



# **BlueStone Jewellery and Lifestyle Limited**

## **Q4 FY26 Conference Call**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY26 Conference Call of BlueStone Jewellery and Lifestyle Limited, hosted by EY. 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Ms. Rhea Dharia from EY Investor Relations. Thank you and over to you, Ms. Rhea.

**Rhea Dharia:** Thank you, Iqra. Good morning to all the participants on the call. Welcome to the Q4 and FY26 earnings call of BlueStone Jewellery and Lifestyle Limited. Before we proceed with the call, let me remind you that the discussion may contain forward-looking statements that may involve known and unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risks that could cause future results, 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 management of BlueStone represented by Mr. Gaurav Singh Kushwaha, Founder and Chief Executive Officer; Mr. Vipin Sharma, Chief Merchandising Officer; and Mr. Runit 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 hand the call to Gaurav. Over to you, Gaurav.

**Gaurav Singh Kushwaha:** Thank you, Rhea. Good morning, everyone and thank you for joining us at BlueStone's Q4 and FY26 earnings call. FY26 marks a milestone year for us as our first full financial year as a listed company, delivering four quarters of earnings post-listing. During the year, we demonstrated strong growth momentum, deepening distribution penetration, significant improvement in cohort productivity, and strong operating leverage.

This operating performance sets us up nicely going into next year and beyond. We are in a unique position to fill the large consumer experience and product market gap with our omnichannel experience, pan-India distribution, and design-led product approach across categories. We enter FY27 with robust exit growth as demonstrated in Q4, with a clear focus on execution, driving deeper wallet share among existing customers while continuing to expand our customer base.



Let me briefly touch upon the demand environment, key retail parameters, and financial performance. Also, it is imperative as we execute towards such a large opportunity that you get to hear and interact on strategic aspects with various leaders at BlueStone.

Today we have Vipin, our Chief Merchandising Officer, on the call, who can take you through the more strategic aspects around various parameters and how we think about executing across these vectors.

Coming to demand, consumer demand trend remained resilient in Q4, with consumers continuing to spend at their preferred price points in the categories of choices. In our view, quality merchandise assortment is key across demand vectors, categories, and price points, and remains a critical execution priority. Same-store sales growth of 34% this quarter demonstrates that demand environment is resilient. Growth was broad-based, with homogeneous SSG growth trends across all three months of the quarter.

A key driver to our performance continues to be our omnichannel model, seamlessly integrating digital and physical retail. As of March '26, we operated 340 stores across 134 cities, adding 17 stores during the quarter and 65 stores for the year, significantly strengthening our national footprint.

To give more color on long-term impact of omnichannel at a city level, growth in Ranchi and Lucknow demonstrate ability to drive coverage and density with strong productivity beyond metros. This reinforces our conviction that the product-market opportunity goes beyond metros and is large and under-penetrated. Repeat customers continue to contribute meaningfully, reflecting rising brand loyalty and wallet share.

Our rapid realignment of entry-level offerings leveraging our vertically integrated model enabled us to restore price accessibility without compromising design or experience. The benefit of this recalibration are clearly visible in Q4 and are expected to continue through FY27.

I will now briefly walk you through our financial performance for Q4 and FY26. I will keep this concise as detailed disclosures are already available on the stock exchanges and I hope that you had a chance to go through this. For the quarter, standalone revenue grew 49.1% year-on-year and we delivered revenues of INR 2,441 crores for the full year.

As highlighted earlier, our revenues are recorded on retail sales basis, including franchisee stores, providing a clean and transparent view of underlying consumer demand. For Q4 and FY26 our pre-IndAS EBITDA performance demonstrates embedded operating leverage in the system and as we continue to sweat our fixed cost



base, the room for growth remains large. Balance sheet remains strong with solid capitalization levels and sets us up well to execute against the opportunity.

With this, I would like to hand over the call to Vipin.

**Vipin Sharma:**

Thank you, Gaurav, and good morning, everyone. It is my pleasure to be sharing my opening remarks on this earnings call today for BlueStone. Right from the beginning, I think our focus has been very clearly on building a jewellery brand that is led by design, and our intent has always been in terms of trying to reimagine jewellery that plays a role in the life of consumers, particularly the modern Indian consumer.

If you look at our endeavour, it has been always centered on moving jewellery from lockers to the wardrobe, playing a role in the life of consumers. And this kind of focus on lifestyle jewellery that is designed to play a role in terms of expressive modern consumers that we have in India today, along with the digital-first experience and consumer-first approach, lays the foundation on which we have been building BlueStone right from the beginning.

