



BlueStone Jewellery and Lifestyle Limited

Q1 FY26 Earnings Conference Call

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MANAGEMENT: **MR. GAURAV SINGH KUSHWAHA – FOUNDER, MANAGING
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MR. RUMIT DUGAR – CHIEF FINANCIAL OFFICER**



Moderator: Ladies and gentlemen, good day, and welcome to BlueStone Jewellery and Lifestyle Limited Q1 FY26 Earnings Conference Call hosted by Ernst & Young.

As a reminder, all participant 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Rhea Dharia, EY Investor Relations. Thank you. And over to you, ma’am.

Rhea Dharia: Thank you, Steve. 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; and Mr. Rumi Dugar, Chief Financial 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. Over to you.

Gaurav Singh Kushwaha: Thank you, Rhea. Good evening everyone. Thank you for joining us today. It is my pleasure to welcome you to BlueStone’s first earnings conference call, as a publicly listed company. This marks a significant milestone for us as we are truly excited about the progress we have achieved so far.

Before we begin, I would like to sincerely thank all our investors and shareholders who participated in our IPO and placed their trust in us. We deeply value this trust and are fully committed to creating long-term value for all the stakeholders. I would like to extend special thanks to our banking partners, legal advisors, and all stakeholders who played a pivotal role in guiding us through this important journey.



Last but not the least, I want to express my sincere gratitude to the entire team at BlueStone. Their unwavering commitment and hard work have been fundamental in shaping the company to what it is today.

Now, before we discuss the quarterly results, etc., this is our first earnings call after going public and this is the first time I am speaking to a lot of you. So, I would like to also take this opportunity to quickly walk you through our journey over the last 13 to 14 years and tell you a bit more about myself personally.

I started BlueStone in 2011 with the seed round, our initial funding from Accel Partners and Accel Partners has been one of the strongest supporters throughout. Even before starting BlueStone, I had another company, I started my first company in 2007 which was a social network and that was also funded by Accel Partners.

Prior to that, I studied in IIT Delhi, and I did Computer Science from there. I graduated in 2001 and worked programming jobs. Amazon was the last company I worked in and from there I got interested in consumer internet space and started two companies. One was a social network which I sold to Flipkart in 2010 and then moved out of it and then I was in process of figuring out what to do next. And having seen how Flipkart, Myntra and some of the early e-commerce companies in other categories were progressing, I decided to do something in e-commerce. I could clearly see the opportunity there. And hence, I started evaluating a lot of categories and while doing that evaluation, I realized that jewellery is an amazingly beautiful category. It is a category built for the country.

Every other category that I was looking at, at that time, Indian market was not that big. In fact, any category if you look at and if you compare the size of Indian market with US market, that category in India would be one-tenth or one-fifteenth the size of US market. When I looked at jewellery, I realized this category is almost as big as its US counterpart.

And more importantly, it is very ingrained in our society, so it is very cultural to us. It is very fundamental to us which was some of the beautiful things about the category. I had no prior experience in the category. I had never entered a jewellery store before starting it. But everything that I looked at, everything that I saw in the category, I found very beautiful and decided to start in it.

At that time, Accel, who had worked with me in my previous company also, they also decided to jump in and they wrote me a seed cheque of \$4 million with which we started. I built an initial team through mostly my juniors from IIT and their juniors, through their network, through my network and so on. And we started with the belief and with the idea of building an online-only jewellery brand.



We were very clear that it is not going to be a marketplace model. It is going to be a direct-to-consumer model. In fact, the term D2C was not coined at that time, but the conclusion that we came to make the fundamental tenets of D2C now. So we realized that what we were going to sell on our website, on bluestone.com, were going to be our own products, our own designs. And it was not going to be someone else's designs.

In the beginning, we created a set of 300 - 400 designs, primarily rings, earrings, pendants and decided to sell them. The first step was obviously to catalog them. And I think that was when we met our first big challenge. When we tried to photograph jewellery pieces, we realized that this category, the kind of products and the kind of nature of the products make them very difficult for camera. It makes it impossible for camera to take beautiful photographs of jewellery pieces, mainly because they are reflecting surfaces, refracting surfaces, gold reflects the light, and diamond lets the light pass through and so on. We looked around to see how others are handling it, and we realized that no one was either serious about it or was capable of solving it.

So we were the first ones in the world to then use 3D rendering, 3D modeling to then depict jewellery beautifully. And that quite honestly changed the game for us. And when we transformed our entire catalog from photographs to 3D renders, the quality of the products, etc., was very, very high. And coming to think of it, when we were an online-only avatar, we were in a way in the business of selling a photo. What people were getting in the end, delivered, was a physical product. But all the selling, all the decision-making was happening on those photos. So, it was very important for those photographs to be extremely beautiful. And that we were able to achieve back in 2012.

