

Rating: Subscribe for Long Term

Issue Offer

Fresh Issue of 15,860,735 shares up to INR 8,200 Mn & OFS issue of 13,939,063 shares up to INR 7206.5 Mn by Promoters group taking the total issue size of 29,799,798 shares at INR 15,406.5 Mn.

Issue Summary

Price Band (INR)	492-517
Face Value (INR)	1
Implied Market Cap (INR mn)	78,232.6
Market Lot	29
Issue Opens on	Aug 11, 2025
Issue Close on	Aug 13, 2025
No. of share pre-issue	135,459,637
No. of share post issue	151,320,372
Listing	NSE / BSE

Issue Break-up (%)

QIB Portion	≤75
NIB Portion	≥15
Retail Portion	≥10

Book Running Lead Managers

Axis Capital Ltd
IIFL Capital Services Ltd
Kotak Mahindra Capital Company Ltd

Registrar

Kfin Technologies Ltd

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters & Others	18.28%	16.36%
Public & Others	81.7%	83.64%

Objects of the issue

- Funding working capital requirements.
- General corporate purposes.

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Bluestone Jewellery and Lifestyle Limited is a digital-first jewellery company that was founded in 2011. The company specializes in designing, manufacturing, and selling a wide range of certified high-quality gold, diamond, and other precious gemstone jewellery products. Its business model is omni-channel, combining a robust online presence with a network of 159 physical retail stores across 54 cities in India as of March 31, 2025. The company's in-house design team creates over 10,000 unique designs, and it also offers a 'Home Try-On' service and virtual try-on features to enhance the customer experience.

Investment Rationale

In-house Technology and Data-Driven Operations: A core strength of BlueStone is its in-house technology architecture, which drives its entire business. The company's proprietary IT stack integrates front-end and back-end operations, from online customer experience to manufacturing and inventory management. An in-house team of 42 members works to continuously enhance these capabilities, including features like 360-degree product views and a "try-at-home" service. The data-driven approach powered by AI and machine learning algorithms has also led to higher gross margins by guiding the company to introduce more profitable designs, such as studded jewellery.

Differentiated Product Design and Marketing: BlueStone stands out with a differentiated approach to product and design, catering to a target audience of 25-to 45-year-old men and women who prefer modern, unique styles over traditional ones. With over 7,400 designs and 91 collections, the company is well-positioned to capitalize on the growing "daily wear" jewellery segment. This focus on unique designs, combined with technology that reduces the need for skilled labor, allows them to stay ahead of market trends. Furthermore, BlueStone has built a strong brand identity through strategic marketing initiatives that focus on everyday situations, resulting in high brand popularity despite low marketing spends.

Pan-India Presence with Healthy Unit Economics: BlueStone's extensive pan-India store presence is a key strength that complements its online strategy. As of March 31, 2025, the company had 275 stores across 117 cities, including Tier-I, Tier-II, and Tier-III locations. This widespread network, which includes both Company Stores and Franchisee Stores, acts as a physical extension of its online channel, allowing for in-person customer interaction and increased brand visibility.

BlueStone's Competitive Strengths: BlueStone has established itself as a significant player in the Indian jewellery market by leveraging a strong omni-channel retail experience. As the second-largest digital-first brand in India, the company effectively blends its online platforms with a growing physical store network. This approach is particularly effective for high-value items like jewellery, where customers often want to see and feel the product before buying. BlueStone's strategy is bolstered by a high "online influenced" purchase rate, meaning their digital channels play a crucial role in driving customers to both online and offline sales.

Valuation & Outlook: The company is the second-largest digital-first omni-channel jewellery brand in India, has demonstrated robust revenue growth, increasing by 40% in FY25 to INR 18,300.4 mn, driven by a blended online and offline sales strategy. However, despite this strong top-line performance, the company faces significant risks, including persistent net losses which expanded to INR 2218.3 mn in FY25 and a reliance on debt, as reflected in a net debt-to-equity ratio of 0.66. At the upper band of INR 517, the issue is valued at an EV/EBITDA of 114.3x, based on FY25 and Price to sales of 4.3x. We are recommending a "Subscribe for Long Term" rating for this issue.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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