July 28, 2026

To,

BSE Ltd. Listing Department, P. J. Towers, Dalal Street, Mumbai – 400 001. **(Scrip Code: Equity - 544484),**	**National Stock Exchange of India Ltd.** Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. **(Symbol: BLUESTONE, Series EQ)**

Dear Sir/ Madam,

Sub: Q1 FY27 Earnings Call Transcript.

Pursuant to the Regulation 30(6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Call held on July 21, 2026 for Q1 FY 2026-27 has been available on the website of the Company's website at www.bluestone.com under Investors Relations-> Quarterly updates -> 2026-2027-> Q1.

Link: https://kinclimg1.bluestone.com/static/ir/msf/files/iu/Earnings-Call-Transcript-Q1FY27.pdf

Kindly take the above on your record.

Thanking you,

Yours Faithfully,

For BlueStone Jewellery and Lifestyle Limited
(Formerly known as Bluestone Jewellery and Lifestyle Private Limited)

Gaurav Singh Kushwaha
Digitally signed by Gaurav Singh Kushwaha
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Managing Director
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Encl: As above

BlueStone Jewellery and Lifestyle Limited

Q1 FY27 Earnings Conference Call

July 21, 2026

MANAGEMENT:	MR. GAURAV SINGH KUSHWAHA – FOUNDER AND CHIEF EXECUTIVE OFFICER – BLUESTONE JEWELLERY AND LIFESTYLE LIMITED MR. RUMIT DUGAR – CHIEF FINANCIAL OFFICER – BLUESTONE JEWELLERY AND LIFESTYLE LIMITED
MODERATOR:	MS. RHEA DHARIA – INVESTOR RELATIONS – EY

Moderator: Ladies and gentlemen, good day and welcome to the BlueStone Jewellery and Lifestyle Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I will now hand the conference over to Ms. Rhea Dharia from EY Investor Relations for opening remarks. Thank you and over to you.

Rhea Dharia: Thank you, Ryan. Good morning to all the participants on the call. Welcome to the Q1 FY27 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 today and answer your questions, we have the management of BlueStone represented by Mr. Gaurav Singh Kushwaha, Founder and CEO, and Mr. Rumit Dugar, CFO. 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 over to Gaurav. Over to you.

Gaurav Singh Kushwaha: Thank you, Rhea. Good morning, everyone and thank you for joining us at BlueStone's Q1 FY27 earnings call. Q1 marks a strong start to the year. Revenues grew 49% year-on-year to INR 733 crores and pre-Ind AS EBITDA rose 135% to INR 55 crores, close to 3x the rate of revenue, taking our operating margin to 7.5% and expansion of 273 basis points.

That relationship, revenue scaling against a cost base that rose far more slowly, is the operating leverage in our model becoming visible. And it is what defined the quarter. And it came against the backdrop of the custom duty on gold moving from 6% to 15%, which makes the breadth and consistency of demand particularly encouraging. As always, the detailed disclosures are available on the Exchanges, so I will keep my remarks brief and focus on a few things that mattered this quarter.

First of all, I want to say something about how we see this category because it shapes everything we do. For a very long time, the jewellery industry was dominated by relationships and brand marketing; and designs had very little role to play in this category. We built BlueStone on the opposite belief, that design, technology, and consumer understanding are how you earn the right every single day. And the market has moved decisively in that direction.

Jewellery is coming out of the locker and into everyday life, bought not just for weddings, but for how people live now. The non-wedding everyday segment is where the consumer is genuinely moving, and it is a segment the industry overlooked for a very long time. That is precisely where we have chosen to build. This is also, why I would encourage you to look at BlueStone, not only as a jewellery company, but as a consumer internet company that has chosen jewellery as its category.

We were born online and the way consumers reach us reflects that. The moment the thought of buying jewellery enters someone's mind today, they go online. They research, they shortlist. They form a view, long before they step into a store. More than 80% of our sales originates online. The store then plays its own irreplaceable role. Jewellery is emotional and of high consideration, and it is in the store that a consumer sees and feels the piece and where trust is finally sealed.

We do not think of these as separate channels. They are one continuous journey, and because the intent is largely built online first, our stores convert with a productivity that a purely physical retailer cannot match. Making that journey seamless from discovery on a screen to a moment of delight at the counter in a Metro or in a Tier-2 town is our real differentiator. And it is what lets a network of 352 stores punch well above its weight. It also shows how we run and measure the business.

The metrics we report to you, cohorts that compound, repeat revenue shares, wallet share, customer lifetime, are the grammar of the consumer internet business, and that is no accident. Our right to exist as a brand comes from being at our core a technology company. We are the only jewellery company that has built its entire technology stack in-house. I would also urge all of you to look forward rather than backward.

People tend to under-appreciate how quickly consumers and technology are changing. My wife does not shop the way my mother did, and my daughter will definitely not shop the way my wife does. An industry that plans on the assumptions of the last 20 years will misjudge the next 10. We would rather build for where the consumer is going than for where the category had been.

