



Report on Gems & Jewellery Sector in India

18th September 2025

Prepared for Arjun Jewellers Limited

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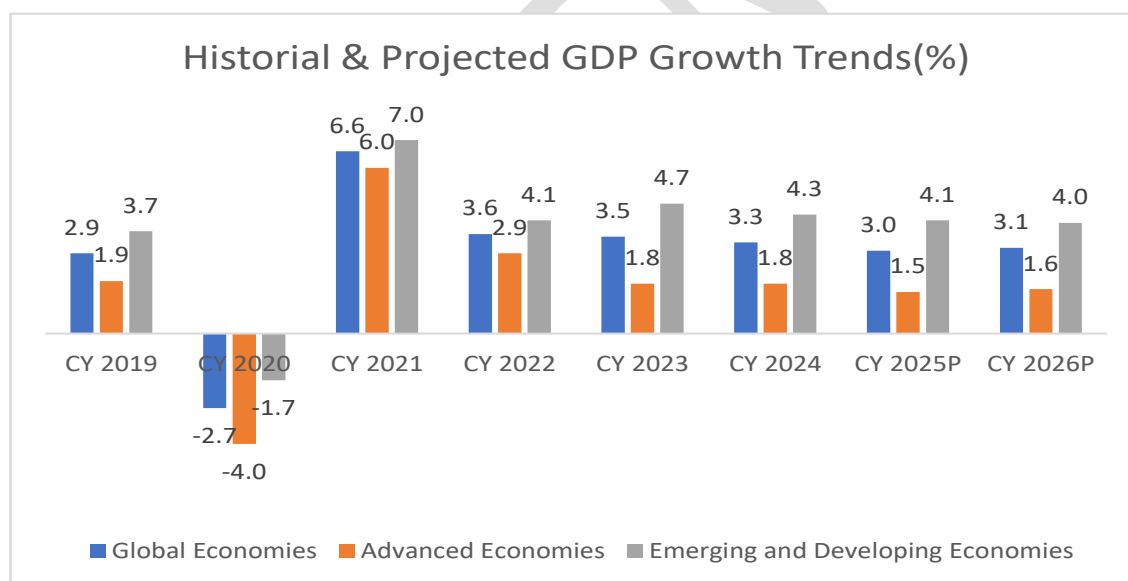
Global Macroeconomic Scenario

Global GDP Growth Pattern

The global economy, which recorded GDP growth at 3.3% in CY 2024, is expected to show moderation by growing at 3.0% in CY 2025. This marks the slowest expansion since 2020 and reflects a -0.3%point downgrade from January 2025 forecast. Moreover, the projection for CY 2026 has also reduced to 3.1%.

This slowdown is majorly attributed due to numerous factors such as high inflation in many economies despite central bank effort to curb inflation, continuing energy market volatility driven by geopolitical tensions particularly in Ukraine and Middle East, and the re-election of Donald Trump as US President extended uncertainty around the trade policies as well as overall global economic growth.

High inflation and rising borrowing costs affected the private consumption on one hand while fiscal consolidation impacted the government consumption on the other hand. As a result, global GDP growth is projected to slow down from 3.3% in CY 2024 to 3.0% in CY 2025.



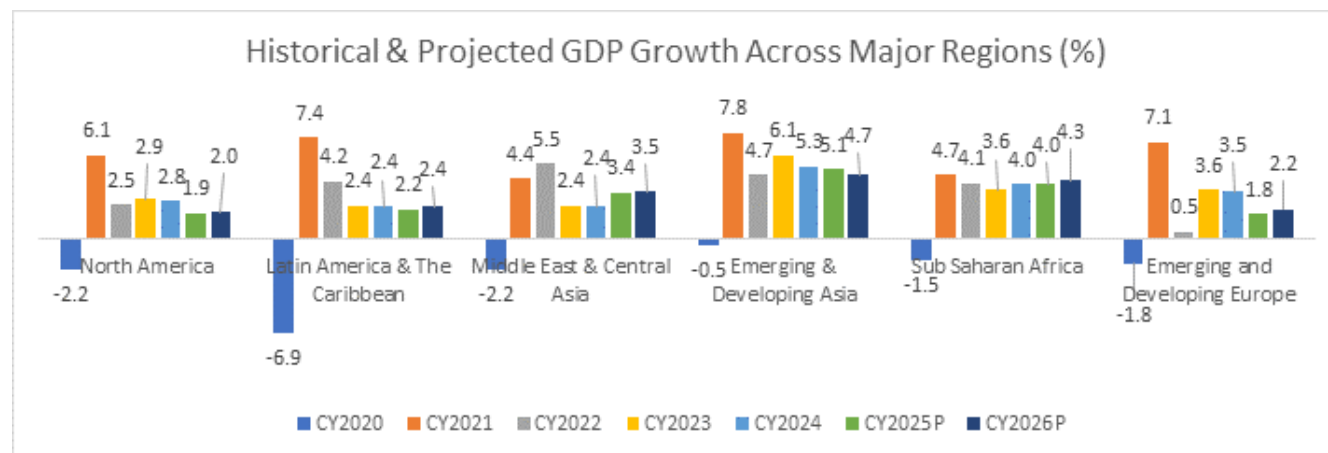
Source – IMF Global GDP Forecast Release July 2025, P-Projected

Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict criteria, economic or otherwise, and it has evolved over time. It comprises of 40 countries under the Advanced Economies including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected countries from the Euro Zone (Germany, Italy, France etc.). The group of emerging market and developing economies (156) includes all those that are not classified as Advanced Economies (India, China, Brazil, Malaysia etc.)

Economic Growth Trends Across Key Economies

GDP growth across major regions exhibited a mixed trend between 2022-23, with GDP growth in many regions including North America, Emerging and Developing Asia, and Emerging and Developing Europe slowing further in 2024. In 2025, GDP growth rate in Emerging and Developing Asia (India, China, Indonesia, Malaysia, etc.) is

expected to moderate further to 5.1% from 5.3% in the previous year, while in the North America, it is expected to moderate to 1.9% in CY 2025 from 2.8% in CY 2024. Similarly in Emerging and Developing Europe is expected to moderate further to 1.8% from 3.5% in the previous year.



Source-IMF World Economic Outlook July 2025 update;P-Projected

Except Middle East & Central Asia, all other regions like Emerging and Developing Asia, Emerging and Developing Europe, Latin America & The Caribbean, Sub Saharan Africa and North America, are expected to record a moderation in GDP growth rate in CY 2025 as compared to CY 2024. Further, growth in the United States is expected to come down at 1.9% in CY 2025 from 2.8% in CY 2024 due to lagged effects of monetary policy tightening, gradual fiscal tightening, and a softening in labour markets slowing aggregate demand.

Global Economic Outlook

The global macroeconomic environment remains shaped by divergent regional trends and continued geopolitical and policymaking uncertainties. A wave of new U.S. tariffs, mostly effective from August 7, 2025 has shaken markets and raised costs for global trade. On August 1, 2025, the U.S. announced higher tariff rates for countries from which it imports goods, with most of the rates effective from August 7 2025 itself. A 15% rate will act as a baseline floor for countries with which the U.S. has a trade deficit; a 10% rate applies for those with which the U.S. has a trade surplus. However, there are some countries that are subject to higher U.S. tariffs.

In North America, the United States continues to engage in trade negotiations with multiple countries and has announced plans to introduce sector-specific tariffs, targeting industries such as copper and pharmaceuticals. However, talks with Canada have stalled, despite Canada's decision to withdraw its Digital Services Tax in an effort to ease tensions. As a result, the U.S. imposed a 35% tariff on Canadian goods that do not meet USMCA compliance standards, effective August 1. This move has further strained bilateral relations and added complexity to the regional trade landscape.

By August 7, 2025 the U.S. had announced increased tariffs of 15-50% on Asian economies, with most rates around 20%. Although these tariffs are lower than the levels announced in April, they remain higher than those applied to most Western counterparts, impacting exporters such as Taiwan Region (20%) and India (25%, with the U.S. saying this could rise to 50% at the end of August). Moreover, earlier in the year 2025, on July 28, the US imposed a 15% tariff on most EU imports under a new trade agreement, impacting Nordic countries such as Denmark, Finland, and Sweden. Key exemptions include aircraft parts and semiconductor equipment, while steel and aluminum continue to face 50% tariffs.

