



January 29, 2026

To,

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

**Sub.: – Q3 FY26 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 January 22, 2026 for Q3 FY 2025-26 has been available on the website of the Company's website at [www.bluestone.com](http://www.bluestone.com) under Investors Relations-> Investor updates -> 2025-2026-> Q3.

Link : <https://kinclimg1.bluestone.com/static/ir/msf/files/iu/BlueStone-Q3FY26-Earnings-call-transcript.pdf>

Kindly take the above on your record.

Thanking you,

Your Sincerely,

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

**Gaurav Singh Kushwaha**  
**Managing Director**  
**DIN: 01674879**

**BLUESTONE**

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[Formerly Known as BlueStone Jewellery and Lifestyle Private Limited]

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# **BlueStone Jewellery and Lifestyle Limited**

## **Q3 FY26 Earnings Call**

January 22, 2026

**MANAGEMENT:**    **MR. GAURAV SINGH KUSHWAHA – FOUNDER AND  
MANAGING DIRECTOR, CHIEF EXECUTIVE OFFICER,  
BLUESTONE JEWELLERY & LIFESTYLE LIMITED  
MR. RUMIT DUGAR – CHIEF FINANCIAL OFFICER,  
BLUESTONE JEWELLERY & LIFESTYLE LIMITED**



**Moderator:** Ladies and gentlemen, good evening, and welcome to the BlueStone Jewellery & Lifestyle Limited Q3 FY '26 Earnings Conference Call.

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 “\*” then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Diwakar Pingle. Thank you, and over to you, sir.

**Diwakar Pingle:** Thank you very much, Swapnali. Good evening to all participants on this call. Welcome to the Q3 and 9M FY '26 earnings call of BlueStone Jewellery.

Before we proceed in this 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 result performance, or achievement to differ significantly from what is expressed or implied in such forward-looking statements. Please note that we have mailed the results and the same is available on the exchange. In case you have not received the same, you can write to us, and we will be happy to send the same over to you.

To take us through the results and answer your questions today, we have the management of BlueStone Jewellery & Lifestyle Limited, represented by Mr. Gaurav Singh Kushwaha – Founder and Managing Director, Chief Executive Officer; and Mr. Rumit 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 over the call to Gaurav. Over to you, Gaurav.

**Gaurav Singh Kushwaha:** Good evening, everyone. And thank you for joining us today for BlueStone's third quarter Earnings Call.

I am pleased to share that we have had yet another stellar quarter, marking an important milestone for the company. We delivered our first quarter of reported net profit, a clear inflection point in the evolution of our business model. This was driven by good revenue momentum and a very solid operating EBITDA performance. This is not just about one quarter, it reflects years of disciplined execution and structural investment we had made to build a scalable business, prioritizing long term value creation. What gives us confidence is that this profitability has come alongside strong underlying growth trends. And as we look ahead, we see revenue momentum accelerating into Q4.



Further details on the financial performance will be covered by Rumi in his remarks. Let me spend a few minutes on the broader demand environment.

The sharp rise in gold prices significantly altered the industry's demand mix last quarter. We saw the market shift towards commodity and investment-led categories such as coins and chains, which are typically price-led lower margin segments. Now, these are the categories where we have historically chosen not to participate aggressively, given our "Technology-Led Product-First" approach that focuses on design differentiation and stronger gross margins.

Our performance is better understood by looking at consumer product demand. Here, trends remain encouraging despite sharp gold prices. Festive demand in October was strong, moderated in November, and then rebounded sharply in December. From our perspective, one of the impacts of rise in gold prices was that the certain entry-level price points got vacated. In response, we repopulated these price points and we saw the result of some of that in December, with December exit revenues growing approximately 35% year-on-year.

A key enabler for this performance continues to be our omni-channel strategy, which seamlessly connects our online presence with a steadily expanding physical retail footprint. This integration allows us to engage customers across discovery, purchase, and repeat cycles, while leveraging data and inventory more efficiently across channels. As of December-end, we had 323 stores across 130 cities, having added 12 new stores during the quarter, further strengthening our reach and brand presence. Our customer base grew 25% year-on-year to 903,000 customers and same store sale growth of 12% year-on-year. Again, I would like to reemphasize that December same-store-sales-growth exit rates were in mid-teens, with January trending better than December.