If I look at more recent, I think last one year, as we all know, there has been an unprecedented rise in the gold prices. This rise in gold prices triggered a dislocation in terms of overall merchandise that we had on certain price points and in certain categories, and that became our focus in terms of immediate actions that needed to be taken to plug this gap caused by a significant rise in gold prices.

And I think at the same time, it was also an opportunity for us to put a real test on our approach in terms of vertical integration, the foundation of our manufacturing and design approach in terms of how we develop our new products and offerings. With this focus, I think we were able to respond given our vertically integrated model in a very responsive manner, at a very fast pace, and I think some of that effect we saw in terms of the performance that we see coming back to our regular levels in terms of the overall growth that we saw in the previous quarter.

I think what is of particular significance here is to highlight the fact that our design works in close collaboration with manufacturing, with a focus on innovation and techniques that allow us to sweat the gold more effectively. Included along with this innovative approach is the opportunity to look at alternate materials that the modern Indian consumers seem very open to, not just as a means to achieve certain targeted price points, but also as an expression of, I think, their own personalities and a sense of style that the modern Indian consumer is very interested in.

I think at this point it would be relevant for me to highlight one of the new initiatives that we have undertaken, is probably industry's unique and first kind of its own experiment as we set up an exclusive store that focused on offering men's and kids' jewellery to our consumers. I think it is very clear, I think it is well recognized, that



jewellery in general has an association with women given the kind of designs that are created.

But if we see a modern man in the Indian context who wants to be very expressive and in terms of expression of the style, I think it is our endeavour to say how do we give more focus to the kind of exciting products and offerings that we have. And the men's and kids' stores that we have set up is a great example of how we are looking at extending our offerings, not just in terms of the depth of product portfolio, but also in terms of the width in different offerings and with focus in terms of what can engage the consumers in a very strong fashion.

The format allows a much sharper, much more relevant kind of discovery-led experience for a consumer in a store that is predominantly focused on what they are interested in, in terms of specific product categories.

Broadly in terms of demand trends, I think Gaurav touched upon those points, but if we look at consumer, I think fundamentally consumer's traction with our overall offering continues to stay strong and our focus will continue to be on making our portfolio stronger and more and more design-led as we move forward.

We continue to see this structural gap that exists in terms of what the consumer expects and what broadly the market delivers at scale. I think BlueStone steps in with its own point of view, with the approach that is omnichannel, pan-India distribution at scale, and design-first approach across categories, making us a very strong and unique player in terms of a modern consumer's lifestyle.

With our widening price points, expansion into underserved demographics while maintaining strong economic discipline, BlueStone is well-positioned to support network expansion, improve repeat engagement, and drive sustainable compounding growth over time.

With that, may I request that we can begin our Q&A session. Thank you.

**Moderator:** The first question is from the line of Akhil Gulecha from Hornbill Capital. Please go ahead.

**Akhil Gulecha:** Hi Gaurav, and congratulations on a great set of results. Can you just quickly share how many of the current stores are franchisee stores?

**Rumit Dugar:** So out of our total portfolio of 340 stores, about 67 are franchisee stores.

**Akhil Gulecha:** And what is our plan going ahead? Are we going to run them down in the next few years when the contract expires, or are we planning to close them up before the contract expires?



**Rumit Dugar:**

So see, principally, the approach that we had taken when we started doing these franchisee stores, the idea was to use franchisees as more a capital access or a capital structure tool. Now given where we are in terms of size, scale, balance sheet capitalization, obviously that kind of structure from a cost of capital perspective doesn't make sense. But from a relationship perspective, we are not accelerating their exit. They have a five-year contract term; we are honouring that entire five-year contract term.

From a trendline perspective, I think '27 and '28 should see a significant drop in terms of this classical franchisee model that we have had historically. So '27 and '28 is going to see a substantial drop in terms of the franchisee-owned company-operated stores.

**Akhil Gulecha:**

Got it, got it. Thank you. And our ESOP cost has seen almost an 80% rise over FY25. So any thoughts on the trajectory of that going ahead?

**Gaurav Singh Kushwaha:** Sure. So the trajectory of ESOP cost on the P&L is something that we have shared in our management commentary also, but let me take this opportunity to elaborate a little more. ESOP is a tool to kind of make sure that the ownership is fairly well distributed, especially in the senior leadership of the company, and that people at the top, they are actually aligned with the long-term objectives of the shareholders also by making them a shareholder as well.

So I think one of the thoughts that we had before going IPO was to strengthen our management team. So Sudeep, Rumit, Vipin, Mikhail, Harshit, so essentially these are the five top management folks beyond me. So essentially, two years before that, we believed that as we go IPO, we should make sure that for the next five, six, seven years, everyone is aligned. At an overall level, almost 90% of our ESOPs are with the management, with top six people in the company. So, ESOP is not something that we use as a broad-based compensation tool across, let's say various functions etc., but we use it as a very specific and a very potent tool to make sure that the entire management is aligned with the shareholders. And hence it's more of a management stock option plan, less of an ESOP employee stock option plan.