One thing worth highlighting this quarter is our same-store sales growth of 39%, which was broad-based with older cohorts posting SSSGs in line with the overall portfolio. What we see in that data is that our stores continue to compound as they mature, which speaks about the headroom that remains to grow per-store revenues across all cohorts.

This performance sets us up well going into the rest of the year, and our focus stays firmly on execution, deepening our relationship with the consumers we already have and continuing to bring new ones onto the fold. We are building a consumer internet business in India's most loved category, and that category is only now beginning to be built the way it should be. Thank you everyone and over to the operator for questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Harish Advani from Axis Capital. Please go ahead.

Harish Advani: Thank you for the opportunity and congrats on a great set of results. So, my first question was on your comment about the demand softening in May post the custom duty hike, but then it normalized through June. So how are the demand trends shaping up as we move into July, particularly in the studded categories?

Gaurav Singh Kushwaha: Yes, so you are right. Essentially, last quarter had been kind of mixed. Akshaya Tritiya period was great, then there was import duty hike which softened the demand, and then I think as June progressed, a lot of that demand kind of kept on coming back. And we continue to see that the same trend continuing into July also. So, no major difference compared to what we observed in June.

Harish Advani: Perfect. And one follow-up on that. See, now that the gold price inflation is beginning to taper off quarter after quarter as we move into the second half, how should we think about the growth construct in the second half of the year?

Gaurav Singh Kushwaha: Right. So, I think historically, Harish, what we have seen is we have generally performed very well in the environment where the gold prices had largely remained stable. So basically, we have generally performed much better when the gold prices have remained stable. So across last six years of our retail operations, I think last one and a half years had been the noisiest of the period. And stable gold prices actually are very, very good for the consumer demand.

I understand that the investment-led demand kind of increases significantly when the gold prices are going up or is highly dependent on gold price. Ours is more of a consumer business. Essentially, our customers are not gold coin customers, our customers are not investment-driven customers. Our customers are price point-based customers. So essentially, a person who is looking to buy a INR20,000 to INR40,000 product is going to buy a INR20,000 to INR40,000 product no matter the grammage.

Now, with the increasing gold, with the environment where the gold increased very, very sharply, we struggled. We struggled because our merchandise dislocation was happening in real-time in a month, in two months, and so on. So, I wish gold prices remain stable and then we continue to operate the way we operated for last six years. And I think we feel lot more comfortable in that environment.

We believe that is the most conducive environment for us to be able to deliver the targets that we have set off for ourselves, which is essentially almost 30% or so SSSG over the next four years and along with distribution growth taking the overall revenue to around INR 12,000 crores number in the next four years.

Harish Advani: Got it, sir. Very clear. And last question from my side. So, the repeat revenue contribution has now gone up to about 60%, which is about 9 percentage points higher from last year. But on the flip side, we see that the new customer addition, which used to be 50,000 every quarter, has kind of come down to a number of around 40,000.

So, we kind of have recalibrated the entry-level price points, but are there any more initiatives required to take that new customer addition back to 50,000, 60,000 levels?

Gaurav Singh Kushwaha: Right, Harish. So essentially, you are absolutely right in that observation. So essentially, a lot of growth that we are seeing right now is being ably supported by very strong repeat in our business. And fundamentally, the category is such that see, we acquire a lot of customers in 28, 30, 32, that kind of age range. Now, at that time, they start with lower ticket sizes etcetera, but as they move, as they age, they actually start buying jewellery lot more frequently and their ticket size also increase.

So that is what explains a very sharp increase in repeat revenues, and I am saying absolute repeat revenues year-over-year as we have calculated. I think on new, that merchandise dislocation was real. We had sliced and diced our data in every which way, and as we continue to fix that, I think we should see and we have over the last three to four months as we are fixing it, we are seeing an upward tick. But we are actually comparing Y-o-Y numbers.

I am looking more at like month-on-month numbers, they are trending in the right direction and so on. So, all the signs, all the signals are pointing that we are moving in the right direction, and as we fix it at scale, that merchandise dislocation, I think this should only get keep on getting better from here.

Harish Advani: Thank you, sir, and all the best.

Gaurav Singh Kushwaha: Thank you, Harish.

Moderator: Thank you. We take the next question from the line of Jay Doshi from Kotak. Please go ahead.

Jay Doshi: Hi, thanks for the opportunity. Couple of questions. First one is, can you talk a little bit about the trends on lower karatage, whether you are seeing any demand or interest for 9 karat or is it still predominantly 18 karat and 14 karat? Any changes that you have observed and now particularly since gold prices have largely stabilized for the past two, three months?

Gaurav Singh Kushwaha: Yes, so Jay, we have not tried 9 karat so far. And at some point-in-time we might, but right now we have not. We have seen, we have done some experimentation with 14 karatage. So, what we have generally seen is in lower price point, it helps plug that gap that got created. However, just lowering the karatage is not the only strategy we have. We have done a lot of redesigning also in entry price points.