Let me now turn to one of the critical drivers of our long-term growth and margins, which is the strong cohort performance. We have been confident that all our cohorts will demonstrate productivity that was seen by FY '19 and FY '20 cohorts. To give you more color, we are happy to share some more details on the cohorts from various stages.

So, for nine months, or YTD, stores opened in FY '19-'20 delivered revenue per store per month of approximately Rs. 1.2 crores. Stores opened in FY '21-'22 delivered a per store per month revenue of approximately Rs. 80 lakhs, and stores opened in FY '23 delivered per store per month revenues of approximately Rs. 70 lakhs for first nine months of the year. This translates into annualized revenues of Rs. 14 crores, Rs. 10 crores and Rs. 8.3 crores, respectively. These cohorts comprise of more than 150 stores.



And as mentioned, all these cohorts are growing at a pretty healthy clip, and we expect all the remaining cohorts to also eventually catch up with FY '19-'20 cohorts.

With that, I will ask Runit to share his opening remarks, and then we can open the floor to the Q&A.

**Runit Dugar:**

Thank you, Gaurav. Good evening, everyone, and thank you for joining us today. I will briefly walk you through the financial performance for this quarter. I will keep my remarks brief as we have detailed disclosures and materials available on the stock exchanges. I would encourage you to go through our management commentary and the investor presentation, which have lot of detailed disclosures.

Turning to the quarter:

During the quarter, standalone revenues grew by 27.4% year-on-year to Rs. 748 crores. As mentioned earlier in our call, our revenues are accounted for on retail sales basis, including franchisee stores. This means our reported growth reflects pure secondary sales to consumers, even for franchisee stores, offering a clean and transparent view of demand at the retail consumer level.

Excluding inventory gains, pre-IndAS EBITDA margins for the quarter stood at a solid 12.1% at Rs. 90.3 crores, driven by robust contribution margin performance, greater number of store cohorts moving in better productivity buckets, and scale benefits on corporate costs, including A&P. More importantly, on a YTD basis, we are at Rs. 129.6 crores of pre-IndAS EBITDA versus Rs. 7.4 crores last year YTD. This reflects a margin of 7.4% YTD as compared to less than 1% in same period last year. This clearly demonstrates that the operating leverage is starting to reflect in EBITDA margins and growth. There is still a fair runway to expand this further, driven by cohort maturities and business scale.

As Gaurav highlighted earlier, this was our first quarter of reported PAT of Rs. 71.5 crores as compared to a loss of Rs. 26.9 crores in the same quarter last year. Importantly, the business generated a solid cash profit of about Rs. 122 crores for the quarter. Contribution margin, which is a key product margin metric that we look at, excluding inventory gain, stood at 33.3%, an improvement of 333 basis points year-on-year. This is despite lower studded mix on a Y-o-Y basis of 61%. This was offset by scale benefits, improved product mix within studded products, and manufacturing efficiencies.

A&P spends continued to show operating leverage, supported by business scale and high repeat mix, with repeats contributing 57.8% of revenues this quarter. Our old gold exchange program continued to remain most competitive in the market. Overall, A&P



as a percentage of sales stood at 5.7% for the quarter, down about 129 basis points year-on-year.

To conclude, this quarter clearly demonstrates the operating leverage embedded in our model. There is potential room to expand EBITDA significantly ahead of revenues, and with the cost discipline with which we are scaling the business.

With that, we can open the floor for questions.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Percy Panthaki from IIFL. Please go ahead.

**Percy Panthaki:**

Hi, team. Just wanted to understand the margin here. So, on a sequential basis, the margins excluding inventory gain pre-IndAS have gone up from about 3% to 12%, so that's a 900 basis points kind of expansion sequentially. I understand that the contribution margin, ex-inventory gain, has gone up about 150 basis points, and there is some saving in ad spend maybe approximately about 300 basis points. So, that explains about half of that 900 basis points. What is the remaining half? Where has the margin expansion come from?

**Rumit Dugar:**

So, Percy, I think in the last quarter also we explained, what truly happens is you have to look at how the aggregate cost base kind of moves. So, if you look at between Q3 and Q2, Q2 revenue was Rs. 513 crores and Q3 revenue was Rs. 748 crores. So, for that incremental revenue that we added sequentially, our aggregate cost base, including everything - employee cost, store rents, store facility maintenance costs do not shift significantly on a quarter-on-quarter basis. So, this is the foundational operating leverage that is inbuilt in our business.