Our next big observation was that as we were expanding our catalog, we could not inventorise everything. We had limited capital available to us. So the only way we could offer a lot of choices – and choices is one of the beauties of the internet, so the only way we could offer lots of choices was if we moved to just-in-time manufacturing model. Now we tried that with the existing supply chain, with the existing manufacturers of jewellery, but realized that that supply chain was not geared for it.

The manufacturing timelines were three to four weeks. The reliability of the end product was also not that high. There were lots of discrepancies between what was promised and what was manufactured. So we decided to bring manufacturing in-house. And in the next one year or so, by the end of 2013, early 2014, almost entire manufacturing was in-house.

And right after that, we were able to bring down manufacturing timelines to three to five days. And the whole e-commerce engine kind of started working. And with that, by around 2016, we reached close to Rs. 50 – 55 crores in pure online D2C revenues.



And that was also the time when we were talking to a lot of our customers. And we spoke to a lot of our buyers. Asked them, what is it? Why did you buy it from BlueStone? And the number one reason was always design. Almost 86% people said they bought because they loved the design so much. Number two was choices. 9% people said choices. 3% said price. 1% said convenience. Those also pointed us in the direction that this is truly a brand category. It is not a services game like Flipkart or Amazon, where if you ask the same question, price and convenience would be the number one, number two reasons. That was not the case with us.

And more importantly, what we are also seeing was for every one person buying, there were 30 to 40 people who were just browsing the website, who were spending, who were exhibiting exactly the same behavior as buyers. Spending as many weeks on the website, looking at as many products, adding as many products to their wishlist in cart, but not buying.

And we spoke to them, the non-buyers. And almost all the non-buyers told us that we loved the design. We loved the fact that sitting at home, we can browse, we can look at so many beautiful jewellery designs, which is just not possible in the offline setup.

In offline setup, once you enter into a jewellery store, you are generally under pressure because it is a counter-driven experience. You are generally asked if you like this particular piece, do not like this piece, shall I shortlist, and so on. So free browsing, which is the case in a lot of categories offline also, like apparel, shoes, you can just go to malls and browse for as many days, as many weeks as you want without anyone asking you any questions. That free browsing is not present in case of jewellery in the offline setup. And that is where online was extremely powerful. Online was turning out to be extremely powerful. So almost all those non-buyers said that we love the fact that we can actually look at 1,000 designs of things which you cannot do offline. But then they said, how can we buy something so expensive without touching and feeling it?

Number two reason was that, let us say if a few years down the line, there is some repair needed in that, if a ring size needs to be changed, if a diamond chips off, where would I go for the repair? In jewellery, typically the jeweler is also your service provider or repair provider.

And number three or the third biggest reason was that if a few years down the line I want to change this design for a newer design, how do I do that? And that is a behavior which is very common in our country and generally non-existent in any other country.

So I think that was our big realization that for all the efforts, for all the demand and all the pull that we are generating online, maybe because we are not able to solve these



three problems, maybe we are not converting that into the real business, or we are not kind of efficiently converting that into the real business.

And maybe if we could solve for these three problems, the business size is not whatever it was. Maybe the true business size is 30 times to 40 times of whatever that was. And with that learning, with that hypothesis, we went out to open stores. And the idea was clear that these three problems cannot be solved online. The natural solve for these is a store.

A store very naturally solves for it. No amount of web pages, no amount of promises that you put on your web page were going to solve it. So we opened our first store in FY19 in Pacific Mall, Rajouri Garden, and in that year, we opened five stores in total. And we saw the hypothesis playing out.

We saw that in those catchments where we opened the store, we were able to convert that online demand into overall business for the company much more efficiently. And I think our history also, and investor presentation also, we have depicted one such scenario in the city of Ranchi, when the online-only avatar, we were doing close to Rs. 70 lakh in revenues, annual revenues, which have now gone up to approximately Rs. 18 crores or so with the support of two stores.

So that is the kind of multiplier that omni-channel presence has built on top of this existing strong online presence that we already had. And I think since then the journey has been of how fast can we layer these omni-channel stores. Our online presence was always very strong pan-India. And in the last four to five years or five years to six years or five years to six years, our endeavor has been to layer more and more of this online presence with a strong omni-channel presence.

And it is working out in every catchment, in every zone, in every region of the country. And that is why we have very high confidence, very high conviction. And that is a fundamental reason of very, very rapid rollout. All the efforts have already been there in getting people on the website, getting people to engage, getting people to love our designs. All that has been going on for almost 14 years now. The more we layer it with omni-channel, the stronger we keep on becoming and the stronger leverage we keep on getting on each of those efforts that we have been putting over the last 14 years.