Tariffs and their unpredictable application have weighed on consumer and business sentiment, sunk global stock markets, raised recession risks, and made a global slowdown more likely. Our latest Global Business Optimism Insights report for indicates a further decline in business optimism as firms continue to grapple with trade-related policy uncertainty and its broader economic implications. Export-driven sectors reported sharp declines in optimism. Financial risk perceptions remain elevated as businesses contend with high borrowing costs and persistent inflation expectations. More broadly, the uncertainty is reflected in delayed capital expenditure and a pullback in hiring.

Tariffs have begun to exert pressure on central banks by contributing to inflationary pressures and increasing financial market volatility. Central banks are adjusting forward guidance and policy frameworks and may begin to consider the likelihood of softer growth being a bigger priority than high inflation by starting to cut interest rates to support economies. For businesses, this uncertainty translates into unpredictable cost structures, fluctuating credit availability, and the management of operational costs through diversified supply networks.

Our latest Global Business Optimism Insights report reveals a further decline in business optimism, though at a more moderate pace than in the prior quarter, as businesses continued to grapple with trade-related policy uncertainty and its broader economic implications. Export-driven sectors such as automotives, electricals, and metals saw sharp declines in optimism, particularly in the U.S., Mexico, South Korea, and Japan, where rising tariffs and shifting trade policies have fueled cost pressures and demand volatility. Financial risk perceptions remain elevated.

Global Growth Projection

At broader level, the global economy is expected to experience a slowdown in 2025, with GDP growth projected to decline to 3.0%, down from 3.3% in 2024. This deceleration reflects persistent inflationary pressure, geopolitical uncertainties and tightened monetary policies. However, a slight recovery is anticipated in 2026, with growth projected to improve to 3.1%. Global inflation is expected to decline steadily, to 4.2% in 2025 and to 3.6% in 2026. Inflation is projected to converge back to the target earlier in advanced economies, reaching 2.2% in 2026, whereas in emerging market and developing economies, it is anticipated to decrease to 4.6% during the same period. Trade tariffs function as a supply shock for the countries imposing them, leading

to a decrease in productivity and an increase in unit costs. Countries subject to tariffs experience a negative demand shock as export demand declines, placing downward pressure on prices. In each scenario, trade uncertainty introduces an additional layer of demand shock since businesses and households react by delaying investment and spending, and this impact could be intensified by stricter financial conditions and heightened exchange rate volatility. Moreover, Global trade growth is expected to slow down in 2025 to 1.7%. This forecast reflects increased tariff restrictions affecting trade flows and, to a lesser extent, the waning effects of cyclical factors that have underpinned the recent rise in goods trade. Geopolitical tensions as seen in the past such as the wars in Ukraine and the Middle East could exacerbate inflation volatility, particularly in energy and agricultural commodities.

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Indian Macroeconomic Scenario

India emerged as one of the fastest growth economies amongst the leading advanced economies and emerging economies. In CY 2024, even amidst geopolitical uncertainties, particularly those affecting global energy and commodity markets, India continues to remain one of the fastest growing economies in the world and is expected to grow by 6.4% in CY 2025.

Country	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025 P	CY 2026 P
India	-5.8%	9.7%	7.6%	9.2%	6.5%	6.4%	6.4%
China	2.3%	8.6%	3.1%	5.4%	5.0%	4.8%	4.2%
United States	-2.2%	6.1%	2.5%	2.9%	2.8%	1.9%	2.0%
Japan	-4.2%	2.7%	0.9%	1.4%	0.2%	0.7%	0.5%
United Kingdom	-10.3%	8.6%	4.8%	0.4%	1.1%	1.2%	1.4%
Russia	-2.7%	5.9%	-1.4%	4.1%	4.3%	0.9%	1.0%

