

RESEARCH**BOB ECONOMICS RESEARCH | MONTHLY ECONOMIC BUFFET**

Economic Round-up: May 2026

BLUESTONE JEWELLERY & LIFESTYLE | TARGET: Rs 662 | +24% | BUY

Bluestone Investor Day: Growth and scale-up

RETAIL | Q4FY26 REVIEW

Jewellery shines, QSR recovers

SUMMARY**INDIA ECONOMICS: MONTHLY ECONOMIC BUFFET**

The situation in West Asia continues to cast a shadow of uncertainty over the global economy. The continued back and forth between US and Iran with regard to the peace deal and ceasefire, has impacted investor sentiments and led to heightened volatility in the global financial markets. In May'26, global markets cheered the possibility of a peace deal which led to a brief deceleration in global oil prices. However, tensions have once again flared with both US and Iran trading renewed hostilities. At the same time, the continued blockade of Strait of Hormuz could cause further disruptions in global supply chains.

[Click here for the full report.](#)**BLUESTONE JEWELLERY & LIFESTYLE**

- Targets ~20% annual store expansion; mature cohorts deliver ~25% store EBITDA margins and ~43% ROIC
- Customer acquisition, repeat purchases and AOV growth continue to drive strong store productivity and SSG
- Targets FY30 pre-IndAS EBITDA margin of ~14.7%; inventory turns guided at 1.7-1.9x

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RETAIL: Q4FY26 REVIEW

- Jewellery demand remained strong, despite record gold prices, driven by wedding demand, old-gold exchange and store expansion
- Despite the robust topline growth, gold volatility and changing consumer trends are widening the divergence in growth and margins
- Q4'26 saw improving demand trends across the QSR sector, on value-led offerings, better footfalls and gradual dine-in recovery

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MONTHLY ECONOMIC BUFFET

04 June 2026

Economic Round-up: May 2026

The situation in West Asia continues to cast a shadow of uncertainty over the global economy. The continued back and forth between US and Iran with regard to the peace deal and ceasefire, has impacted investor sentiments and led to heightened volatility in the global financial markets. In May'26, global markets cheered the possibility of a peace deal which led to a brief deceleration in global oil prices. However, tensions have once again flared with both US and Iran trading renewed hostilities. At the same time, the continued blockade of Strait of Hormuz could cause further disruptions in global supply chains.

Aditi Gupta
Economist

The impact of the crisis has been visible across countries with most global economies reporting an uptick in inflation. Producers and manufacturers too have raised concerns over elevated input prices. Global central banks have reassessed their monetary policy paths, with almost all major central banks indicating that rate hikes are on the cards. In India, RBI is widely expected to hold rates steady this month, even as recent increase in fuel prices and concerns over a weak monsoon threaten to push up inflation in the near-term. The RBI is likely to adopt a cautious, data-driven approach and assess the progress of monsoon before deciding to hike rates.

Global central banks: Minutes of policy meeting of major central banks indicated that members are getting increasingly uncomfortable with the impact of the continued West-Asia crisis on inflation. While the duration of the conflict remains highly uncertain, most global economies are witnessing an uptick in inflation due to elevated energy prices. More importantly, policymakers are more concerned over the possible second-round effects of higher energy prices which can keep inflation above target in major economies for a much longer time. The timing of rate hikes continues to be marred by uncertainty given the volatile global situation. Amongst major central banks, Bank of Japan (BoJ) is widely expected to hike rates by 25bps this month. For the ECB as well, the possibility of a rate hike in the Jun'26 meeting has increased. On the other hand, there is some uncertainty over the timing of rate hikes by the Fed and BoE.

Key macro data releases: India's CPI inflation picked up to 3.5% in Apr'26 compared with 3.4% in Mar'26, on YoY basis. Food inflation rose to 4.2% in Apr'26 compared with 3.9% in Mar'26 largely due to seasonality. CPI excl. food and fuel remained steady at 3.4%. Comfort to core inflation stemmed from lower gold and silver prices. The inflation print largely did not reflect any impact of higher energy costs as retail prices of fuel were capped. The impact is likely to be visible this month, as retail prices have inched up.



BUY
 TP: Rs 662 | ▲ 24%

**BLUESTONE
 JEWELLERY &
 LIFESTYLE**

| Retail

| 04 June 2026

Bluestone Investor Day: Growth and scale-up

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BLUESTON outlined its long-term vision of building a scaled omnichannel jewellery platform, supported by structural tailwinds from increasing affluence, rising participation of women in discretionary spending and continued shift towards organised jewellery retail. Management highlighted that consumers increasingly discover products online before transacting offline, positioning BLUESTON's integrated online-offline model favourably versus traditional retail formats.