So we ended FY25 with 275 stores. This quarter we opened a few more, ending the quarter with 292 stores. And coming to our performance during the quarter overall, we saw a healthy revenue growth of around 41% Y-o-Y. And that is driven by very healthy sales growth and the continued expansion of our omni-channel footprint. Alongside this growth, we delivered meaningful profitability improvements also with standalone adjusted EBITDA of 630% and margin expanding by 1,358 basis points,



reflecting operating leverage across marketing, corporate costs, and manufacturing efficiencies.

I am also pleased to report that through our consistent efforts and focus on profitability; we turned cash back positive at Rs. 17.5 crores versus a cash loss on a standalone basis of Rs. 36 crores in the same quarter last year. These results underscore the profitable scalability of our business model and this balance of growth with improving profitability gives us confidence in delivering sustainable long-term outcomes for our stakeholders.

Now our Chief Financial Officer, Mr. Runit Dugar, will take you through the financials in detail. Runit, can you please?

Runit Dugar:

Thanks, Gaurav. Thank you all for joining us today. Good evening. I am pleased to share our Q1 FY26 financial performance. I will keep my remarks brief. We hope that all of you had the chance to go through our detailed financials and commentary. As you can see from a disclosure perspective, we are putting in our best efforts to make sure that there is as much transparency as we can bring in in terms of our disclosures and that is the detailed management commentary that you would have seen in our results pack.

Overall, our standalone revenue from operations for the quarter stood at Rs. 4,926 million, up 41% year-on-year, versus Rs. 3,482 million during the same quarter last year. Standalone adjusted EBITDA was at Rs. 830 million, up 630%. More importantly, standalone adjusted EBITDA margins came in at 16.8%, up 1,358 basis points year-on-year. This was 3.3% in Q1 FY25.

Also, I would like to highlight as a best practice from a transparency perspective, we would be calling out inventory gain or loss. This quarter, we had an inventory gain of Rs. 228 million during Q1 FY26. Excluding these inventory gains, our adjusted EBITDA was still pretty strong at Rs. 602 million with adjusted EBITDA margins of 12.2%, up more than 400% year-on-year with nearly 895 basis point margin improvement.

On contribution margins, again, excluding inventory gains, then contribution margin is our key operating margin metric, which is the source of driving operating leverage in the business because below contribution margin, we have a lot of fixed cost structure which is sitting there related to stores.

So contribution margin, excluding inventory gains stood at 31.8%, an improvement of, again, more than 130 basis points Y-o-Y. This expansion was primarily driven by scaling of our new manufacturing facilities that opened in FY25, which are improving manned capacity utilization as well as stabilizing and delivering process efficiencies.



Our expense for rent was Rs. 368 million during the quarter. We have seen significant reduction in our advertising and marketing cost from 12.2% as a percentage of revenue in Q1 FY25 to 6.9% of revenue. This is driven by operating leverage that we are coming from scale benefits, rising repeat customer revenue ratio, as well as there was a step-down in terms of the promotion scheme that we had on the Old Gold Exchange.

As Gaurav mentioned, more importantly, we turned cash PAT positive for the quarter. Our same-store sales growth was strong at 18.4% Y-o-Y for the quarter, and we reported a healthy repeat revenue ratio of 50.7%, demonstrating the strength of our product portfolio, the stickiness of our customers, and the scalability of our omnichannel model.

Our performance during the quarter reinstates our faith in the business model. Our digital-first approach continues to serve a strong demand funnel for our stores, while our expanding retail footprint is deepening customer access. This also allowed us to grow our customer base to more than 800,000. 816,000 to be precise.

Importantly, we have also maintained strong unit economics and disciplined cost management, which has, as demonstrated in this quarter, ensured that the top-line growth translates effectively into operating profitability.

With that, Steve, we can open the floor for questions, if any.

Moderator:

Thank you, sir. We will now begin the question-and-answer session. The first question comes from the line of Aravind Kodipaka with IME Portfolio Managers. Please go ahead.

Aravind Kodipaka:

Hi. Thank you for the opportunity and congratulations on good set of numbers. I have a couple of questions on the model itself. While I understand the omni-channel model and the argument very well. Is it possible for you to distinguish between a customer who walks in directly into offline and someone who is influenced online and then goes to a store?

Gaurav Singh Kushwaha: So, there are two major ways of doing it. One of the obvious ones is a lot of people, when they are browsing on the website, they also tend to register, especially repeat users.

So, when someone has registered, we already have the email and phone numbers, okay? And when they make a purchase in any of our stores, that phone number, email is mandatory. It is the same system, essentially. So, the point of sale that we have in stores is nothing but the website, okay?



But the moment someone does that, we match that person to their browsing history, let us say, a few weeks prior to making that purchase, right? So, for every person who registered, we have tracking. There is something called cookie-based tracking. So, we have that in detail on every person, whether the person is registered or not registered. Cookie-based tracking goes all the way for 6 months or 12 months.