We have created designs using new techniques which actually give more strength to gold even while consuming lesser amount of gold. So, there are on multiple dimensions we have tried fixing that, we are trying to fix that gap. Karatage is definitely one experiment that we have done and, in some pockets, it has done well, specifically in lower price point products.

Jay Doshi: Sure. In terms of consumer sentiment for natural diamonds studded jewellery, have you seen any improvement over the course of last six, nine months? And are you seeing any pickup in diamond karatage-led growth when you look at your SSSG numbers? Would love to understand a little bit more on that.

Gaurav Singh Kushwaha: So, Jay, quite honestly, we had never seen lab-grown diamonds denting natural diamond demand also. So, while I understand that it created noise in the minds of the investors, especially with a lot of companies getting VC funding and so on, over last three to four years we had never seen, any significant change in the behaviour of our consumers, just because lab-grown was around.

And I think that also largely stems from the fact that lab-grown made its place in bigger solitaires. So, if you look at US markets also, that was the category where it kind of operated. In India, that number of people who would buy 1 carat, 2 carat, 3 carat solitaires, that number was very, very small to begin with. And that is essentially I think that is where the lab-grown play happened and for us particularly, that number was even less than 1% of our overall revenue.

Hence, we never saw any dislocation and these trends that okay, because of lab-grown something came down, and suddenly that shift is back towards natural diamond. We never saw the first shift or the second shift.

Jay Doshi: Understood. Lastly, now that gold prices have stabilized, is there any thought process internally to increase hedging or would you still continue with 50% hedging?

Rumit Dugar: Jay, this is Rumit here. So, I think our hedge policy was never designed with a gold price per se in mind. So just to recollect, it is designed with a certain objective of risk management which centres around liquidity, capital structure, and the P&L impact. So really, these are the three metrics.

Now, obviously it's not our business to predict gold prices because any change effectively means that we are taking a view on gold price higher or lower. So, we are consistent with our policy, there is no change.

Jay Doshi: Sure. Thank you so much. That's all.

Moderator: Thank you. We take the next question from the line of Devanshu Bansal from Emkay Global. Please go ahead.

Devanshu Bansal: Hi Gaurav, Rumit. Congratulations on a very strong quarter. Gaurav, just a small follow-up firstly on that new versus repeat customer growth. So, I just wanted to check, you explained this, but according to you, what is an ideal growth that we should target from new consumers? Maybe if you could share your view on that.

Gaurav Singh Kushwaha: These specific numbers are too micro. We will not be able to comment with such specificity.

Devanshu Bansal: Okay, maybe some range or colour if you can provide as in just for us analysts to sort of gauge as in is your performance actually tracking well on the new customer side as well? Obviously, the growth variation can be there between repeat and new, but ideally what is a good range at least if you could highlight from growth perspective?

Rumit Dugar: So, Devanshu, I think you have to see both in context because what also happens is that as our store cohorts start to mature and a larger and larger part of the cohort is maturing, and if you look at our consumer base, it's almost close to a million customers. And they are aging. So, it's not that there is a certain number or a mix that we are trying to get at. I think our objective is to be able to grow both, continue to acquire new customers as well as drive the repeat base.

And the repeat base is going to become larger and larger, just from a mathematical fact that now we have about a million consumers and our store cohorts are aging. So, when the vintages are young, so if you look at the broader trend line from an SSSG perspective, there are basically three vectors that drive the SSSG, which is your new recruitment, repeat, and AOV.

Now, the older the cohort, the more driven by repeat and AOV. Younger the cohort, more driven by new customers. So, I think you should look at both independently and there is no target mix. I think at a broader level, the objective function is to obviously build more market share and keep adding more consumers. So, I think both kind of go hand in hand in that context.

Devanshu Bansal: Got it. Secondly, sir, this quarter I guess store sizes are around 4,500 square feet, so whatever you have opened. So, is this the new normal or that we should expect for future stores as well? Also checking if there is any change in investment per store in these larger stores, if you could sort of comment on that.

Rumit Dugar: So, I think as we have mentioned earlier, incrementally as we get into Tier-2, Tier-3, the rentals are much lower and we are so that is why we take a larger space. Now, all of this is not operational square feet. So, this is basically the incremental capacity that we are building for the kind of store productivity we are able to see in our older cohorts.

Second, from a rental perspective on the absolute level, when we look at it on an absolute cost per store, rent per store, revenue per store, those unit economics don't really change materially. So, the operational square feet is still in the broad territory, that we've seen historically, and it doesn't impact the unit economics. So, we get a bigger frontage at the same cost, and it creates more capacity for absolute revenue productivity.

Devanshu Bansal: Sure. Sir, lastly, this time around our growth has been better versus the competition. I am talking about the immediate competition, not the general jewellery industry. So, any few things which you could highlight where which we are doing differently which is helping us gain maybe share in the category that we operate in?