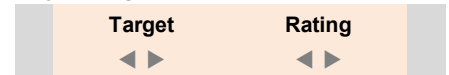
The company reiterated its focus on expanding the store network while maintaining healthy unit economics. Store count stood at 340 at FY26-end, with management targeting ~20% annual network expansion over the next four years. New stores are reaching operating breakeven within 3-4 months, while mature store cohorts continue to exhibit strong economics, with FY19-20 stores generating ~25% store EBITDA margins, ~2.0x inventory turns and ~43% store-level ROIC. Management believes the current store base remains relatively young, with over half the network less than three years old, providing scope for further productivity and profitability improvement as stores mature.

Management highlighted that growth is increasingly being driven by a combination of customer acquisition, repeat purchases and higher average order values. Total customers increased to 9.4 lakh from 2.6 lakh in FY22, repeat rates improved to 45% from 30%, while AOV increased to Rs 66,000 from Rs 28,060 in FY23. Older store cohorts continue to report ~30% SSG, suggesting limited evidence of maturity-related slowdown at this stage.

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Lavita Lasrado
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Key changes



Ticker/Price	BLUESTON IN/Rs 535
Market cap	US\$ 851.0mn
Free float	84%
3M ADV	US\$ 2.9mn
52wk high/low	Rs 793/Rs 400
Promoter/FPI/DII	16%/35%/32%

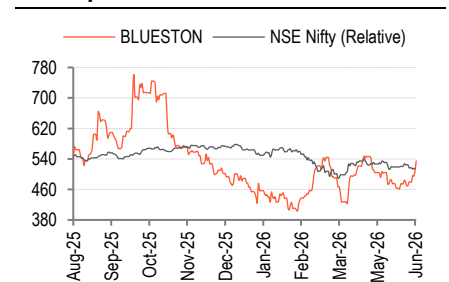
Source: NSE | Price as of 4 Jun 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	24,364	30,870	38,872
EBITDA (Rs mn)	3,895	3,972	5,944
Adj. net profit (Rs mn)	204	151	1,293
Adj. EPS (Rs)	1.3	1.0	8.5
Consensus EPS (Rs)	1.3	(1.3)	5.8
Adj. ROAE (%)	1.5	0.8	6.9
Adj. P/E (x)	399.5	538.5	63.0
EV/EBITDA (x)	22.6	21.0	13.5
Adj. EPS growth (%)	(118.1)	(25.8)	755.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Jewellery shines, QSR recovers

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Retail Jewellery - strong demand sustains, despite record gold prices; inventory gains support earnings: Demand remained exceptionally strong despite record gold prices, driven by healthy wedding purchases, old-gold exchange and continued store expansion. Revenue growth across our coverage stayed robust at 45-123% YoY, supported by healthy same-store sales growth of 34-86%, strong ticket-size growth as well as continued market-share gains by organised players. Profitability benefited from inventory gains, operating leverage and favourable product mix; driving EBITDA growth and margin expansion across most companies. Store additions remained healthy, while the improving studded and non-gold jewellery mix continued to support medium-term profitability. Management commentary remained constructive on FY27 demand trends, although most players indicated that margins are likely to normalise from elevated FY26 levels as inventory gains moderate. The recent hike in gold import duty from 6% to 15% will also likely support near-term inventory gains and could further reinforce consumer preference towards lightweight, lower-ticket jewellery categories.

QSR – KFC leads recovery; Pizza Hut weakness moderates: Q4'26 witnessed a gradual improvement in demand trends across the QSR space. KFC emerged as the standout performer, delivering its highest SSSG in the last 14 quarters (4–5% across Sapphire and Devyani) — aided by strong value propositions and the improving consumer traction. Pizza Hut continued witnessing negative SSSG, though the pace of decline moderated sequentially (DIL: -3.7%; Sapphire: -7.0%), indicating early signs of stabilisation. WFL reported healthy sales growth of 8.7%, with positive SSSG of 1.5%; while margins improved modestly. JFL remained resilient, though growth moderated to 6.4% YoY, as Domino's LFL growth remained largely flat (0.2%) on a high base, while margins stayed stable, supported by the gross-margin expansion.

Top picks: We prefer Skygold, driven by the scale-up of its advanced gold and value-added jewellery businesses — which are expected to improve margins, ROCE and cash flow generation, while supporting sustainable long-term growth.



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BUY – Expected return >+15%

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SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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