And hence it's not something that should be seen very linearly in the sense that it's not so as our employee costs increase, it's not that every employee in the company has ESOPs and so on and so forth. It's more of to keep the management aligned. And hence I'm sharing another number with you, which is that 90% of these ESOPs are with the top six people in the company.

Secondly, a lot of this ESOP were actually allocated, around 50%-60% of these were allocated a couple of years prior to going IPO to make sure that that alignment is there for next six, seven years at least as we prove ourselves in the public markets also. Now what happens is while the vesting of many of these options is over six years, seven years and so on, the way accounting works is that we need to front-load all that charge.



And hence when we see almost INR93 crores of that charge came in the first year itself, but then it's dropping down to INR58 crores and then INR28 crores and then bottoming out. And essentially, going forward also, we don't see ourselves deviating much from this plan. Beyond this, we have around 1.7% of unallocated ESOP pool on a fully diluted basis and we don't foresee ourselves breaching that in next three to four years.

**Akhil Gulecha:** Got it, got it. That was very detailed and very helpful. So, thank you so much and best of luck going ahead.

**Moderator:** Thank you. The next question is from the line of Adityapal from MSA Capital Partners. Please go ahead.

**Adityapal:** Hi, thank you so much for the opportunity. Congratulations on a great set of results. I just have a couple of questions. So quickly wanted to understand on your thought process of inventory turns. Because if I see from FY25 to FY26, our inventory turns have fallen from 1.3x to close to 1.13x.

And also, this is being cognizant of the fact that we had opened 83 stores in FY25 whereas we've opened only 65 stores. And historically also Runit used to comment on the concalls that we have a 70/30 split between store-level inventory versus corporate. So out of the INR2,652 crores of inventory that we closed in FY26, what could be the split?

**Runit Dugar:** So maybe I'll just take the split and then Gaurav and Vipin can comment on the inventory bit. The split is not significantly different from what we had communicated earlier. So, it's pretty much in the same territory.

**Vipin Sharma:** Right. I think if we look at, in terms of while quarterly variances happen based on how consumer behaviour is for that specific quarter, I think more fundamentally the question is really touching upon a few important aspects. If we look at in terms of what's happening at a consumer level in terms of its lifecycle and how we are looking at sweating the cost base and capital productivity, I think overall we are in a high growth phase setting up new stores.

We are also vertically integrated where we have inventory from one end to the other, in terms of franchisee participation probably not very comparable and our overall mix and margins are also significantly different from the rest of the industry. I think if we take all of these factors into account, we will probably understand that...

**Adityapal:** I understand the GMROI part, I've gone through previous concalls. The question is more about if you look at the trajectory. We closed inventory turns of 1.34 when we added such a huge amount of net new stores of 83 stores. In FY26, we've added 65 stores, yet our inventory turn is coming down.



If you can connect this to how the mature stores, how many mature stores we have and how they are performing, so that we will get an understanding to connect the BlueStone corporate to BlueStone mature stores so that we will get to know where that trajectory is at?

**Gaurav Singh Kushwaha:** Sure, sure. So I think this year one of the most, one of the kind of one-offs that happened in this financial year was the sharp increase in gold, which has actually led to a very sharp increase in the value of closing inventory. Okay, so this is a one-off and this is the case with almost all the players in the industry where the closing inventory is kind of disproportionately higher than the sale numbers for this particular financial year.

So I think that is one thing that has impacted. Otherwise, if I were to normalize for that, I don't think the inventory turns should have changed that much, especially because we are calculating that on the closing inventory. As gold normalizes, and I think it has normalized over last two to three months, we have not seen too much of an activity or it has been range bound, I think we are seeing the inventory efficiency coming back.

And I think if it remains stable over next one year, the inventory efficiency should be much better than what it is right now, especially when you look at the closing inventory level.

**Adityapal:** Can you just talk a bit about how the mature stores; out of 340 stores, how many would be mature stores and how they are performing? Because last quarter you had come out in your presentation where you said that the FY19-FY20 cohort is on a run rate of INR14.4 odd crores?

**Rumit Dugar:** Yes, so good question. So basically, you're right. I mean a lot of these turns etc. when you calculate, you are just calculating at the balance sheet level, which also carries manufacturing inventory and so on, the right and those things actually normalize and kind of taper off over long term.

So the right way to look at it is, how mature stores are performing and as more and more stores move towards maturity, the company-wide inventory turns will also kind of tend to go towards that. So internally we track that obviously and I think mature stores, the stores which have seen more than three to four years of operations, there we see these turns to be hovering somewhere between 1.7 to 1.9.