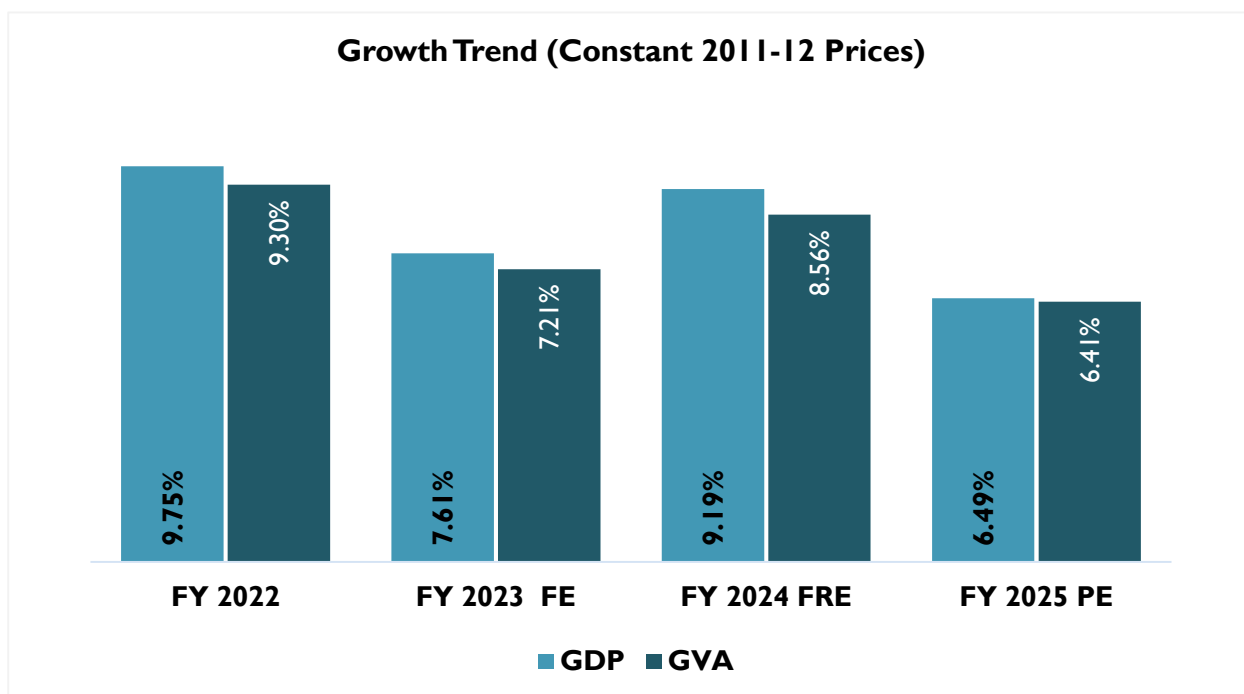
Source: World Economic Outlook, July 2025, P-Projected

The Government stepped spending on infrastructure projects to boost the economic growth had a positive impact on economic growth. The annual growth in capital expenditure of the central government moderated to 7.27% in FY 2025 against the average of 26.52% in the previous two fiscal which translated in moderation GDP growth in 2024 to 6.5% against 9.2% in the previous calendar year.

In the Union Budget 2025-2026, the government announced INR 11.21 billion capex on infrastructure (10.12% higher than previous year revised estimates) coupled with INR 1.5 trillion in interest-free loans to states. This has provided much-needed confidence to the private sector and is expected to attract the private investment and support India's economic growth in the current year.

Historical Growth Trend

As per the latest estimates, India's GDP at constant prices is estimated to grow to INR 187.96 trillion in FY 2025 (Provisional Estimates) with the real GDP growth rates estimated to be 6.5% for FY 2025. Similarly, real Gross Value Added (GVA) growth stood is estimated to have moderated to 6.4% in FY 2025. Even amidst global economic uncertainties, India's economy exhibited resilience supported by robust consumption and government spending.

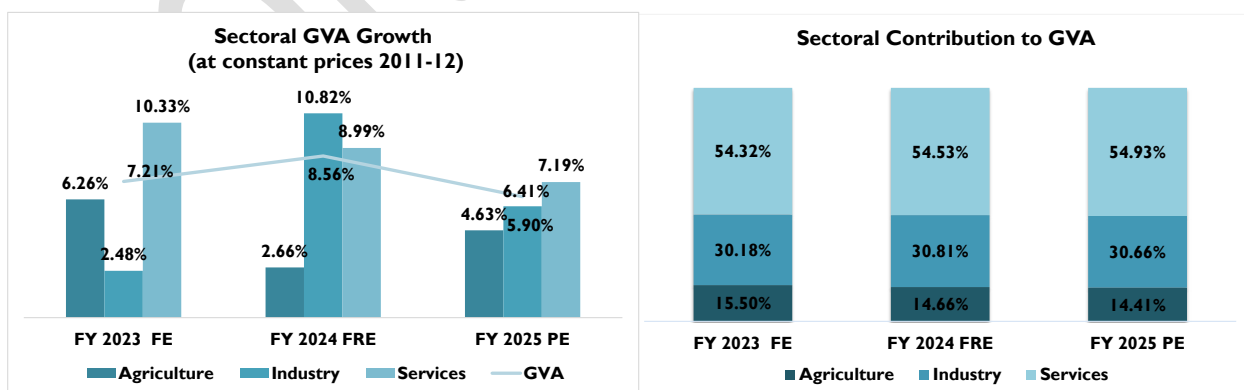


Source: Ministry of Statistics & Programme Implementation (MOSPI), National Account Statistics: FY2025.