Secondly, what happens is, a lot of these users that we get, we get from Google, Facebook, etc. So, what they also provide is, there is something called hashing. So, once you anonymize your buyers' phone numbers and email addresses and supply it to them, they also tell us that how many of those people have actually come to my website from these platforms.

So, these are two ways with which you can actually match this. And when we do this matching, that match is very, very high.

Aravind Kodipaka: So, then what percentage of your sales can you actually attribute to someone who has browsed beforehand, before getting into the store? And someone who has directly walked in without having a, say, a one-week or two-week history of browsing in that particular category? And can you get to that?

Gaurav Singh Kushwaha: Sure. Our ballpark says that 70% to 90% comes from online browsing.

Aravind Kodipaka: Okay. So, 70% to 90% of the people who browse eventually come to the store, right?

Gaurav Singh Kushwaha: No, 70% to 90% of people who end up buying, they had browsed the website prior to buying from the store.

Aravind Kodipaka: Okay. And the browsing window is, what, like one week, one month, three months?

Gaurav Singh Kushwaha: One month. 28 days.

Aravind Kodipaka: One month, okay.

Gaurav Singh Kushwaha: In general, Aravind, the number of people who are browsing is in millions, right, every day. Obviously, it cannot be 70% to 90% of that. There is a number of people who are buying, 70% to 90% of buyers were browsers on the website.

Aravind Kodipaka: Understood. Yes, I understood. I should have asked this way. Sure. Is it possible for the company to disclose this metric on a constant quarterly basis, just so I understand how much of a dependence there is on the digital channel?

Gaurav Singh Kushwaha: There is no plan to do that right now.



Aravind Kodipaka: Okay. Understood. The second question is regarding inventory on the balance sheet. Now, I understand there is been a rapid store expansion. In fact, we have gone from 77 stores in FY22 to roughly 300 stores by quarter end of this year. But your expansion of inventory on balance sheet has also rapidly increased.

In fact, if you just look at inventory per store, right, or inventory days, whichever you look at, right, let us just say inventory per store went from Rs. 2.5 crores of inventory per store to roughly Rs. 6 crore-ish per store. I do not understand what exactly drove this rapid expansion in inventory on the balance sheet.

Rumit Dugar: So, Aravind, this is Rumit. I will take that. Look, before I actually get into the specific question, let me also kind of take a step back and give you some color on how we kind of operate, how we recognize revenue, etc. So, you can contextualize our inventory versus some of the other peer sets, etc.

So, one is in terms of revenue recognition, we recognize revenue only on a B2C or a retail sales basis. So, even though we have some franchisee stores, we do not recognize revenue when inventory moves from our balance sheet to, let us say, a franchisee store, right? So, we are a B2C sales revenue recognition. As a result, the balance sheet, the inventory that you see is the full view of the retail channel. That is number one.

Number two is, again, we are fully vertically integrated into manufacturing, which reflects in our superior contribution margins, etc., right, versus the peer group. So, there is also manufacturing inventory that is sitting on our balance sheet, which you need to consider.

Third factor now coming to the inventory, large part of the inventory is gold. And to the extent the inventory is hedged, there will be obviously mark-to-market. So, inventory growth is not necessarily a function of us adding more inventory, but it is just that if the gold prices keep going up, which you have seen over the last two years to three years, obviously, it increases the inventory value. So, that is the third factor.

And the fourth one is, obviously, the amount of stores that we have opened. So, if you look at our 292 stores that we have as of Q1, of this almost 83 opened in FY25. So, nearly 210 stores have opened actually in the last three years, right? So, if you are going to compare my inventory from FY22 to where we are or FY23 to where we are today, you have to factor in the gold price movement, as well as the rollout of new stores.

Also, the average age of our stores is, as a result, quite young. And thus, if you look at our RHP, we have given, the typical store performance and even in this quarter's management commentary, we have disclosed the oldest cohorts, what kind of revenue productivity they are delivering. So, you can see that FY25, my 19-20 cohorts were at Rs. 12 crore revenue productivity.



So, typically, the way to think about inventory turn is, at a very fundamental level, is look at the turn and on every turn, how much gross margin I am generating? So, you could have one model where you do coin sales at 3% margin and do 10 inventory turns, and you will have a 30% GMROI and that is your fundamental source of ROC in the business, right? Because 30% GMROI is the source of ROC and then it kind of translates after OpEx, etc., into the company level ROC.

Or you could operate at 1.82 turns with a 30%, 35%, 38% GM and then, let us say, at a 38% GM, you generate a 70% sort of GMROI, right? And that becomes your fundamental source of ROC. So, you cannot look at only inventory turn in isolation, it has to be viewed in context of gross margin. And the metric that we try to optimize is the GMROI because that is our fundamental source of ROC in the business.