**Adityapal:** Just quickly commenting on how we are looking at the new store addition in FY27 and FY28?

**Gaurav Singh Kushwaha:** So I think generally what we have maintained or what we are trying to maintain for last one to two years is adding close to 20% to our distribution on an annual basis. We



believe that that's kind of a right mix of new and old stores giving a good blended productivity.

**Adityapal:** Understood. So 20% on 340 or 20% on 340 minus 67, which is the franchisee stores?

**Gaurav Singh Kushwaha:** 340. We don't see franchisee stores separately because this is more of a capital structure and not an operating structure, so at an overall store level, on 340.

**Adityapal:** All right. Thank you so much Gaurav, Runit, and Vipin. I'll come back in the queue, I have one more question. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Vikram Devanathan from Prodigy Investment and Management. Please go ahead.

**Vikram Devanathan:** Hi, thank you for taking my question. I just have one question. In the RHP, in page 249, it was mentioned that the company plans to add 290 new stores over FY26 and FY27. But in FY26 you added only 65 stores and your guiding for 20% store growth. So, I just wanted some clarification on why the store expansion plan has been revised down?

**Runit Dugar:** I think just to contextualize, we should look at how the external operating environment has been specifically from a gold price perspective. And I think a lot of the decisions that we take are in context of the broader operating environment. The gold price has seen a significant increase; we need to obviously make sure that we have enough conviction from a demand behaviour perspective as to how the demand is going to react to such a sharp increase in gold price.

If you see from a trajectory perspective, I think Q4 we've added almost 17 stores in the quarter, which is a significant pickup. And I think that's a tactical call that we at the management level take looking at how the external environment is, what the demand trends are, etc.

**Vikram Devanathan:** Okay, thank you. Just one more question. So, this 20% store growth, how many years do you think you can maintain this kind of store growth? Or another way to ask this question, over the next four-five years, do you have any target of total store base which you would like to have, which you think the demand can support?

**Runit Dugar:** So, let me sort of contextualize this question in terms of the market opportunity set. You know, as you all know, there are very few pan-India brands in such a large category which are close to \$80-\$90 billion growing at very solid pace. Further, there are secular tailwinds driven by use of internet, consumer behaviour, need for products for more from a consumer perspective rather than jewellery for the locker.

If you look at players occupying this whole design-led omnichannel first kind of space are fairly limited and that opens up a substantial headroom for us to grow and drive



market share. If you look at large pan-India players that drive similar pricing structures that we have are significantly better penetrated from a city standpoint.

Further, our format is different from the traditional big-box retail, and this format allows us to deliver better density and higher productivity. And thus, I think if you look at it from a city presence perspective, from a density that we can drive at a city level, I think the headroom for growth is massive.

I think we obviously calibrate in terms of, how fast we want to grow distribution, how much revenue productivity and cohort vintage we want to have at a blended level. So I think those are sort of tactical puts and takes that we take, but as Gaurav mentioned, I think a 20% CAGR on distribution is a fairly good number which we can continue to deliver over several years.

**Vikram Devanathan:** Okay. And you expect all the stores to eventually converge to a INR14 to INR15 crores kind of revenue per store at peak utilization, right?

**Rumit Dugar:** At the minimum.

**Vikram Devanathan:** Okay, thank you. That is all.

**Moderator:** Thank you. The next question is from the line of Harish Advani from Axis Capital. Please go ahead.

**Harish Advani:** Hi, thank you for the opportunity and congrats on a great set of results. So in your opening commentary, you said that the monthly exit rate has been pretty strong going into Q1. So can you tell us what is that March exit number looking like?

**Gaurav Singh Kushwaha:** So no specific commentary on March exit, but as we continue to work on our categories and our merchandise specifically, we see the results getting better and better. So the momentum has only strengthened. I think with every passing day, it's only strengthening. There is much I can't comment on a specific number, but there is still some juice left there.

**Harish Advani:** Got it. Also, similarly, you said that we've redesigned the entry-level portfolio now. So can you kind of quantify in terms of what this entry-level portfolio would be contributing to our revenues, say for Q4 or say for the full year, whichever number you could share?

**Gaurav Singh Kushwaha:** That breakup we'll not be able to provide. For competitive reasons, we wouldn't want to provide.

**Harish Advani:** Okay. Similarly, see now this time around we've had a lot of gold sale and our studded share has come down to about 55%. So given that now the gold price scenario has more or less stabilized as you've said, where do we see this number moving in the next say



six months? Do we envision it going back towards the 60%-65% band or possibly even higher now that the customer has learned to deal with these kind of gold prices?