FE is Final Estimates, FRE is First Revised Estimate and PE is Provisional Estimates

Sectoral Contribution to Economic Growth

Sectoral analysis of GVA reveals that the industrial sector experienced a moderation in FY 2025, recording a 5.90% y-o-y growth against 10.82% year-on-year growth in FY 2024. Within the industrial sector, growth moderated across sub sector with mining, manufacturing, and construction activities growing by 2.69%, 4.52%, and 9.35% respectively in FY 2025, compared to 3.21%, 12.30%, and 10.41% in FY 2024. Growth in the utilities sector too moderated to 6.03% in FY 2025 from 8.64% in the previous year. The industrial sector's contribution to GVA moderated marginally from 30.81% in FY 2024 to 30.66% in FY 2025.



Source: Ministry of Statistics & Programme Implementation (MOSPI)

FE is Final Estimates, FRE is First Revised Estimate and PE is Provisional Estimates

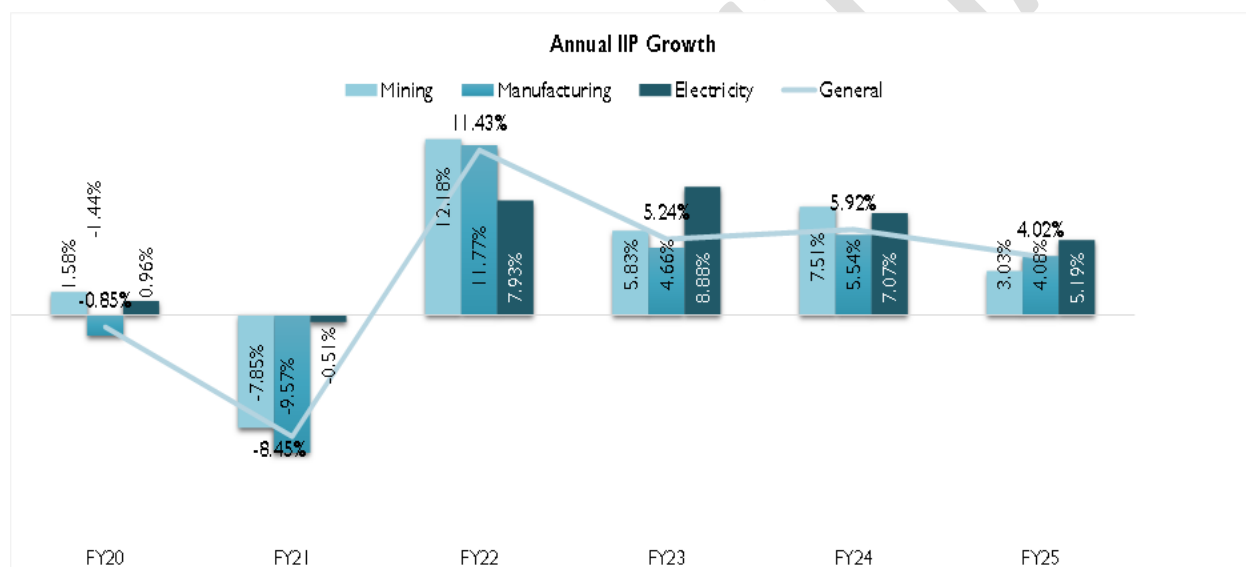
The services sector continued to be the main driver of economic growth, although its pace moderated. It expanded by 7.19% in FY 2025 from 8.99% in FY 2024. The services sector retained its position as the largest

contributor to GVA, rising from 54.32% in FY 2023 to 54.53% in FY 2024, with a further increase to 54.93% in FY 2025.