Gaurav Singh Kushwaha: Yes, I think see, at the very core, it's a focus on designs. Contrary to how almost everyone operates, we still continue to believe very, very strongly in designs and hence the focus on creating differentiated designs. I think this merchandise dislocation that we are fixing and there is still room there, that has that has supported our growth well.

And more importantly, over longer horizon, as Rumit also pointed out, we are not we are not saying that okay, we are only in for lower price point, we are only for higher price point and so on. What we believe is that getting customers to love you, to love your products in this category and to trust you is one of the biggest challenges. And once we've overcome that challenge, our endeavour is to actually generate more and more repeat, more and more business from the same customers.

Now, for that, we also need to grow when the customers are growing. So, a person in her 30s when she is she might be buying a INR 30,000, INR 40,000 ring, but when the same customer is let's say 45, 50-year-old, she might actually buy a INR 4 to INR 6 lakh product also because she is just doing much better in life, she has more disposable income etcetera.

So, our endeavour is to also grow our selection, our offerings as our customers are also aging. So, I think focus, very clear focus on all these facets and not kind of trying to bucket ourselves in a smaller for a smaller use case, I think those are the things that are going to continue supporting our growth over very, very long term.

Devanshu Bansal: Got it, Gaurav. Thank you for taking my questions. All the best to the team.

Moderator: We take the next question from the line of Kaivalya Baing from IIFL Capital. Please go ahead.

Kaivalya Baing: Yes, hi, hi Gaurav, hi Rumit. Am I audible?

Moderator: Yes, please go ahead.

Kaivalya Baing: Yes, so two questions from my end. Firstly, on gross margin, this quarter we are seeing a meaningful expansion of 100 bps. This is excluding the inventory gain, which I am talking. We saw a similar situation in 3Q where the studded share had actually declined, but back then it was a mere 20, 30 bps of expansion. So, could you just throw some colour on the drivers behind this?

Rumit Dugar: Yes, so see, I think through the quarter, there are some product mix changes in terms of studded share and what type of studded got sold etcetera, but I wouldn't read too much into the gross margin trends. I think what is important is to look broadly the gross margin and contribution margin, which is a more relevant metric, has been largely stable.

The really the focus here is on the operating leverage. And if you look at our broader operating EBITDA performance, I think we are already at 7.5%, there has been a significant expansion that we've been seeing for the last several quarters. And from a directional perspective, as over the next four years we get to INR 12,000 crores and scale-driven operating leverage will continue to flow through.

So, there is massive headroom to expand the operating EBITDA margin from 7.5% to the 15% handle. So, a stable contribution margin with scale-driven and vintage-driven operating leverage will continue to drive the EBITDA. I think that's really the big operating story out here.

Kaivalya Baing: Understood, understood. Secondly, sir, now, when we move into the second half, we'll be lapping a very sharp gold inflation, nearly 80% in 3Q and I think 60%, 65% in 4Q. So, do you think, that poses an inherent headwind as to our growth prospects into the second half?

Gaurav Singh Kushwaha: I don't believe so. Our view on this thing is totally contrary to how the market behaves because that's what I saw in our data. In fact, Q3 last year was the slowest quarter in our history for us. And that was when the gold rose sharpest. So, if gold stays range-bound, it's even better for us.

Kaivalya Baing: So basically, the volume part of the aspect shall make up for the...

Gaurav Singh Kushwaha: Ours is not a volume business. A person comes to buy a INR 30,000 product, that person has come to buy a INR 30,000 product. Just because gold has increased or let's say gold has doubled, those customers that generally transact with us, their budget does not increase. They don't have more disposable income just because gold has doubled. Now, there are other people who generally buy with a intent of investing in that.

People who say that okay, every year I'll buy a 10-gram gold coin. So next year if 10 gram is doubled, they'll spend double. But they are not constrained by their wallet size. So, it doesn't matter. In fact, it's it makes it even more difficult for them because they don't find as great an assortment that they could have found last year.

Kaivalya Baing: Understood. Got it, sir. Lastly, sir, could you just tell me the inventory figure at the end of June if that's possible?

Rumit Dugar: It is about INR 2,800 odd crores.

Kaivalya Baing: INR 2,800 odd crores. Understood. Thank you, sir. That's all from my end. Wish you all the very best for future quarters.

Moderator: Thank you. We take the next question from the line of Ankush Agarwal from Surge Capital. Please go ahead.

Ankush Agarwal: So firstly, I want to understand is we have been maintaining that we have about 50% hedge at the inventory level. So, wanted to understand this 50% is purely on the gold inventory that we maintain or it's for the total inventory that we have, which includes the stones value as well?

Rumit Dugar: So largely there are two components to the inventory, gold and diamond. Diamond prices in the category that India uses and we operate in, the prices are super stable, as I think Gaurav had already alluded to the fact that our exposure in large diamonds or solitaires, which is where all the price movement etcetera happens, is negligible. So large part of effectively in terms of inventory is gold and which is what we hedge 50-50.

Ankush Agarwal: Okay. And this 50% ratio includes GML or that is separate?

