that we also see with our user base

Shirish Pardeshi: Okay. So, I understand Gaurav what you are saying, but I am just asking what that number is? Is it significantly higher, maybe 10% - 15% or?

Gaurav Singh Kushwaha: Yes, but we have not quantified that number. We have not quantified those or rather we have not we have not declared that number.

Shirish Pardeshi: Okay. My second and last question on the new buyer, what you have mentioned, what is the ticket size which you are seeing in last, maybe two months or maybe last one month? Because I would assume that...

Gaurav Singh Kushwaha: Shirish, so, basically overall AOV is something that we have declared and we continue to declare in our quarterly results. I think that number broken up by new user and repeat user is not something that we intend to declare.

Shirish Pardeshi: Okay. All right. Thank you and all the best.

Moderator: Thank you. Our next question comes from the line of Gopal Nawandhar from SBI Life. Please go ahead.

Gopal Nawandhar: Thanks a lot. So, Rumi, I just wanted to understand that this inventory gain calculation, how does it happen? Because when I see the inventory is around Rs. 1,800 crore and whatever MTM if we want to take, the gain should have been higher, but just we want to hear from you, how do you calculate this inventory gain in the P&L?

Rumi Dugar: So, see, there are multiple things that happen. So, one is that there is hedging that is already there in the P&L. Second is, what is the percentage of the short positions that we have? What is the percentage of GML? And after putting all of this, then when you calculate the COGS, you get a implied carrying cost of the COGS. And then you have the realization at the revenue level.



So, at what price per gram have you realized the COGS at? And what is the price per gram that you realize the revenue at? So, that delta is effectively the inventory gain. Had you been doing just in time kind of buying and selling at the same spot, you are at a COGS level purely on the metal, you would have the same realization and the same COGS.

Gopal Nawandhar: So, this is only on, so this gain is calculated only on the sales during the quarter, right? It is not on the....

Rumit Dugar: This is what is flowing in.

Gaurav Singh Kushwaha: Yes. So, IndAS accounting does not allow MTM on inventory lines. It is only on the sales or based on the performance.

Gopal Nawandhar: Okay. And in terms of hedging and GML, can you share what is that number out of this Rs. 1,800 crores inventory, how much is hedged, how much is open?

Rumit Dugar: So, see, we do not give the exact number in terms of what is the quantity and also to give you a flavor that inventory contains, I mean, materials other than gold also, there is diamond, platinum, alloys, etc. But I think, safe to say that I think we have, in our previous conversations, we have committed or communicated rather that we will be in that 50% kind of territory. Broadly, we stay in that range.

Depending on the volatility, etc., we do take some model-based movements. But a broader trend line, I would say, over a medium term is in that 50% kind of territory.

Gopal Nawandhar: Okay. Then the last bit on, there is a sequential increase in the ad spends. Should we consider this should be the peak ad spends for a quarter?

Rumit Dugar: So, I would say that the two drivers which drove a higher A&P as a percentage of revenue is one, the early festive and second is the whole significant adoption of the Big Gold Upgrade program. So, now, as you get into Q3, the revenue base is going to be significantly higher, because you have that commodity, etc., that plays out. So, as a percentage, obviously, that will shift or that will have an impact.

And second is there is also this whole Big Gold Upgrade Exchange, which is kind of being moderated at the end of September. So, that should have...

Gopal Nawandhar: One more thing, in case of CaratLane, we have seen sequential improvement in the margin, whereas in our case, it is the other way around.

Rumit Dugar: So, if you look at it, I think bulk of it is the movement in the pre-IndAS EBITDA margin is largely driven by A&P in our case. And our Big Gold Upgrade program was



significantly better than any other player in our market. I mean, that is been the case since we launched. So, actually, if you look at the delta, it is largely explained by the delta and A&P.

Rumit Dugar: Yes. And lastly, we also had a higher count of store opening. I think we opened 19 stores in the quarter.

Gopal Nawandhar: Yes. They (CaratLane) opened 10, yes. Sure.

Moderator: Thank you. Our next question comes from the line of Charchit Maloo from Genuity Capital. Please go ahead

Charchit Maloo: Yes. Hi. Actually, can you share the revenue contribution from your studded jewellery and the other gold purchases for Q2 and what will be this mix going forward in coming quarters and for FY26?

Rumit Dugar: So, for Q2 it was 62% share of studded. I think forward number very difficult to guide. I mean, principally, we do not guide and this one is anyways very difficult because it is driven by customer adoption. So, I would refrain...

Charchit Maloo: And so, what kind of margin do we have in both the segments?

Rumit Dugar: So, I mean, again, this is something that we do not break down, but you can look at our blended margins are significantly higher. So, you can actually compare the margins of a plain gold commodity player and look at our margins. I think the delta is the function of how much price premium we also charge on plain gold plus the margins on studded.

So, studded margins are obviously significantly higher than plain gold.

Charchit Maloo: Can you quantify that?

Rumit Dugar: No, we do not break the margins by category of plain gold and studded.

Harsh Shah: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the call over to the management for closing comments. Over to you, sir.

Rumit Dugar: Thank you, everyone. Thank you for taking the time today to do this call. Look forward to interacting with you all next quarter. Thank you.



Moderator: Thank you. On behalf of BlueStone Jewellery and Lifestyle Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines. Thank you.

(This transcript has been edited, without altering the content, to ensure clarity and improve readability.)

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