And as more store cohort productivity expands, the fixed cost base remains reasonably stagnant or grows at a modest pace while your incremental revenue will flow through to EBITDA at the rate of contribution margin. So that is really the flow through. And if you do the delta between incremental revenue that we added at the contribution level, you will pretty much get to the operating leverage and the outcomes that we have delivered.

**Percy Panthaki:**

Understood. So, just for me to get a sense of the operating leverage in Q3 and therefore actually try and project annualized numbers, because this is clearly a big quarter and there is a huge operating leverage. The question I wanted to ask you is that, on account of normal seasonality, the monthly sale in Q3 is approximately what percentage higher compared to average for the year? I am not talking about this year or anything. I am just talking as a concept or in principle. Q3 typically the monthly sale is how much percentage higher than annual average? If you can tell me that, it will help in calculating the operating leverage impact for full year. Or rather what I want to say is

that at just this 12% margin on a Q3 basis, how much would it normalize work out to a annualized basis given the different sales throughput for the quarter versus the year?

**Gaurav Singh Kushwaha:** Percy, Gaurav this side. See, depending on how the operating revenue moves between quarters, I think that percentage changes drastically, as we saw between Q1, Q2 and Q3 also, where Q3 is at around 12%. Now, last year, Q4 was around Rs. 460 crores and what we are seeing right now, we are trending at almost 35% growth over the last Q4. And let's say if that continues, this Q4 will land somewhere between Rs. 620 crores to Rs. 630 crores. I am just telling you how to look at it. Now, if you do the same calculation here also; on Rs. 748 crores we had Rs. 90 crores of pre-IndAS EBITDA, then with those numbers Q4 would be approximately, let's say, Rs. 120 crores lesser than Q3, the revenues. So, revenue for Q4 would be approximately Rs. 120 crores lesser than Q3. And 33% of that, of Rs. 120 crores would be approximately Rs. 40-42 crores. So, Q4 EBITDA hence should be, let's say, lesser by that much. And then that should serve the base for the subsequent Q1. And that's how we calculate it, as in the back of the envelope calculation, that is how we do.

**Percy Panthaki:** Okay, understood. I will probably take this offline because I think it is a little more complex than that, because we will have to look at it on a per-store basis also, because as the number of stores are getting added, the cost base would also increase to that extent. But anyways, I will take that offline.

Also I wanted to understand one more thing that, you said that there were some entry price points which were unaffordable and therefore, I mean, the product merchandise this quarter was very less at the entry price points. Is that also a factor? Because those entry price points may be at sort of lower margin, so is that like a factor which is driving the margins to an extent? And because you are repopulating those price points, will that versus this quarter again see a margin drag?

**Gaurav Singh Kushwaha:** Yes. Percy, so in our data we do not see that. It's not that, let's say, sub Rs. 20,000 or sub Rs. 30,000 product have lower gross margins or lower contribution margins, that kind of a trend is not there in the data. So, there is no implication of that. The only implication of those price points being vacated was that, see generally traditionally or historically we have been very strong on entry level price points, which is where we acquire a lot of customers and then kind of grow with them over time.

With those price points being vacated, we believe that our growth suffered in November and, let's say, first one week of December. We started work on that, let's say, early in the November, and then it took some time for us. So, I think our growth got impacted because of that. But in terms of percentage shift in the gross margins or contribution margin, that is not a trend that we have in our data.



**Percy Panthaki:** Understood. And lastly, if you can give some idea on how do you look at store additions on an annual basis this year as well as next year.

**Rumit Dugar:** So, this year, I think we will be in that 65, 70 kind of range, right? We closed at 323 stores, so Y-o-Y in that 70 kind of handle versus March '25. I think next year we will come back to you once we finish this year. So, when we discuss Q4 is when we can give you better color in terms of how we are looking at next year.

**Percy Panthaki:** Okay. Yes, that's it from me. Thank you.

**Moderator:** Thank you. The next question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

**Devanshu Bansal:** Hi Gaurav, thanks for taking my question. So, I just wanted to delve deeper on the growth front. So, it is a tad lower versus that reported by peers in both the traditional jewelry space as well as the space that you operate in. Even when you say that this is the kind of number, that also is materially below what the others have reported, right? So, can you sort of give us more granular explanation as in what exactly led to a slower growth for us?