The agriculture sector saw an acceleration, with growth increasing from 2.66% in FY 2024 to 4.63% in FY 2025. However, its contribution to GVA declined marginally from 14.66% in FY 2024 to 14.41% in FY 2025. Overall, Gross Value Added (GVA) growth moderated to 6.41% in FY 2025 from 8.56% in FY 2024

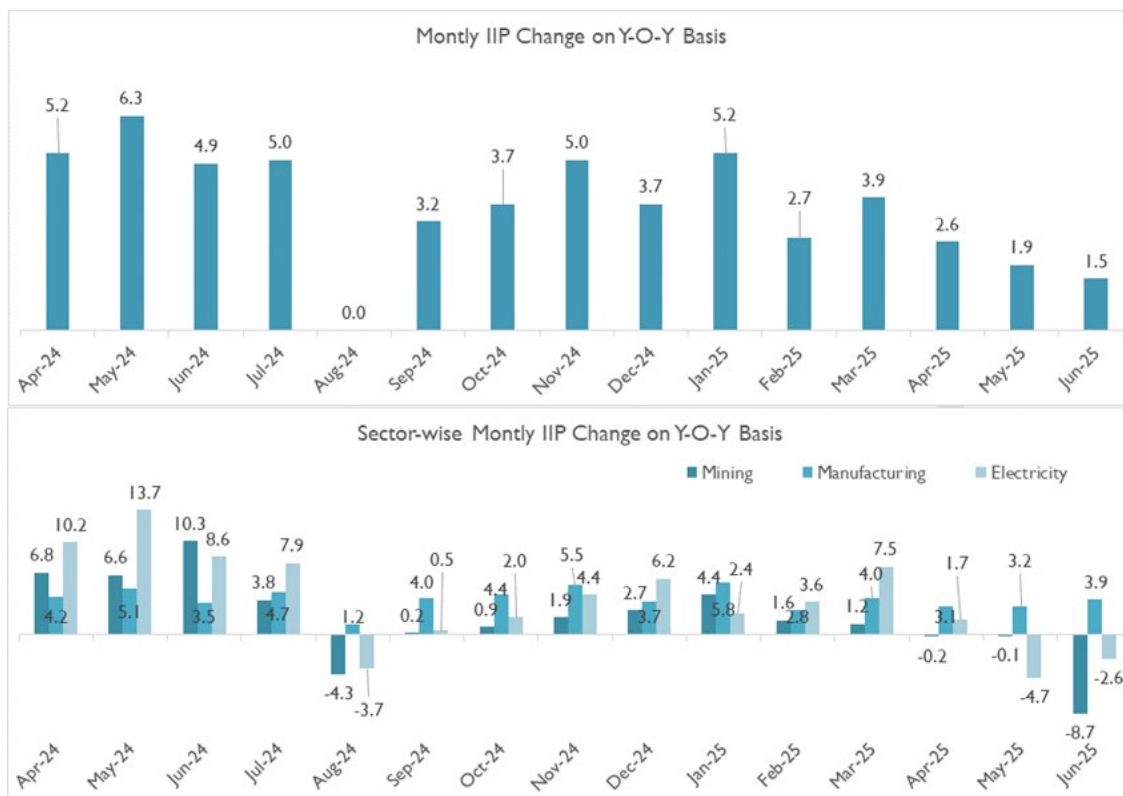
Industrial Activity in India

Industrial sector performance as measured by IIP index exhibited moderation in FY 2025, recording a 4.02% y-o-y growth against 5.92% increase in the previous year. The manufacturing index showed moderation and grew by 4.08% in FY 2025 against 5.54% in FY 2024. Mining sector index too moderated and exhibited a growth of 3.03% in FY 2025 against 7.51% in the previous years while the Electricity sector Index, also witnessed moderation of 5.19% in FY 2025 against 7.07% in the previous year.



Source: Ministry of Statistics & Programme Implementation (MOSPI)