**Vipin Sharma:**

So I think last one year there has been quite an upheaval in terms of the way gold prices moved. So obviously consumer tends to anticipate and have one's own kind of mindset around the buying behaviour fundamentally. From our point of view, I feel that for us it's like looking at what we've built, the overall network which has its own cost base and kind of operating leverage.

So for us it's an opportunity to dip into a greater share of wallet from a consumer point of view, kind of looking at making sort of expanding our portfolio without diluting our focus on design-led product portfolio that's playing a meaningful role in the lives of modern consumers. And I think three core pillars there are what's happening to consumer lifecycle.

If we want to look at over next two to three quarters in terms of what we are expecting, I think our thinking on approaching this from a product portfolio and product development point of view fundamentally nothing has shifted on that aspect. And focus is clearly on looking at taking the brand forward and sweating the cost base for capital productivity with an eye on greater share of the wallet at an overall level.

**Harish Advani:**

Okay. And there would be no element of any seasonality out here that maybe say the customer was preferring more of gold versus studded?

**Rumit Dugar:**

I mean the seasonality is largely there in Q3, right, which is there pretty much across the board. So as I think, Vipin was kind of addressing it, you should not look at it just from a quarter-to-quarter perspective.

I think it's more fundamental in terms of how we contextually think about it across consumer lifecycle, because for consumer product demand is not static. They have different use cases, different material choices, etc. So I think that's the way to contextually think about it. I think quarter-to-quarter you may have some variances because of gold prices, etc., but I wouldn't read too much into that.

**Harish Advani:**

Okay, thank you and all the best. I'll rejoin the queue.

**Moderator:**

Thank you. The next question is from the line of Kaustubh Pawaskar from ICICI Direct. Please go ahead.

**Kaustubh Pawaskar:**

Yes, thanks for giving me the opportunity. Congrats for great set of numbers. Sir, I have a couple of questions. First question is on the margins. So adjusting for the inventory gains, this quarter-on-sequential basis margins have seen a dip. Is it mainly because of the mix, change in mix, because your studded mix this quarter was 55%, last quarter it



was much, much better? And also on YoY basis as well, the studded mix was down. So if you can help us understand that?

**Rumit Dugar:**

Sure. So one is look, fundamentally you should look at how the business and operating leverage kind of functions, right? So first is the best comparisons are YoY because seasonality in revenues drives a significant delta on an operating leverage and ours is a fixed cost kind of business model. Thus YoY is the best comparison and if you look at YoY, there has been a substantial improvement in the margin at the pre-Ind AS level.

Second is this improvement is despite the shift in mix, which kind of demonstrates that as the growth accelerates, as we build more presence across categories and drive more wallet share with our existing customers, there is still a fair amount of operating leverage which is ahead of us in the business and we'll continue to mine that. Thus I think sequential is not the right way to look at the business at all because of a fixed cost nature and the seasonality. So YoY is the best comparison.

**Kaustubh Pawaskar:**

Understood. My second question is on same-store sales growth. This quarter 34% growth, again if you compare it on some of the other quarters compared to that it is quite strong. So what led to this strong SSG or if you can just dissect it in terms of how was the growth or the transaction growth and whether this had any element of even the gold price hike? So just understanding because the trajectory is quite strong and whether this kind of trajectory would continue?

Second question to this is, you know, once your stores mature, like you're expecting some of your mature store revenues to reach to about INR14 crores. So if large part of this 340 stores attain certain maturity, then your SSSG growth level should come to certain level, maybe not 34%, but it should moderate a bit. So if you can give us some understanding on that?

**Gaurav Singh Kushwaha:** Sure. On the variance in SSSG, I understand that as a public company it's only our fourth quarter, but internally we've had data for last six years since these stores have been operational. If you look at FY20 same-store sales growth, that was close to 30%. Okay, year prior to that it was even higher than that, right? So 34% is not something which is very new for us.

In fact, anomaly for us was Q3 of last year, so Q2-Q3 of last year, and I think that was largely because of the sharp rise in gold price. In fact, if you look at the plot of how and when gold rose, you will see that Q2 and Q3 of last year was when the gold grew sharpest and those were the quarters which where our SSSGs had been lowest.

So the fact that we perform well when the gold is stable, and fundamentally it comes from the use case that we are catering to, the products and the customers that we are catering to, they are not investment-led customers, they are the ones who actually



want to buy the jewellery in order to wear it, in order to use it, and hence I would say the SSSG that we see in Q4 is kind of it's like for us it's getting back to normal.