**Gaurav Singh Kushwaha:** Sure. Okay, so first of all, very different operating environment this last quarter was compared to how things generally are, with gold being that volatile and it's the most volatile territory that I have seen the gold in. So basically two things. So what that results in, that actually increases the demand for commodity products like gold coins, gold chains with very little margin and gold bangles with very low margin etc. And that is where a sharp increase in that demand comes from, and almost all the traditional jewelers are heavily indexed on those, and whereas we are extremely under-indexed on all those products.

Secondly, almost all the jewelers report primary sales, whereas we only report retail sales. Whether that is traditional jewelers, whether that is CaratLane, whosoever is, it's a mix of primary and secondary sales. So, there is generally delta between that and the retail sales also. So, these are the two major differences, and then that merchandising issue that we noticed in our inventory somewhere in end of October and early November. And I think these are the three reasons why the growth numbers are lower, but we see that as a one-off. I think in stable environment things will revert back to normalcy. And also, in our December exit rate and our January rate, so basically on our continuing run rate we see almost 35% of growth, that keeps us happy, that is good enough for us.

**Devanshu Bansal:** Fair enough. But however, still CaratLane reported almost 40% growth, so there may not be such a material difference between primary and secondary. But I take your





point that at least the growth has sort of improved for you in December and subsequently in Q4 as well.

**Rumit Dugar:** So, Devanshu, just on the first bit that it is not materially different. I think if you look at last quarter, their reported revenue growth was 32% and retail sales was 25%. So, it is really different, at least historically. So, maybe I think you should just see what the retail sales numbers are.

**Devanshu Bansal:** Fair enough, Rumit. So, thanks for the clarification. The other part was on the LGD space, so we see incremental investments across players and we have also sort of increased our investment in materials. So, any incremental views on this space in terms of how we are sort of planning to ramp up our presence would be helpful.

**Gaurav Singh Kushwaha:** Yes. So, very early days for lab grown. We are seeing some good traction in lab-grown brand Ethereal. They have very few stores, and it is kind of a discovery phase and it seems to be doing well. And hence we have decided to put in some more money. And like I said, it is a very early stage for that product segment per se. So, I think we will have to see, we will have to observe how it evolves and then take a firm opinion on that.

**Devanshu Bansal:** Gaurav, any assortment or difference that you can help us better understand in terms of how Ethereal is sort of playing this space versus how BlueStone is playing? And also, any customer segmentation that you can help us better understand, is it the same customer being targeted by both BlueStone and Ethereal, or they are entirely separate consumer segments that are being targeted by both the brands?

**Gaurav Singh Kushwaha:** Yes. Okay, so the way it is being run is, so Ethereal, which is our subsidiary, we have 74% holding in that, but rest of the equity is with the founders, Nitesh and Sharad. So, we generally have a very low-touch approach, in the sense we encourage them to discover their own products, we encourage them to discover their own customers and so on. So, there is not too much of an operational overlap between BlueStone and Ethereal. I mean, they have been in the business for around five, six months, and I think they are also discovering what kind of products work for them, what kind of products do not work for them.

We have not started with a very strong point of view that, okay, these are the products that are exactly going to work in lab-grown, it is very, very early days for that. So, they are also doing their own discovery. So, it is kind of a founder-led company where we have 74% holding and Nitesh and Sharad run it. So, I honestly do not have a very strong point of view on what kind of products should work for them. It is their job to figure it out.