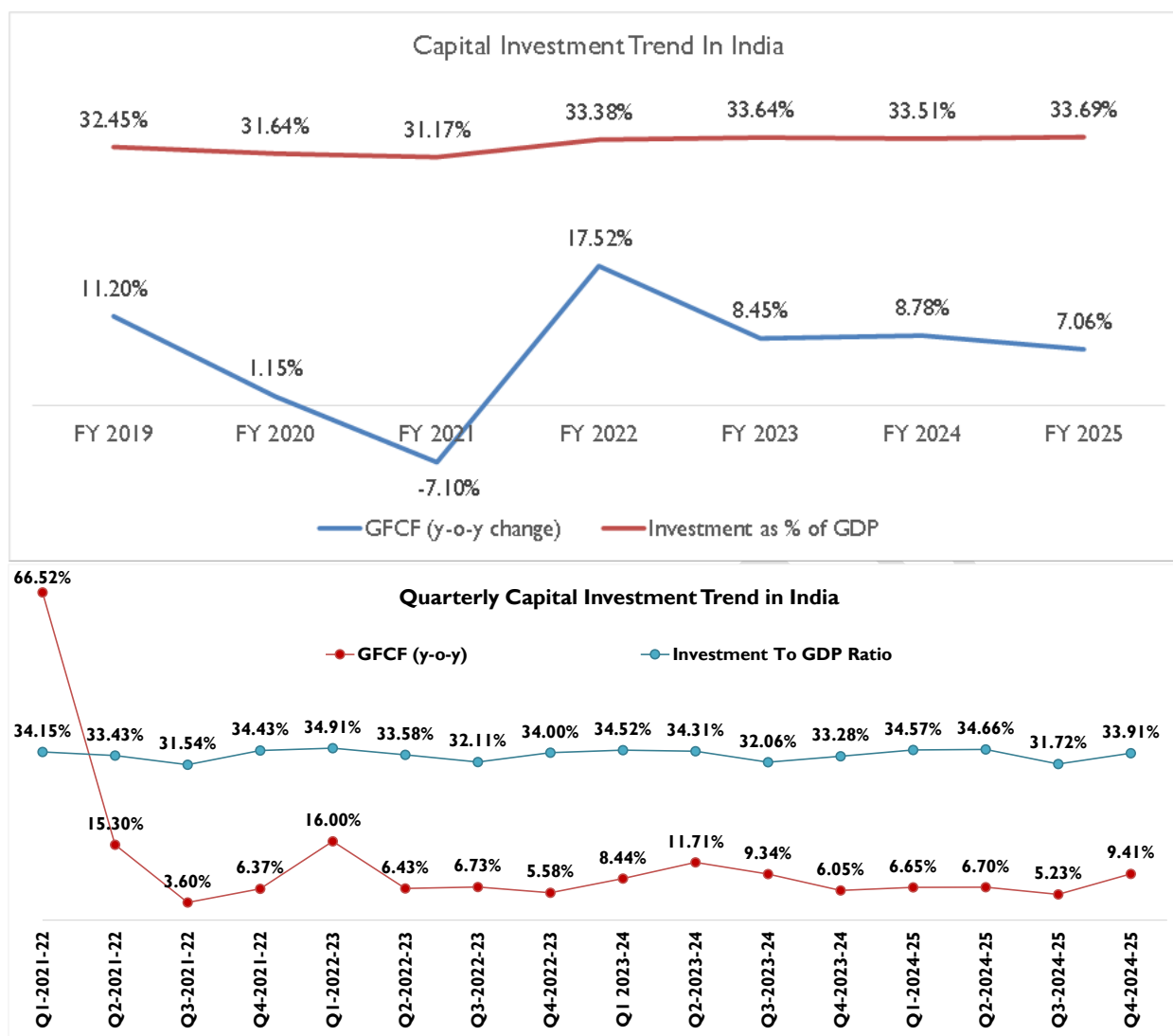
The IIP growth rate for the month of June 2025 is 1.5% which was 1.9% in the month of May 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of May 2025 are (-)8.7%, 3.9% and (-)2.6% respectively.



Source: Ministry of Statistics & Programme Implementation (MOSPI)

Investment & Consumption Scenario

Other major indicators such as Gross fixed capital formation (GFCF), a measure of investments, has shown fluctuation during FY 2025 as it registered 7.06% year-on-year growth against 8.78% yearly growth in FY 2024, taking the GFCF to GDP ratio measured to 33.69%.