Aravind Kodipaka: Sure. I understood what you are trying to explain here. Just a very quick question. I understand the impact of gold prices on inventory and the days moving up, right? But that would have also had an impact on your revenue, right? Gold prices would have also aided the revenue growth. So, when I see an inventory --

Gaurav Singh Kushwaha: I will just cut you there. When you look at year end numbers and the way the gold moved from January to March, I do not think sales would have time to catch up. In fact, especially if you are looking at the annual sales. If you are looking at FY25 – If gold goes up 40% in one month, your sale will not increase by 40%. In fact, on the contrary, your sales will tip when gold is volatile. And it takes time, it takes time for that catch-up to happen. I will chart the territory, especially when it comes to the way gold is fluctuating.

Aravind Kodipaka: Yes. I am aware of this mechanism in jewellers. I am looking at a longer frame itself. I am looking from FY22 to FY25. Over this period, we did see gold prices move up. I am not saying one month gold price increase would have had an impact immediately on revenue.

But also what I am trying to get to is even if I factor in the gold price impact, whether it is on one-year basis or three-year basis on inventory and revenue, your inventory turn would have still gotten down roughly 2.8 times --?

Gaurav Singh Kushwaha: So, if you are looking at very long-term from FY22 to FY25, it has less to do with, let us say, gold price movement. And gold price movement actually only impacts it when you are looking at year end inventory and full-year sale, which maybe you are normalizing for, which is the right thing to do when we are expanding at this rapid pace. Now, in our case, a big reason for that also is the maturity and the growth of stores.



With the kind of SSSGs we are seeing, and if you look at those 200 stores, which have been opened in less than two years to three years, those are going to take time to fully show results on the inventory and the capital that is deployed in those stores. When I look at my mature stores, or not mature because even they are growing very rapidly, but older stores, this number is much, much stronger. What you are seeing is a blend of new and old stores.

And, in fact, on top of that, manufacturing inventory also. So, once you start culling a lot of those things out, the numbers are actually much, much better.

Moderator: Thank you, Mr. Aravind. The next question comes from the line of Tejas Shah an individual investor. Please go ahead.

Tejas Shah: Hi, this is Tejas from Avendus Spark. Just wanted to understand, what was the revenue per square feet for this quarter? And typically, how many quarters does a new store take to reach maturity? And you just spoke about that even mature stores are doing a good number. So, what is typically the number that revenue per square feet, that mature store kind of stabilizes?

Rumit Dugar: Yes. So, Tejas, given our business model and our formats, really revenue per square feet is not a metric that we look at or we track. I think the best way to see it is revenue per store. So, if I look at my older cohorts, the stores that opened in FY19 - FY20 in FY25, on an average, they did a revenue of about Rs. 12 crores per annum. And the rental for these stores would be in the range of, you know, Rs. 40 - 45 lakhs per annum.

So, that kind of gives you an idea that, the rental cost is a percentage of overall revenue in this particular category and in our omni-channel business model because our format sizes are 1800 - 2000 square feet average. Revenue per square feet is not something that we track.

So, the focus metric for us is to drive the revenue per store. And given our contribution margins are pretty high, a lot of the operating leverage kind of keeps flowing in to the EBITDA at a store level.

Tejas Shah: Okay. And if you can just elaborate, if revenue per square feet does not matter, then how does revenue per store matter? Because I can understand there is an underlying commodity volatility, perhaps. I just wanted to understand, because how do you measure the productivity of the store?

Rumit Dugar: So, on a per store metric, right? So, revenue per store, rent per store, employee cost per store, facility cost per store. So, the way we build the unit economics and you can look at it in the RHP, we have given the unit economics of our older cohorts.



So, typically an all-in cost in our FY19 - FY20 cohort is about 1 crore, which includes rent, facilities, and store employee cost. So, now if a Rs. 12 crore revenue productivity store at 30% - 32% contribution margin, there is about Rs. 3.2 crores of contribution with about Rs. 1 crore of OpEx, which includes rent. So, that delivers a 22% post-rental store level EBITDA. So, that is the way we think about it.

And these stores are still seeing SSSGs, right? So, it is not that these are our oldest cohorts, but not to say they are matured. And thus, there are a lot of categories where we are still not present in. There is room to expand merchandise. There is room to build and get into more product categories, subcategories, which can then continue to drive growth, even in these stores.

And as you can see, if on an existing mature cohort or the older cohort stores, at Rs. 12 crore, if there is a 15% - 20% kind of SSSG, that incremental revenue, the EBITDA margin for that is almost equal to contribution margin.

Tejas Shah:

And mature stores are showing SSSG, which is volume led, or because there is a lot of pricing element also, which plays a role here, right?

Gaurav Singh Kushwaha: We generally are non-existent in coins, chains, and a lot of grammage-based products. And typically, in our case, what happens is people come with a budget of, let us say, Rs. 50,000 to Rs. 70,000. Now, that same person's budget is not going to double if the gold has doubled. They are all mostly middle class, right?