**Devanshu Bansal:** Thanks, Gaurav. Thanks for taking my question.



- Moderator:** Thank you. The next question is from the line of Saurabh Jain from HDFC Life Insurance. Please go ahead.
- Saurabh Jain:** Hi Gaurav and Runit. Just wanted to understand if I look at the Y-o-Y expense line item, so other expenses, ex of A&P, that have gone down by Rs. 11 crores. So, what explains that?
- Runit Dugar:** That is primarily driven by our improvement in contribution margins. So, on the manufacturing scale and efficiencies, we had a couple of new factories which had come up. So, as they build process efficiencies through time, and as our scale is growing the capacity utilizations or manned capacity utilizations keep expanding, there is that operating leverage that flows through on the direct cost.
- Saurabh Jain:** No, I am talking about the absolute number, so absolute number has actually gone down.
- Runit Dugar:** Yes, Saurabh, I am talking about absolute numbers itself. So, if the productivity at a factory level is X, which is a new factory; over time, as people build more process efficiency, the amount of people, time, material etc. that you need to spend on, that goes down. So, there is that absolute operating leverage that comes because you are pushing up manned capacity utilization. So, there is that factory-related cost that sits in Other Expenses, which is contract laborers, job workers, etc. So, there is a fair amount of operating leverage that comes from there, even on an absolute cost basis.
- Saurabh Jain:** Sorry to push this further. So, I am just saying that if the units have gone up in the manufacturing facility, I understand the per-unit cost might come down because of the utilization increasing. But how can the absolute cost come down, I am not able to understand that part?
- Runit Dugar:** Because, your manned productivity, if you needed 20 people to create a piece, because the process efficiency, scale, etc. are not there, now you need lower number of people to do the same task. So, the absolute cost, Saurabh, actually comes down. Second is, we have also done some consolidation in terms of building scale, right? We operate three factories, so there is some redistribution of the products, etc., that can get manufactured, so we can build more competence in single factories where the productivity that we get for the same throughput continues to expand. So, there is some part of that on the manufacturing side that happens.
- Saurabh Jain:** Okay, fine. Second thing is on the A&P expenses side, so what is the range we should expect for like full year going forward? This year we have closed nine months at about 7% which is materially lower, about 300 basis points lower than the last nine months of FY '25. So, what is the number that we should build in here? Like the absolute



number at about Rs. 40 crores, Rs. 45 crores, is that the run rate we should build in on a quarterly basis going forward?

**Gaurav Singh Kushwaha:** So, as we were expanding stores rapidly, we firmly believe that there's significant operating leverage sitting on the A&P also, because the same advertising, same promotion spend. Now we have more stores to actually tap into the demand being generated by that. So, I think historically it was 12%, 9% and so on, and we expected it to come down to around 6%. At 6%, we will be scaling it very proportionally with the revenues. So, I think YTD is 6.8%, but since these are early stages for the brand also, we would like to keep it, kind of pegged at around 6% going forward.

**Saurabh Jain:** Okay, thank you.

**Moderator:** Thank you. The next question is from the line of Tejash Shah from Avendus Spark Institutional Equities. Please go ahead.

**Tejash Shah:** Hi, thanks for the opportunity. Just wanted to know what was the revenue per square feet that we clocked this quarter, and what was that number last year same quarter?

**Rumit Dugar:** I think the metric that we look at and which we have also detailed out in the management commentary, and Gaurav spoke about in the opening remarks, is revenue productivity per store per month by cohort. So, those are the metrics that we should look at. Given where our gross margins are and the kind of store productivity and absolute contributions that we generate, for a Rs. 10 crores or a Rs. 14 crores store, the rent or the OpEx would be like about Rs. 1 crores. So, really from a per square feet basis, etc., it is something that we do not track and look at.

**Tejash Shah:** So, the reason I ask this is because it is partly pertaining to the previous participant's question that, if we do that math, and then you are saying that as a company we do not follow that, but if we do that math this quarter looks like more of an excellence coming from cost discipline than the operating leverage, because that number has not moved much apparently. And a lot of cost discipline is visible in our production cost and cost line items below that, which the previous participant also highlighted. So, just wanted to know that how to think about this quarter? Were you surprised on the productivity of the store? Or where was this quarter in excellence on cost discipline that we were kind of promising for a while now?

**Rumit Dugar:** I think the way to see this is, what we have been always saying is that ours is a fixed cost model, where there is tremendous amount of operating leverage, which will be driven by store productivity. So it is not about cost excellence, it is about absolute operating leverage. So, I think the way to think about this is, quarter-on-quarter our cost base has not shifted, right? So, if I was running 300 stores in Q2, I am still running 300-plus stores in Q3, with the same cost base. But as my revenue base is expanding,



and if you see our trend for the last four, five, six quarters, that is pure operating leverage, Tejash, that is playing out.

It is not only just we have cut cost or anything like that. It's just pure operating leverage, where there is incremental revenue which has a high flow-through rate, given our gross margin profile and contribution margin profile, which is significantly different from any other player that you may see in this category. So, the flow-through rates are way, way higher than you would see in any other player. So, which is why I understand where you are coming from, it surprises because the flow-through rates are so high. But then you have to compare the difference on the contribution margin of ours versus generally the category that people operate with.