In terms of maturity, initial few cohorts are performing well and in past quarter we had shown their performance also separately. And those stores continue to grow well. So when we look at this SSSG of 34%, there is not a skew towards let's say newer stores; it's fairly well distributed between older stores and new stores. So we don't see any of the stores kind of capping out in terms of their potential.

I think the potential can be much, much bigger than what even our older stores are showing, just that internally in our data we don't see what is that mature level of stores. Even all the cohorts are growing.

**Moderator:**

Thank you. The next question is from the line of Percy Panthaki from IIFL Securities. Please go ahead.

**Percy Panthaki:**

Hi, two questions from my side. Let me put them up upfront. So one is just wanted to understand if you have any kind of mechanism to sort of offset the negative impact of the gold price inflation on the ROIC. So let me explain. So when the gold price goes up very sharply, you see a restatement of the hedged part of the inventory to the MTM and that increases your inventory in the balance sheet.

However, the positive impact of the gold price inflation on the overall sales growth is not material and therefore you have a situation where the sharp inflation in gold price increases your balance sheet size much more than it does to increase your P&L and that results in the ROIC getting dampened.

Just wanted to understand if like this is a structural part of the business model or is there anything you can do to offset this impact? So that is question one.

Question two is with the gold price inflation, a lot of consumers are going towards the plain gold jewellery and that is putting significant pressure on the gross profit. So while your sales has gone up almost 50% this quarter, the gross profit ex-inventory gain is up only 36% YoY.

So just wanted to know if like the pressure in the gross margin is also something which will continue if the mix remains where it is currently, or do you have some way to offset this gross margin pressure even if the mix is the same, or you think that the mix itself will sort of change because of some initiatives of your own? So these are my two questions. I've put them up upfront. Thank you.

**Rumit Dugar:**

Thanks, Percy. Let me take the first one on gold price, right? So I think the foundational trigger for that question is the recency bias in terms of the gold price performance, right, which is sort of been about close to 100% in the last whatever 15-18 months.



Now if you believe that that is how gold will continue to behave over the longer term, then I think what you're asking is a fair question. But I think if you look at broadly these normalized gold price movements over several years, you can take 5-10 year blocks, then I think obviously all this kind of short-term volatility etc. kind of normalizes and thus I think long-term ROIC of the business remains pretty strong, right?

And to give you that from a context perspective, when there is consolidation in gold prices over a certain period, we see behaviourally the consumer demand comes back significantly and comes back very strongly, right, which drives other vectors from a margin perspective, operating leverage perspective, etc. So I think that is one.

Second is, I think obviously there are multiple levers, right? If somebody has that view that this CAGR that the gold has seen continues to be there for next five years, ten years, then obviously there are different kind of capital structures that can be deployed, right?

Like franchisee-owned franchisee-operated is one capital structure where you basically then move that capital to franchisee balance sheet or outsource that capital to the other balance sheets etc., right? But I'm saying that fundamentally this involves taking a speculative view on how gold price is. What we look at is long-term trends and I think we're fairly comfortable from a long-term trend perspective. So I think that's on question one.

On question two, I think it is not the right way to just look at broadly from a mix, studded mix perspective only as you know sort of one operating metric, right? So at a broad level, the right way to think about this is across three vectors, right? One is consumer lifecycle and brand and sweating the cost base and capital productivity, right?

From a consumer product perspective, the demand is not static. As through the lifecycle, they purchase different categories and materials driven by income growth, occasions, choices. The idea from our perspective is to be able to capture that larger wallet share and add more consumers into this fold. In the context of overall growth across studded and plain, you should think of it as additive and not substitutive. There is still a fairly large market opportunity across both these product categories and the consumer picks up different things at different points in time.

Second, from a brand approach perspective, we continue to remain product-first, right, with an omnichannel experience. And this will continue to percolate and reflect in our premium pricing that we offer given our premium design approach in whatever relevant product stack that we pick to operate in, right? So whether it is a plain gold or a studded, our pricing structures are premium and continue to remain premium.



And lastly, you should see more importantly from a fixed cost base perspective, right? And as we expand our product portfolio, and this is additive to the broader productivity, it will just allow us to sweat our assets better and drive operating leverage allowing us to expand absolute EBITDA, absolute margins at the EBITDA level, and add capital productivity because margin is only one vector, you have to also see the inventory turns.

So from a ROCE perspective, it's not that plain gold is dilutive to ROCE and diamond is significantly accretive, right? So at the end of the day, your return on capital is driven by how many times you've turned that capital and at what margin. And as I'd mentioned earlier, and pricing is similar.

And even if you look at last one year, our margins have been fairly stable despite the drop or the mix change, despite the significant change in gold prices, we have been delivering fairly good margins with continued operating leverage. So with this additive structure, it should only accelerate growth and accelerate EBITDA, accelerate EBITDA margins, and improve capital productivity.