So, essentially, the product that they end up buying is different, because one year back, there was some other product in their budget. Now, there is some other product in their budget. So, that is essentially what we largely see. Also, historically, there have been periods when gold was not moving that rapidly. Our ASPs have increased in those periods also.

So, if you go back two - three years and so on, and not look at just the current ASP increase, you will see that those ASPs have generally been increasing.

Tejas Shah:

Okay. And last one, if I may, and since we are talking for the first time, just wanted to understand what are the top five KPIs you monitor to understand the demand environment and productivity of the stores?

Rumit Dugar:

So, Tejas, what we look at is, one, the cohort level per store per month revenues. I think that is one of the key matrices that we kind of look at. And then, obviously, it gets broken down into how much is repeat, how much is coming from new customers, how much is the AOV. And these are the output metrics. But a lot of our fundamental approach to execution is very input-driven.



So, metrics that we control in terms of the designs, in terms of the inventORIZATION, in terms of the design turns, in terms of the GMROI at a design level, etc. So, a lot of our matrices are very input-based. But from your perspective, the output metrics, I think the key one is revenue per store per month at a cohort level. I think that is the key output metric, I would say.

Tejas Shah: Perfect. Thanks a lot and all the best for the coming quarters.

Moderator: Thank you. The next question comes from the line of Aditya Jain from Katrele Ventures. Please go ahead.

Aditya Jain: Hi, good evening. Thank you so much for this opportunity. Congratulations on the strong growth, Gaurav and Runit. My question is on the same. We see a few factors playing out in this growth. I mean, despite the elevated gold prices, we have seen your customer base expanding. You have opened up new stores.

But at the same time, we see moderation in your stud mix. It has gone down to 64% from 69%. But the gap was filled with an increase in average order value. So, how do you see these factors playing out in the upcoming quarters? Which one do you see would play a main role in sustaining the growth?

At the same time, can you help me understand if this increase in average order value was adjusted for the prices or is it including the price, right?

Gaurav Singh Kushwaha: So, I think in terms of plain gold and in terms of studded ratios, etc., I think as we are expanding more and more stores and I think behaviorally, 64% - 69% is not -- I think our general endeavor has been to kind of be more studded focused. And 64% - 69%, I understand that there is a marginal difference there. But I think that is just behavioral change. And especially in these volatile times, some of these mixes are just moving here and there.

Yes, so on AOV, we do not track it at volume. Because honestly, the kind of margins that we have with 38% gross margin, it is not driven by volume. When someone is actually paying 38% on top of the value of the gold, they are not driven by buying a 10-gram gold coin or 10-gram gold chain and so on. We do not sell those kinds of products.

And hence, we see AOV increase even when the gold is flat. It is not that our AOVs decrease when gold drops or we remain flat when the gold is flat. So, we have not seen that behavior. We have not seen that cause and effect.

Aditya Jain: Understood. And this increase in customer base, Customer base expansion, this is largely driven by your online efforts or new stores now?



Gaurav Singh Kushwaha: Both. So, essentially, I think what is happening is the omni-channel as a behavior is fundamentally sweeping in more and more people. And younger generation is naturally online all the time. You can just see around yourself also. Everyone is just glued on their mobile all the time. A lot of this discovery happens on Instagram, Google, and so on. People are just discovering the world on their reels, on their TikToks, and so on.

So, I think all that is happening and all the more that happens, the stronger we will keep on becoming because we kind of tap much better into those platforms than the traditional players. So, that is happening. I think it is a behavior. It is a societal change. If I just kind of try to look ahead 20 years, I think all the discovery in a lot of mobile and technology or internet, we are doing a lot more than what it is doing right now.

So, I think it is a behavior change that has happened over the last 20 years. We are in 2025 right now. 2005, there was no mobile. There were hardly any wireless routers. Right from there, we have come to this point in 20 years. Next 20 years, it is going to be God only knows what will happen. But internet and technology is going to play a much stronger role. And that is where we are much stronger.

Aditya Jain: Understood. Since this is driven by omni-channel growth and you also mentioned that you have cut down on your marketing costs, your marketing cost has gone down by a few percentage points. I mean, how is that impacted given your conversion cycles of around one month?

Gaurav Singh Kushwaha: It is efficiency has increased drastically. In the last one year, the platform's efficiency has increased drastically.

Aditya Jain: So, it is on the back of efficiency, or it is on the back of reducing cost per lead or any other method?

Gaurav Singh Kushwaha: Which is efficiency, right? Okay. So, typically what happens is what gives online marketing more strength over traditional marketing is the ability of that platform to know about each individual customer. And you would have experienced that also if you are an Instagram user or Google user.