**Tejash Shah:** Perfect. Thanks a lot, and all the best.

**Moderator:** Thank you. The next question is from the line of Sanidhya from Unicorn Assets. Please go ahead.

**Sanidhya:** Sir, my question is kind of follow up from the previous questions. I think everyone is confused if it is the operating leverage or cost cut, whatever. So, let me ask you this way. Suppose, say, gold prices today Rs. 1.5 lakhs goes to say Rs. 2 lakhs, so like 33% rise, and like there our mix is like 50%, 60% for the gold. So, assuming both the numbers, let's say, on an average our revenue goes up, not by the volume, just plain prices like 15%, 20% up. Do you think that out of that extra 15%, 20%, like 33% contribution margin, most of it would flow down? That's what you are saying.

**Rumit Dugar:** See, I think the simple point that we are making is that there are 323 stores and the cost base of operating those stores and operating business is sort of already embedded. So, incremental revenue that we are generating has a very high operating leverage and that is predominantly driven by aging. And this quarter, please, I encourage all of you to look at our cohort performances. I think historically we have got feedback that tell us how your other cohorts are kind of doing. And this quarter we have kind of given some color on how our cohorts are doing. And there are unit economics that you can model to those revenue productivity numbers, and that will kind of explain that why there is so much operating leverage in our business. So, it is not about just gold price moving from Rs. 1 lakh to Rs. 1.50 lakhs or Rs. 2 lakhs. It is about how fundamentally our business operating model is structured and where we are in that journey of operating leverage. So, we are still in that early days. And as I mentioned in my opening remarks, there is still significant room for margins to expand as we continue to build scale in the business.

**Sanidhya:** So, secondly, on the contribution margin only, so we have depicted, so since that like old stores you can say, or the mature stores have given like 40% gross margins and 35% kind of contribution margins and 25% kind of adjusted EBITDA. Do you think this



number is the core or do you think there is further room for even this number to expand looking the way things are going in this quarter or you are saying looking forward?

**Rumit Dugar:**

So I think, one, contribution margins are not impacted by just aging. Because contribution margins are more fundamental to the product mix that we carry, the merchandise we carry and the way we price our products. I think the delta of aging actually shows up more in the operating EBITDA.

So, operating EBITDA for this quarter was 12% on a pre-IndAS basis, 7.4% for YTD. And as I mentioned, there is still runway for the operating margins that we have seen YTD to expand further because there is still lot of vintage-driven growth. If you look at, our FY '19-'20 cohorts are at Rs. 14 crores revenue productivity, and the other cohorts are at 10, 8, 8.5 or 8.3. So, obviously, there is room for them to scale further, right, at least to 14, and that is what we see at the minimum. So, as these continue to ramp up, there will be more operating leverage that will flow through because the cost base of these are not going to expand.

**Sanidhya:**

And I would request you to please guide like thoroughly on the store expansion going forward, because right now the growth looks tremendously coming, even the cohort level looks good for like next two years. But beyond that, for growth visibility, I would request you to please share from going forward the expansion model. Thank you.

**Moderator:**

Thank you. The next question is from the line of Karan Gupta from ACML. Please go ahead.

**Karan Gupta:**

My question is again related to the previous participant on the margin side, operating EBITDA margin side. So, on the margin side, how much margins can we do when our most of the stores are aging towards Rs. 14 crores band annually?

**Rumit Dugar:**

So, I think the way to think about it is that at Rs. 10 crores to Rs. 12 crores kind of productivity, the store level pre-IndAS margins are at about 22% to 24%. And as Gaurav mentioned, you load about 6% A&P and then some leverage on the corporate cost. As broader cohort productivity gets to that Rs. 10 crores, Rs. 11 crores kind of numbers, the baseline margin for the business is going to be in, like, low teens at the minimum, with significant investment continuing on the A&P. So, I think that is sort of where the trajectory should go to. So, we are at 7.4% YTD, which is why I mentioned in my commentary there is significant room and significant runway for expansion.

**Karan Gupta:**

So, 20% to 24% on pre-IndAS basis?

**Rumit Dugar:**

That I mentioned at the store level EBITDA, and then we load A&P and corporate cost.



**Karan Gupta:** Okay. And how many stores out of 323 are running at Rs. 10 crores to Rs. 12 crores or Rs. 14 crores of run rate?

**Rumit Dugar:** See, I think, we have given a lot of disclosure already on cohort. I do not think you see many companies giving these kind of disclosures. I do not think we can go beyond this because there is a lot of competitive data here. So, I think overall the cohorts are large enough.