Rumit Dugar: Yes, I mean GML is an instrument. So, it is on the total base. GML is also an instrument for hedging, so it's all included.

Ankush Agarwal: Okay, got it. The second thing I wanted to understand is in our analyst meet, we have given this sort of a guidance of 50% revenue CAGR, and the math behind that what you have shared is 30% SSSG and 20% distribution growth. But honestly, if you have 30% SSSG and if you do 20% distribution growth, that would not lead to 50% revenue growth.

Because distribution does not add up the same amount of growth in the first or second year like what SSSG does. So, if you add like 20% distribution, that might translate to 10%, 12%, 15% growth. So, I'm just trying to understand the math of this 50% number that you have shared.

Gaurav Singh Kushwaha: Sure, Ankush. So, you are absolutely right, that's not the way the numbers add up. And hence reported SSSG is not what we were actually alluding to at that time. What we were actually talking about that time is that at maturity also if stores keep on compounding at 30%, you tend to get there. Now, reported SSSGs will always be different because let's say stores which are in their absolute first year would show very high number on a low base and so on and so forth.

So, I think the SSSG that we were referring to there and that we discussed also, we spoke about our oldest cohorts and their performance in year 3, year 4, year 5, year 6 and so on, not the performance between year 1 and year 2. So, if those continue to deliver at that, then that math works, but not on the reported SSSG numbers. You are absolutely right.

Ankush Agarwal: Right. So, the understanding is that for you to report 50% growth, you are assuming that the reported SSSG would be even higher.

Gaurav Singh Kushwaha: See, we don't work on reported SSG per se. We worked on more fundamental construct and that was what we discussed at that time.

Ankush Agarwal: Okay. And lastly, clarify, you said INR 2,800 crores of inventory, right, as of Q1?

Gaurav Singh Kushwaha: That's right.

Ankush Agarwal: Okay, okay. That was all. Thanks.

Moderator: Thank you. We take the next question from the line of Karan Gupta from Asit C Mehta Investment. Please go ahead.

Karan Gupta: So, two questions. First on the inventory turnover side. So, as you shared the data of GMROI at the time of IPO, at the time you said inventory turnover I think is not meaningful, how much gross margin we are generating on the inventory, that is something important. So, GMROI is the metric that you shared. If you calculate the GMROI part across the years, last four years, that is declining from 62% that you shared at the time of FY23 is now I think 48% in FY26. So just want the clarification on that.

And we are not sharing the GMROI numbers, although we can calculate that on the given numbers, but please share the light on GMROI side. The second one is broader question on the operating leverage that you said the gross margin expansion is happening and EBITDA margin expansion is happening. So that is something on the fixed cost that is spreading across basically the revenue.

But what about the variable part, manufacturing or the operating leverage if you share some light on, and how much in-house manufacturing you are doing, and how much we can reduce the cost of that manufacturing part? So that's below the gross margin side. So that's two broad questions.

Rumit Dugar: Sure, I'll take that. So firstly, on the GMROI bit, what happens is, if you look at the last three to four years, we have opened a significant number of stores. So, there are basically two vectors that drive the inventory turn. One is that how many stores I have opened in the last one year, two years, three years, because as the vintage builds, the inventory turn and inventory productivity continues to expand.

Second factor is what happens to the gold price, because what happens is you report the balance sheet and you report the inventory number on the balance sheet date. So obviously if there is a lot of gold price inflation, which has been the case for the last two, three years, to that extent inventory levels look significantly higher and the consumer demand obviously moves up and down depending on how much the gold prices are moving. So, these are these are the two fundamental vectors.

Now, on the first bit on our core inventory turn, I think in our Investor Day we had shared a detailed mix of how inventory turns are trending across cohorts, and as you would have noted that, most of our cohorts are demonstrating very, very strong inventory turns anywhere between 1.8 to 2. So largely the blending that you are talking about is a function of how many new stores and what is the share of new stores in our broader portfolio.

And as we are growing distribution or adding stores on a larger base, the dilution of new stores is going to be significantly lower. So, we've already communicated that our blended inventory turn should continue to improve and over the next four years should go to the 1.7 mix kind of handle, and which is already demonstrated, and you will see improvement through this year as well. So, this year inventory turn should get better. Thus, I think from a GMROI perspective, it is a little bit more mathematical that the decline is there. So fundamentally the construct of the ROCEs of our business have not shifted.

To your second question on the manufacturing cost, I think in my answer to one of the questions that was asked earlier, I said the right metric to look at is the contribution margin, which actually captures the cost of production, cost of manufacturing, and some of the other direct costs. And that is where the margins have been reasonably stable.

And as the build on the scale and as we move from INR 2,440 crores of revenue in FY26 to INR 12,000 crores in over the next four years, you can see that, there is a massive amount of scale benefit that we will continue to get both at the store EBITDA level as well as at the operating cost level, which includes A&P and corporate cost. So, I think that journey will continue year after year for the next four years.