If you have a certain intent, these platforms are much stronger now or much more accurate now in targeting you. So, that efficiency essentially is what translates into eventual marketing efficiency also, which traditional media does not have. You still have the spray-and-paint. Traditional media is all about spray-and-paint.

Aditya Jain: Understood. My last question is on the same-store sales growth. I believe a few of the people have asked the same question. But your same-store sales growth for this quarter was around 18.4%. At the same time, the FY25 growth was around 32.1%.



Now, I believe you have opened up new stores as well. How do you see the same-store sales growth spanning out across different regions or different geographies? And if there is any particular geography that is moving slow, how are you managing inventory there?

Rumit Dugar:

So, I think from a geographical perspective, it is reasonably well distributed. I do not think there is anything to call out from a geographical perspective. I think what has also happened is, you see in this calendar year, gold has moved from Rs. 75,000 to almost Rs. 1 lakh plus. And it has all happened in a very short time.

As Gaurav was, I think, answering one of the questions earlier in terms of gold price increase. Gold price increase, in fact, pauses the customer purchase. So, what consumers, especially our type of buyers, want to see is a stable gold price. Or if the gold price is trending up but with not high velocity change.

So, that is what I think has been there for the last bulk of this calendar year. So, I think the growth is still pretty strong considering the outlook and the environment of very high gold prices. If you recall, April had a record price increase in gold. So, I think I will leave it there.

Aditya Jain:

Understood. All right. Thank you so much.

Moderator:

The next question comes from the line of Gopal with SBI Life Insurance. Please go ahead.

Gopal:

Congrats for the strong performance. My question was on a couple of things on P&L side. This franchisee commission was higher sequentially and year-on-year. Is there any one-offs in this?

Rumit Dugar:

Yes. So, there were some franchisee settlements that are there. So, some of the contracts that we had earlier with the franchisees, I think as we are exiting those contracts, there are some of these one-time kind of settlements that are there when we exit these contracts.

Gopal:

So, right now, what is the mix? Franchisee and own store?

Rumit Dugar:

75 is franchisee out of 292.

Gopal:

Okay. And if I am not wrong, this is part of financial cost?

Rumit Dugar:

No. So, there are two components, Gopal. One is the minimum guarantee that we give to the franchisees which is recorded as financial cost. And anything over and above that minimum guarantee is recorded as OpEx. So, what you have seen in that



franchisee expense is the delta on the OpEx as there were some exits that we are taking and then there are some provisions with respect to those exits that we are taking with those franchisees.

Gopal: Okay. And the absolute other expenses were down and if I try to split it between spends, I was wondering why manufacturing expenses should be down absolute level?

Rumit Dugar: So, two things there. One is that because we are vertically integrated into manufacturing, manufacturing expense is a function of how much production I have done in that quarter. So, if you look at our inventory change, our inventory change between Q4 and Q1 is not very large. Right. So, there was no big inventory buildup. So, the production facilities were optimized for efficiency, not for inventory buildup.

And thus, the expenses are lower. And same time last year we were kind of ramping up, right? Because we are opening 83 stores, the store rollout was front loaded, etc. And it is also a function of capital. In last year, if you have access to capital, then you front load some of the inventory for seasonality, for store rollout. So, I think all that also creates some volatility in the base quarter.

Gaurav Singh Kushwaha: And also Gopal, we had some of the factories which are new there. So, any new factory essentially takes some time to start operating at more efficiency or higher efficiency, which has happened with us.

Gopal: I can understand on efficiency, but how come absolute expenses go down is where I was wondering actually.

Rumit Dugar: Yes, which is as I said, I mentioned Gopal, it is a function of production, right? Like if I am not building out inventory, the production that I am doing in that quarter is lower. Thus, the labor that I need to use, right, in terms of cost, the quantum of all the expenses is much lower. Because I can keep moving up and down my manned capacity.

So, there is an installed capacity and then there is a manned capacity. I can keep adjusting the manned capacity to optimize capacity utilization.

Gopal: And same is the case on the ad spend side?

Gaurav Singh Kushwaha: I answered this question as part of the previous question also. So, platform's efficiencies have increased. We have seen from last year to this year, we are seeing significant improvement in the efficiency of online platforms. It is mainly Google and Facebook that we worked with.



Rumit Dugar: Just to add also, Gopal, there was a downward revision in our Carat Upgrade offer, right? So, earlier when we had launched the offer, that way we are now spending less. Like the absolute cost. So, that also drives slightly lower cost.

Gopal: So, out of the Rs. 34 crore, how much is related to extra carat which you are giving?

Rumit Dugar: I do not have the exact number. Maybe I can come back to you in terms of the exact percentages of how much of this breakup of Rs. 34 crores.

Gopal: Generally, how much is it on a full-year basis?

Rumit Dugar: I think historically it has been about 2% - 3% in that territory. Historically, I am saying. Now, in this base quarter, it would have come down for sure. 2% - 3% of sales, I am saying.