**Moderator:** Thank you. The next question is from the line of Abhishek Shankar from ICICI Direct. Please go ahead.

**Abhishek Shankar:** Yes, hi. Congrats on a good set of results. I just needed three data points. So what was the SSSG for full year FY26 and subsequently what was the SSSG in Q4 FY25?

**Rumit Dugar:** See, I think the best way to look at it is on a quarter-on-quarter basis and I think we've given the data for the last four quarters YoY on SSSG because we've been significantly expanding the store count, right, through last FY26 and even FY25. So I think the best way to measure SSSG is how we are performing on a quarterly basis.

**Abhishek Shankar:** Okay. And other question, what is the studded revenue contribution for full year FY26? I think last year in FY25 it was around 68%?

**Rumit Dugar:** See, I think we can come back with that exact number, but again as I said, the exit it will be close to 60%, but at the exit rates and variances obviously are there on a quarter-on-quarter basis, right? So that whole mix shift can depend on how gold prices kind of moved in that quarter, how consumer demand was in certain categories, certain price points.

So I think the right context that you should kind of look at is, what is a broad growth that we are delivering, what is the market share gain that we are driving, and third is at an aggregate level what is the operating leverage that we are delivering. And I think if you look at all these three vectors, we have performed exceptionally well across FY26 and our exit growth remain very, very strong.



**Moderator:** Thank you. The next question is from the line of Rajiv B from Nuvama. Please go ahead.

**Rajiv B:** Yes, hi. Good morning and thanks for the opportunity. So I am on slide 28 and this is the gross profit and contribution profit gap. I just want to understand this cost is largely fixed in nature, is it? And let's say if we were to grow another 50% next year, so then we will see another let's say close to 160 basis points leverage on this line item again?

And the second part is, if you can also talk about how should we think about the advertisement cost for future? Thank you.

**Rumit Dugar:** So maybe I'll pick the direct cost and Gaurav can talk about A&P. So the delta between gross profit margin and contribution margin is largely direct cost and direct cost is split between the cost of manufacturing because we are vertically integrated, there is cost of manufacturing, it includes payment gateway, shipping, logistics, etc.

So I think a lot of operating leverage from a manufacturing productivity perspective, capacity utilization perspective came through between FY25 and FY26, but this is not really a fixed cost to that extent from where we are right now. So there is obviously an element of fixed cost on the manufacturing side, but with revenue productivity and better capacity utilizations, I think bulk of that is kind of reflecting in our performance in the last couple of quarters. So you should not model it as an absolute fixed cost.

I'll hand it over to Gaurav to talk about A&P.

**Gaurav Singh Kushwaha:** Yes, so on A&P Rajiv our thought is, so as we were expanding our distribution for past two to three years, we believed that we should not go overboard on brand building until the distribution is in place so that whenever we decide to do that, we'd get better ROI on that. In terms of numbers, our plan is to not drop it at below 6%. So I think over last two to three years we have come down from 12% to 6%, while in absolute terms it has grown up marginally, but the revenues outpaced it.

So in percentage terms it has dropped from 12% to 6%. Now we are comfortable at that 6% level and as we move forward, we will increase it in absolute terms while keeping it static in terms of percentage. Now what that will also do is that will actually open up a lot of additional marketing budget for us which we had not utilized or which we had not used up in the past.

So as we increase our marketing budgets, lot of these incremental budgets would actually go on building the brand, on the brand spends etc., building long-term growth in the business. So far, our marketing spends had largely been kind of performance marketing, sales-driven online only, very, very tactical ones, but going forward we'll be making significant investments in building long-term growth. And we believe that, that'll accelerate growth even further.