**Karan Gupta:** Yes, it's 50%, the data I think you shared already.

**Rumit Dugar:** Yes. So, that's a good enough base for you to draw conclusions on where these cohorts can trend to.

**Karan Gupta:** Yes. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Subhanu from 3 Head Capital. Please go ahead.

**Subhanu:** Yes, thank you. Good evening and congratulations for this kind of modest performance. Sir, as you mentioned, our store opening guidance for this year around 65 to 70. But if I remember right, last quarter Rumit said hit a target around 75 to 80. Are you reducing your guidance?

**Rumit Dugar:** No, we were in the 70 kind of handle, and I think we should be broadly in that territory. I do not think there is a significant deviation. So, maybe the upper end, I think, we will be in the 70 kind of handle. So, plus minus 5, obviously, we have to look at the operating environment and be a little tactical about it.

**Subhanu:** Okay. My next question is, this quarter is sole PAT-positive quarter. This PAT-positive quarter will be sustained for next couple of quarters or this will be sustained?

**Rumit Dugar:** See, I think it is hard to give an absolute forward-looking statement, but let me try and address that question in a way that, I think fundamentally there is enough operating leverage in the business, which has got demonstrated in the past three quarters, particularly you have seen it in Q3 as well. So, we see still runway for margin improvement versus where we are on YTD, and that is where we would like to leave this at.

**Subhanu:** Okay. Sir, what kind of SSSG we are targeting?

**Rumit Dugar:** So, I think in his commentary, Gaurav had mentioned that December SSSGs were in mid-teens and January is trending better than December. So, I would just reiterate that statement that Gaurav had made in answer to that question.



**Subhanu:** Okay. Thank you and best of luck.

**Moderator:** Thank you. The next question is from the line of Abhay Sakariya from V CAN and Company. Please go ahead.

**Abhay Sakariya:** So, comparing quarter-on-quarter performance, if you talk about Q3 of '24, there was a loss of around Rs. 27 crores, and Q3 of '25 there is a PAT of around Rs. 69 crores. So, the huge difference, it is because of the valuation gain or actual operational or quantity performance? And what will be the valuation gain part? If you can just highlight on both.

**Rumit Dugar:** Yes. So, we have disclosed the inventory gain for the quarter, it is Rs. 58.9 crores. So, even if you adjust for that, we have a positive PAT.

**Abhay Sakariya:** Okay. And any particular reason, what has been changed in this particular quarter? Because I have been observing that we have been making losses for quarter-on-quarter also, even in the Q2, Q1, and even in the last year. So, any particular or major changes which you have made so that we have been positive in this particular quarter?

**Rumit Dugar:** See, it's just the way our business is structured, just the way we have scaled the business is very, very different from what you see typically with traditional big box retail, given we are more omni-channel driven. So, there is a front-loaded cost base that is sitting in our P&L. And as our stores build vintage, as the broader absolute revenue scales, there is operating leverage that is flowing in both at store level and at corporate costs A&P level. So, I think that is what is kind of playing out. And as I said, there is still runway to continue to expand.

**Abhay Sakariya:** Okay. Thank you, and best wishes to the company.

**Moderator:** Thank you. The next question is from the line of Gopal Nawandhar from SBI Life Insurance. Please go ahead.

**Gopal Nawandhar:** Thank you. Congratulations to the team for good performance on profitability. Two, three things here. One is what is our gross debt and net debt?

**Rumit Dugar:** So, gross debt is about Rs. 650 crores, net debt is about Rs. 222 crores.

**Gopal Nawandhar:** Rs. 222 crores net debt or net cash?

**Rumit Dugar:** Yes. Rs. 222 crores is net debt and Rs. 650 crores is gross debt.

**Gopal Nawandhar:** Okay. And inventory?



**Rumit Dugar:** Inventory at the end of the quarter?

**Gopal Nawandhar:** Yes.

**Rumit Dugar:** Rs. 2,280 crores.

**Gopal Nawandhar:** Okay. So, I think if I recollect it right, last quarter we had net cash and lower inventory. This quarter we only added 12 stores, and this matrix is where I think we are kind of not able to optimize. So, can you just throw some more color on inventory, when we can see inventories coming down?

**Rumit Dugar:** So, Gopal, bulk of the change in inventory is actually driven by movement in gold price on the hedge positions. So, bulk of the change between Q2 and Q3 is coming from mark-to-market on hedge positions, so it is largely driven by that.