Karan Gupta: So how much in-house manufacturing we have?

Rumit Dugar: Broadly all of it is in-house, about 95% of the products that we sell is manufactured in-house.

Karan Gupta: 95%?

Rumit Dugar: That's right.

Karan Gupta: Okay. So how much it will benefit to the margin side as compared to the peers who has maybe 50%, 60% outsourcing? So how much it will benefit in long term basically?

Rumit Dugar: I mean, see, there is about 300 to 400 basis point delta, but I think it's hard to put an exact number there, because different products have different cost of manufacturing, different margin profiles. But I think it's important to take a step back and look at why we do manufacturing. It's not just a margin driver.

Obviously, that is a benefit, but the objective function for manufacturing is that as we are completely design-driven, and that is the biggest differentiator which allows us to charge a premium pricing, and get in more customers, and continue to build and grow with those customers. The product differentiation over the long term can be retained if you control manufacturing.

Otherwise, in a vendor-driven ecosystem, your designs, eventually, even if you give your own designs, there is a high risk that those designs get dissipated, get commoditized, get stocked with small tweaks in different stores across different brands and networks, and thus your long-term ability to charge a premium from a consumer perspective, to get in more consumers and to maintain that differentiation, I think obviously gets harder. So, it's a very strategic call. It's not a margin-driven or a cost call.

Karan Gupta: Okay. And outlook for the store opening?

Rumit Dugar: So, I think we've guided to about 20% CAGR over the next four years in terms of distribution growth.

Karan Gupta: Distribution as in established area-wise?

Rumit Dugar: Distribution I mean stores.

Karan Gupta: Number of stores?

Rumit Dugar: Yes.

Karan Gupta: Okay, thank you.

Moderator: Thank you. We take the next question from the line of Pallavi from Sameeksha Capital. Please go ahead.

Pallavi: Thank you, sir, for taking my question. Just wanted to understand what would be the marketing spend this quarter versus last year same quarter? First question.

Gaurav Singh Kushwaha: Yes, so marketing spends this year was around INR 50 crores, I think which is around 6.9% of the overall revenues. And last year also it was around 6.9% of the revenues. So see, marketing spend is something which I would generally encourage you guys to not look at a quarterly level. Yes, so marketing spends as a percentage should not be looked at a quarterly basis.

It's the quarterly variations are going to be there, especially if you look at it as a percentage of revenues because revenue itself is very seasonal in our business, and marketing also has certain seasonality basis on the properties available to us, basis the opportunities available to us, and that two seasonalities might actually not go hand in hand. So, if you look at the overall marketing spend annually over last four years, we have taken that down from around 9.2% odd percent to 6.6% for last full year.

Across last four years, every year it has been falling in terms of percentage of the overall revenues. In absolute terms, we continue to increase it as we see that as a significant driver for getting more market share. I think so going forward also, that trend is only going to continue.

So, we believe that over the next five years, this 6.6% will go down to around 4.5%, 4.6% odd percent. I think for this full year also, we should see a number which is better than last year's, so some something lower than 6.6%, but I think the overall guidance, the overall trajectory will be in that direction. At the same time, just a single quarter here and there, I would not read too much into that.

Pallavi: Okay. My second question would be, if I can have the inventory number in kgs?

Rumit Dugar: That is too competitive; we don't talk about that. We've given the value number already, and that's anyway the relevant number from ROCE perspective.

Pallavi: That's all. Thank you so much.

Moderator: We take the next question from the line of Gopal Nawandhar from SBI Life. Please go ahead.

Gopal Nawandhar: Yes, thanks a lot and congratulations for good set of results. I think most of the questions already discussed. What I wanted to understand is because you know last couple of days there is a decline in the gold prices. Are you seeing any change in the trends for exchange and all? Is it more fresh buys are coming or it is still the exchange that is still prevalent?

Gaurav Singh Kushwaha: Sure, Gopal. No significant change. In just last two, three days, in fact, I think that's kind of very, very short term to even kind of base any long-term strategy. But I think over time what we are seeing is, as gold continued to increase, the exchanges definitely picked up because the perceived value of the gold that was sitting in households.

We saw certain uptick in gold exchange also along with that import duty hike etcetera. So, I think in general, the exchange this year is higher than let's say what it used to be, but no significant change let's say over last one to two weeks or not recently.

Gopal Nawandhar: And in this environment, are you seeing more studded being sold in this softer gold price environment?

Gaurav Singh Kushwaha: Again, few percentage points here and there, but nothing material, Gopal. We see reasonable consistency in consumer behaviour.

Gopal Nawandhar: Store addition was little softer in this quarter. Should we expect that annual run rate of 70, 80 to be maintained for this year?

Rumit Dugar: Yes, Gopal. So, I think the store addition should not be seen on a linear basis. I think the broad trend line from a 20% distribution growth should largely be retained, and we expect that to be delivered through this year as well.

Gopal Nawandhar: Okay, okay. Sure, thanks a lot.