- Rajiv B:** Yes, thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Kumanika from Sameeksha Capital. Please go ahead.
- Kumanika:** Thank you for taking my question. So in your Q3 FY26 presentation, you gave us like the performance of the 18 stores that were opened in FY19-FY20 and you also gave us the information around EBITDA margin, which was like 23.8% pre-Ind AS EBITDA. So I just wanted to check, this also includes any inventory gain and if yes, then how much?
- Rumit Dugar:** It doesn't include any inventory gain.
- Moderator:** Thank you. The next question is from the line of Deeya from Sapphire Capital. Please go ahead.
- Deeya:** So what revenue growth are we targeting for FY27 and for FY8? Do we have any plans or goals in mind?
- Gaurav Singh Kushwaha:** So we have no specific comment that is forward-looking at this point, I think.
- Moderator:** Thank you. The next question is from the line of Adityapal from MSA Capital Partners. Please go ahead.
- Adityapal:** Hi, thank you so much for the opportunity again. Rumit, Gaurav, just wanted to understand --so out of these 340 stores, are there any stores or say a particular cohort of stores that are not performing as per our expectations and what went right there, what went wrong there? Just trying to understand your thought process. I'm trying to do is I'm trying to connect this the lower inventory turn to the store math.
- Gaurav Singh Kushwaha:** Sure. So essentially Aditya what happens is when you open let's say 50 stores, all 50 stores will not have a very, very uniform performance. Okay, some stores will be higher, some stores will be lower. So I think the best way but that's not actionable, right? For actionable thing, you actually need to look at the cohort.
- Now those cohort might be by vintage, those cohort might be by let's say the store sizes, those cohorts might be by the tiers of the city etc. So when we do that cohorting, what we realize is that there is not there is no material difference between one cohort and the other. Okay, and hence we continue to believe that that's fairly well distributed and the opportunity in front of us is huge.
- In terms of stores not working or store closure etc., we have not done any closure. And I'll just make it very clear that if we open a store in a location and let's say 10-12 months down the line we realize that the location was wrong or there was some other operational issue with that store and we relocate it and after that starts working, we



don't call it a closure, we call it relocation. So with that context, we have not closed down any store.

**Adityapal:** No, you made it pretty clear and that is why I started with that clubbing the stores into a particular vintage, that is less than 13th month?

**Gaurav Singh Kushwaha:** Right. So see, there would be variations. So the difference between best and worst store can be let's say 4x of each other also. But I think what's important is that the year-on-year growth trends are not that different. And the beauty of compounding is whatever number you start with, if your compounding carries on, you actually hit a very big number.

**Adityapal:** Understood. This makes this makes it clear. Just one last question. Runit, the other current liabilities in the current liabilities increased to INR1,001 crores. So how much would how much of that INR1,001 crores would be gold mine scheme, franchisee deposit, because the reason I'm asking is it increased quite a bit?

**Runit Dugar:** So from another current liability perspective, this is this is sort of an aggregate value that consists of customer liability that drives multiple vectors in the business ranging from repeat behavior, revenue stickiness, upselling, source of funds for the business. And this component covers customer advances, consumer leasehold, gift vouchers, and customer schemes where they pre-save every month for the next purchase either in value or in grammage.

So when they do it in grammage, obviously there is that mark-to-market effect also that kind of comes into play for the consumer gold that we have. So part of that is also driven by the mark-to-market as the gold has been kind of moving through the year.

**Moderator:** Thank you. The next question is from the line of Karan Gupta from Asit C Mehta Investments. Please go ahead.

**Karan Gupta:** So my question is on the GMROI. What is the GMROI number for FY26? And I'm seeing the trend is declining year-over-year since FY24. I understand the inventory part in last two years if you see the gold prices in dollar terms also more than doubled. But how should we look at this GMROI going forward as a profitability metric? What will be the sustainable number?

And again, this is also related to our inventory turn. What is the rationale behind the store size that we have? If you just compare with the peer, which is something close to double in size, and their inventory turn is also close to 2.5 to 3 times in the range in comparison with our inventory turn. So how do we solve this thing?

**Gaurav Singh Kushwaha:** Right. For store size, essentially, the rationale there is see in our category, the store rentals typically are a very, very low percentage of the revenues. When we started



opening the stores, our stores were typically very, very small-sized stores. And what we realized was that in many of those cases, we had to actually relocate within next two years of opening.

Now the cost of that relocation is actually pretty high and the rental delta between let's say opening a 1,200 square feet store and 2,000 square feet store generally is not that high because on a high street or in a mall when you actually try to look for a smaller store, it's not that the rental is not proportional.

That if 2,000 square feet is coming for X, 1,000 square feet will come for X/2. So that generally is not the case, right? So that is essentially the rationale behind let's say why to open slightly bigger store with slightly higher rental so that you can save on the relocation cost at a later stage.

Secondly, okay, if you're comparing let's say inventory turns basis what is available on the balance sheet of two different companies, then that might not be the best thing to do because you actually have to look at a lot of nuances in the balance sheet and the way those two companies operate.

For example, let's say if company A has all franchisee stores, then technically their inventory turns would be infinite because they'll just park all the inventory on franchisee balance sheets and the sales, they'll book upfront. So their sales numbers will inflate whereas the inventory numbers will deflate.

So what you'll see is inflated numerator, deflated denominator and so on. So essentially the only way to compare two companies or at a channel level which company is doing better is to load everything and hence that comparison is generally moot.

**Moderator:** Thank you. That was the last question for today. I now hand the conference over to the management for closing comments.

**Gaurav Singh Kushwaha:** Thank you everyone for participating on the call today. Look forward to seeing you next quarter. Thank you and have a good day.

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

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



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