**Gopal Nawandhar:** And in terms of network addition, how should one look at next year and the year after?

**Rumit Dugar:** So, I think next year, on an absolute basis, maybe after Q4 we will be able to give you a more concrete number. But fundamentally if you see at least our last, two, three year trend, I think we have been in that 70-80 kind of handle broadly. So, that's been the historical trend. And at our end, see, there is a large enough distribution that we already have. Obviously, there is significant room to continue to expand network. If you compare us to a lot of the peers, and you just map our city presence to, let's say, the large peer city presence, there is significant growth runway both on city and density. So, from a medium-term perspective, there is significant runway to keep expanding the network. But absolute number, Gopal, I think maybe after Q4 we can come back to you on what we are looking to do in FY '27.

**Gopal Nawandhar:** Sure. And one more thing, considering that this increase in the gold prices, earlier our plan was to reduce FOCO stores and convert them into COCO. Considering the kind of investments it needs for new store, will that plan be delayed or will still consolidate from FOCO to COCO?

**Rumit Dugar:** So, the consolidation is happening from FOCO to COCO, and that I think will continue because that is a very expensive capital structure that we are running related to what our cost of capital is. So, that consolidation obviously makes economic sense and is PAT accretive. So, that piece will continue. Gopal, there is no change in that thought process or strategy.

**Gopal Nawandhar:** Okay. Sure. Thank you very much.

**Rumit Dugar:** Thank you.





**Moderator:** Thank you. The next question is from the line of Devanshu Bansal from Emkay Global. Please go ahead.

**Devanshu Bansal:** Thanks for the follow-up opportunity. I wanted to build on Gopal's question. So, you indicated that the mark-to-market has been built upon the inventory this quarter, can you call out the quantum of that, as in what is the MTM loss that has been built into the inventory?

**Rumit Dugar:** MTM loss? There is no MTM loss. If you are hedged, your inventory gets marked up, right, so that's about it. I mean, I do not want to call out how much of it is, but you can actually see how much the gold has moved between September 30th and December 31<sup>st</sup>. So, it's an easy calculation.

**Devanshu Bansal:** Yes. So, basically that means, so when gold price is in an increasing environment, and on your hedge contracts you will be having some losses, so that has built upon the inventory, the amount which has led to this increase in inventory. Is my understanding correct?

**Rumit Dugar:** I mean, it's a mark-to-market. So, if you are borrowing through GML, the value of GML will go up and the value of inventory will go up. So, this happens on leased gold, this happens if you are hedging through GML, this happens if you are hedging through futures.

**Devanshu Bansal:** No, that is fair.

**Rumit Dugar:** And this is not specific to us, you can look at any balance sheet.

**Devanshu Bansal:** No, that's fair, I understand that. The intent of asking this was as in, can this loss sort of come up in P&L for future quarters? So, I just wanted to get some sense around that.

**Rumit Dugar:** Why will there be a loss on a hedged inventory? I think foundationally, you need to look at how hedge accounting works. You will be realizing the value at spot. And if gold prices go up, your liability goes up, your inventory goes up. If gold prices go down, your liability goes down, inventory goes down, and you sell at spot. So, really, I do not understand the question. I mean, that's not how hedging works. I mean, hedging is protection to the P&L.

**Devanshu Bansal:** No, fair enough. So, maybe I just wanted to repeat my question. So, suppose you sold say 100 kgs of gold. But this quarter you may not have sort of closed those particular contracts, and that might have added to the MTM of hedging loss. So, I just wanted to check that whether in P&L we have realized that?

**Rumit Dugar:** So, Devanshu, I think we can maybe take it offline.



**Devanshu Bansal:** Sure. No issues. Yes, it might give a wrong reflection, so I understand that.

**Rumit Dugar:** Yes. I think what you are saying is incorrect. You need to understand how the hedge accounting works and how hedging fundamentally works. I am happy to address this offline. But to reiterate, hedging does not create a loss.

**Devanshu Bansal:** Fair enough. I will take this offline.

**Rumit Dugar:** You are covered on the price and you realize at spot always. So, yes.

**Devanshu Bansal:** Sure, Rumit.

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

**Rumit Dugar:** Thank you, everyone, for joining us today, and look forward to being in touch with you for next quarter. Thank you, and have a good evening.

**Moderator:** Thank you very much. On behalf of BlueStone Jewellery & Lifestyle Limited, that concludes this conference. Thank you 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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