Moderator: Thank you. We take the next question from the line of Varun Singh from AlfAccurate Advisors. Please go ahead.

Varun Singh: Yes, thank you. Sir, my first question is I did not quite get the logic behind the 50% growth aspiration and the math of you know 30% SSSG plus 20% area expansion growth. And so, if you can just elaborate on that?

And secondly, if you can help us understand, what's the underlying reasoning for 20% area expansion growth, why not 14%, 15% and a much faster acceleration in the margin profile? I mean if you can throw some light on this part also? Thank you.

Gaurav Singh Kushwaha: Yes, right. So, I think that 50% math, the way it works on fundamental SSSG not reported SSSG, that I already explained in response to one of the questions.

Varun Singh: I'm sorry, what's the difference between fundamental SSSG and reported SSSG?

Gaurav Singh Kushwaha: See, reported SSG is a mix of essentially let's say when the stores are just starting up. So, in their 14, 15 months, because the base is small, the reported numbers would have a higher number because of that. But I'm saying what I mean by fundamental SSSGs rather not fundamental, it's actually long-term SSSG. So basically, what we discussed in our Investor Day also was the that the oldest of the cohorts actually continue to grow at 30% plus.

Varun Singh: So, you are saying that the 30% SSSG number that you have given, that's fundamental SSSG, that's not reported?

Gaurav Singh Kushwaha: No, no, that's SSSG even at maturity. Now, the reported SSG would be slightly higher than that because of the stores the new stores that have just come up. Okay, so that maths is not essentially what you can do on the fundamental numbers. I think, see, if you look at the overall growth also, this quarter also is closer to 50%.

In fact, historically we had comfortably delivered 50% growth same last year when the gold environment was kind of very, very difficult, the gold volatility etcetera. So, we continue to feel very comfortable with those numbers. What was the second part of your question?

Varun Singh: The second part of the question was why 20% area expansion, why not 14%, 15% and much sharper margin acceleration? What the necessity for faster area expansion given that we are operating in an offline space unlike a typical e-commerce company?

Gaurav Singh Kushwaha: Understood, understood. So, here's the thing. So, I think for that you'll have to understand the operating leverage of the business a little more fundamentally. So if you look at the expansion that came in last one year, a big chunk of that expansion, actually operating leverage that that expanded by around 6.5% last year, the bigger chunk of that actually came from scale expansion, and not store level profitability expansion.

So, if you have more stores, your marketing spends and your corporate expenses also continue to shrink. In fact, over next four years, when we are saying that, it's going to go from 7.5% to close to 15%, the bigger chunk of that will come from scale and not a store level operating profit. And will be delivered with a sharper or the stronger distribution growth, not with a lower distribution growth.

So, I think higher distribution, someone can say 25% also, why go at 20%, why not 25%. So, this is essentially our call basis the data etcetera that we see. And I think your base assumption that if we grow slowly or if we grow slower, our operating leverage will show up sooner, that base assumption itself is flawed, because that bulk of that operating leverage is not sitting at store level EBITDA, it's actually sitting at corporate level EBITDA.

Moderator: Thank you. We take the next question from the line of Harsh Shah from Bandhan AMC. Please go ahead.

Harsh Shah: Yes, hi Gaurav and hi Rumit. My question basically was that our company AOV is close to 78,000 this quarter. What would be the AOV for our repeat customers?

Gaurav Singh Kushwaha: See, repeat specifically for this quarter, I don't have that number, but repeat typically is higher than new.

Harsh Shah: What would be the differential, Gaurav, let's say on a FY26 basis or let's say full year basis differential would be roughly?

Gaurav Singh Kushwaha: I think repeat AOVs would generally be 20% to 30% higher than new.

Harsh Shah: Okay.

Gaurav Singh Kushwaha: And Harsh these are still blends. Even average order value, there is a blend.

Harsh Shah: When you look at the cohort of let's say repeat customers who are in the five-year cohort versus three-year cohort versus, let's say one-year, let's say two-year cohort. What would that differ I mean how would that differ.

Gaurav Singh Kushwaha: It continues to expand. In fact, that was the point I was coming to. So, because all these averages actually depend on a lot of things. If you're not doing let's, say well in lower price point, then also AOV will increase and so on. So, AOV itself is not the right metric to look at.

I think the right metric is to look at the cohort. So as people are maturing, are they buying more frequently, and are they buying higher ticket size. And do we have the right products to kind of offer them. I think that continues to be the focus of the company, and I think the broader trend is, the longer the people spend with us, the consumer spend with us, higher their AOV is.

Harsh Shah: Got it. And Gaurav, frequency-wise, how would that be different let's say a five-year-old cohort repeat customer in terms of frequency, let's say in FY26 versus, let's say a two-year-old customer? How would that differ?

Gaurav Singh Kushwaha: Yes, so I think a certain frequency gets established and from second, third year onwards that does not change much.

Harsh Shah: Okay. Got it. And this AOV if we slice and dice in Metro, Tier-1, Tier-2, let's say, would that be materially different or would that be in the same ballpark as the company average?