Moderator: Thank you. The next question comes from the line of Arpit Shah with Stallion Asset. Please go ahead.

Arpit Shah: Hi, Gaurav. Hi Rumit. Congratulations on the IPO, on the listing. I am just seeing the company very initially. Just wanted to understand what is the difference between our contribution and gross margins? That would be my one question.

Rumit Dugar: Yes, sure. The delta between our contribution and gross margin is, we are vertically integrated into manufacturing. Our gross margins are material margins. So, between contribution and our gross margin, we have the factory cost, the payment gateway cost, logistics, insurance. So, the delta is roughly the direct cost, which includes production, hallmarking, certification, payment gateway, insurance, and logistics.

Arpit Shah: Right. And you did mention in some of your answers that our mature stores or at least our older stores are doing about 23% - 24% operating margins. So does this number include the corporate overheads or the branding expenses for the company or is this a standalone store number, 23% - 24% operating margins?

Rumit Dugar: That is store level margins.

Arpit Shah: Got it. And can you help me with the store economics as well, inventory per store, capex per store, what kind of numbers do we do there? And how does the store look like in terms of year one revenue, year two revenue, year three revenue? And I also wanted to understand the model on the franchising side. What kind of minimum guarantees or what kind of OpEx guarantees do we have to give them? And if you can just walk through that.



Rumit Dugar: Sure. I will take the last one first on the franchising model. This was a model that we had in 2019-20 when we started moving from pure digital to omni. And that was the capital that was available to us and that worked as mezz financing. So we have stopped doing franchises largely and we are exiting those contracts. These typically had a 12% - 15% kind of minimum guarantee and revenue share.

On store economics, I would actually encourage you in the interest of time to actually look at the RHP. We have a store economics model detailed out in the RHP for the older cohorts. And maybe we can, I mean, it will require a detailed answer. So just in the interest of time, maybe you can have a look at the RHP and then you can reach out to us and we can take that up.

Arpit Shah: Sure. Thank you.

Moderator: The next question comes from the line of Percy from IIFL Capital. Please go ahead.

Percy: Hi, Rumit. I just wanted to understand on the inventory of Rs. 1,750 crores, would you be able to give me an idea how much of it is actually store inventory?

Rumit Dugar: So it is about 70%, close to 70%, Percy.

Percy: 70%, so that means that it is around Rs. 4.2 -- 4.3 crores per store on an average. My question was that does this number vary widely between stores if the average is Rs. 4.2 crores? Does it vary widely or it would be in a very narrow band between different stores?

Rumit Dugar: It does, so the first part of the answer is yes, it varies. It is a function of vintage performance. Some stores have higher productivity, and you back the winners, you put more merchandise. It would vary, but I think at a broader level, these averages are reasonably representative of where we are. So I would say these are not skewed averages. These are reasonable averages.

Percy: Okay, because my question was if this number goes up as the store matures and as it gets more sales, then do we see the average inventory days more or less stubborn at this level? That is what I wanted to answer.

Rumit Dugar: No, I think the way to look at this is GMROI; that is really the fundamental metric. I think there is a very classical way of looking at typically a plain gold commodity kind of business, which is just an inventory turn business.

But in our case, we are a product and design-based business. And as a result, it is just not inventory turn, it is also at what margin we are turning that inventory because fundamentally, obviously, we have to generate a strong ROC, which is what our older



cohorts are demonstrating. So, I would urge to look at GMROIs because that is the metric that we optimize. Inventory turn will give you half-truth. Margins will give you half-truth. So the combination is where the --

Percy: So, at a company level GMROI will go up or do you think, I mean, what will drive the GMROI at the company level?

Rumit Dugar: So, Percy, at a company level, the GMROI will be driven by store vintage and maturity. So you have a fundamental GMROI, which is visible in, let us say, an FY19 - FY20 cohort and their productivity, unit economics are quite stable, still improving. So as the broader portfolio gets to maturity, so if my entire portfolio is at Rs. 10 crores - Rs. 12 crores at a portfolio level, productivity, you will see the GMROI as an ROC that you see at the store at a corporate company level. I think that is the way to think about it.

Percy: Got it. And in terms of store expansion, when you put new stores now, are you rethinking the size or will you continue with this 1,800 - 1,900 average?

Rumit Dugar: I think at the moment, we are good.

Percy: Okay. That is all from my side. Thank you and all the best.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for their closing comments.

Rumit Dugar: Thank you, everyone. Thank you for taking time to join our first earnings call. The E&Y team and the BlueStone team are available. If your questions have not been taken up in the queue due to paucity of time, please feel free to reach out to us and we will be happy to address them. Thank you and good evening.

Moderator: Thank you. On behalf of BlueStone Jewellery and Lifestyle Limited, that concludes this conference. Thank you 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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