Gaurav Singh Kushwaha: Like I said, I don't have the number. In general, I have not seen too much deviations across Tiers. Across Tiers, I have not seen much deviation.

Harsh Shah: Okay. Sure, thanks a lot.

Moderator: Thank you. We take the next question from the line of Ashish Kumar from Infinity Alternatives. Please go ahead.

Ashish Kumar: Thank you, sir. Congratulations for good set of numbers. Just wanted to understand a little bit more on the inventory. I think the inventory from the last quarter has gone up by INR 600 crores, INR 700 crores. What would be the reasons and when do you expect this to come back to the last quarter we had mentioned that it will come back hopefully because of once the gold prices stabilize. So, when do you expect it to go back long medium term, what do you see inventory to turnover ratio? So, if you can maybe talk a little bit about that?

Rumit Dugar: Yes, so I think just a correction, inventory has not gone up by INR 600, INR 700 crores. So, March inventory was INR 2,650 crores. And obviously we have added stores etcetera. To the second part of the question, I think more fundamentally, if you look at our cohort level performance, our older cohorts are already at 1.8 to 2 inventory turns.

So initially when a new store is opened, you start it at a certain inventory level and as the SSSG continues to build in that store, it reaches to a normalized 1.8 to 2 kinds of turns. So that is where the broader trend line is. The reported inventory turn is a function of what is the mix of younger stores, what is the average age of the broader portfolio.

And thus, given where we are in our journey, large part of our big distribution build in terms of the dilution coming in from new stores is going to be lower and lower incrementally, and the vintage of my base will continue to expand, which will keep trending this inventory turn to the direction of 1.7, 1.8. So that is where we will get to and you should see continuous improvement. Obviously gold price is something that is external, but all else being equal on a like-for-like basis, we should continue to see movement towards that 1.7, 1.8.

And at those kinds of levels, the store level ROICs that our business generates is in the range of 40%. And I think these are store level ROICs that our older stores are demonstrably generating, and as Gaurav had already mentioned that even those stores which are at 40% ROICs are still incrementally doing SSSG, and then we've seen in this quarter in line or better than the company averages.

So, which means that the growth momentum, and just does not stop even in the older cohorts. So, we feel quite comfortable and extremely confident of the progression that our cohorts are making, and the expansion in the broader inventory turn which will continue over the next four years, each year.

Ashish Kumar: Thank you.

Moderator: Thank you. We take the next question from the line of Shrinarayan Mishra from Baroda BNP Paribas. Please go ahead.

Shrinarayan Mishra: So, our total store area has expanded by 25.5% year-on-year while rent expense has grown by 35%. Now, there is a gap of 9.5% which will have element of annual escalation as well. But given that we are expanding in Tier-2 and 3 cities, ideally this gap should have been lower at even after incorporating the annual lease escalation. So why this number seems to be higher, if you can throw some light?

Rumit Dugar: Yes, so as I was explaining in one of the responses to a question asked earlier, in our category all the unit economics productivity, cost structures etcetera. we look at it at a per-store level. So, while the rent per square feet in a Tier-2, Tier-3 might be lower, but on an absolute basis we take up larger space. It also gives us greater frontage, greater visibility. There's a lot of advertising that we run even on our store frontages, which acts as billboards etcetera.

So fundamentally at a per-unit cost level or a monthly rent basis or an annual rent basis, it's not very different as we get into Tier-2, Tier-3. Second part is that given the revenue productivity that our older cohorts generate and the revenue productivity that we see at the store levels, rent as a percentage over a period keeps coming down, and it becomes over time a very small number in the overall store level unit economics.

So really unlike most other categories where merchandise is a function of square footage, the revenue productivity is a function of square footage, that's not really the case here given the size of the individual products and inventory. So that linkage I think is not the right way to look at it. I think a per-store kind of unit economics is the best way to see it, and I think that's reasonably stable.

Shrinarayan Mishra: So, what is the annual lease escalation that is built in?

Rumit Dugar: Typically, about 3% to 5%.

Shrinarayan Mishra: 3% to 5%. Okay. So, to your point that the store sizes are bigger in Tier-2 and 3 cities, so that's why I was comparing the area, square feet area, and not the number of store counts, still there is a gap. So, which is what I'm not able to correlate?

Rumit Dugar: No, but at our scale, there are different mixes and different localities, which locations the stores are in. So, I think best is to just do a per-store based metrics and you will see that that number is very stable.

Shrinarayan Mishra: Okay. Got it. And last very short question on what would be the studded mix in this quarter?

Rumit Dugar: 57%.

Shrinarayan Mishra: 57%. Okay, thanks.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question and conclude the question-and-answer session. I now hand the conference over to Mr. Rumit Dugar for his closing comments.

Rumit Dugar: Thank you everyone. Thank you for joining the call today. Look forward to seeing you through the quarter, and on the next quarter's call. Bye-bye and have a good day.

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

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

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