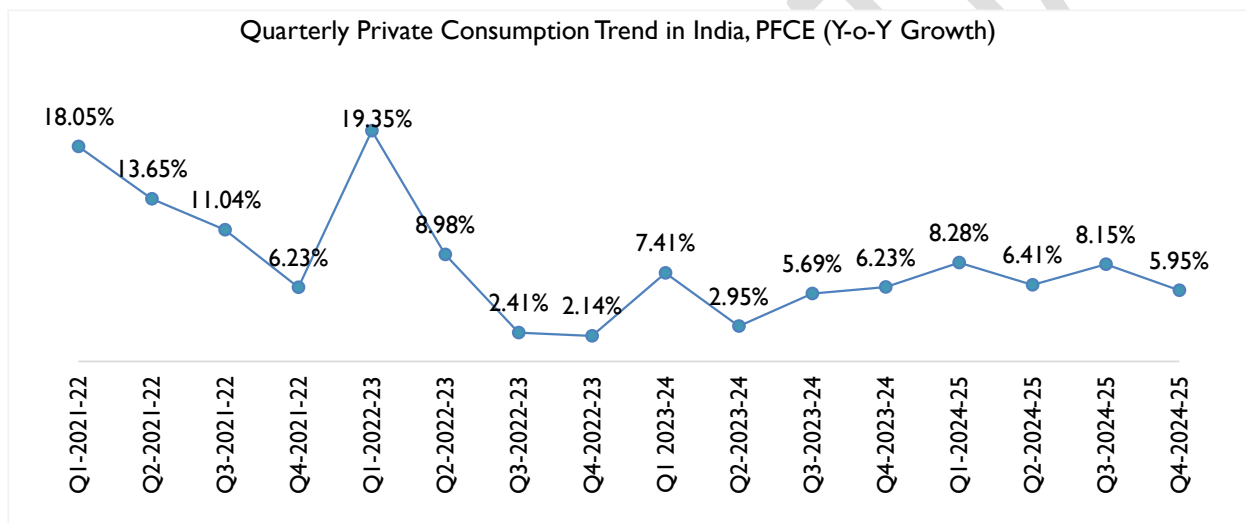
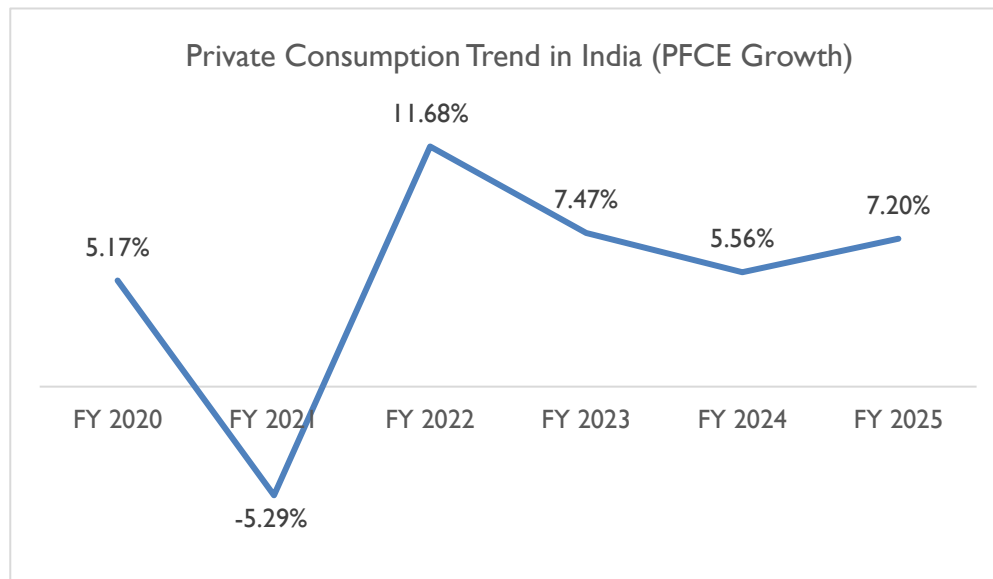


Source: Ministry of Statistics & Programme Implementation (MOSPI)

On quarterly basis, GFCF exhibited a fluctuating trend in quarterly growth over the previous year same quarter. In FY 2024, the growth rate moderated to 6.05% in March quarter against the previous two quarter as government went slow on capital spending amidst the 2024 general election while it observed an improvement in Q1 FY 2025 by growing at 6.65% against 6.05% in the previous quarter and moderated in the subsequent two quarter. On yearly basis, the growth rate remained lower compared to the same quarter in the previous year during FY 2025. The GFCF to GDP ratio measured 33.91% in Q4 FY 2025.

Private Consumption Scenario

Private Final Consumption Expenditure (PFCE) a realistic proxy to gauge household spending, observed growth in FY 2025 as compared to FY 2024. However, quarterly data indicated some improvement in the current fiscal as the growth rate improved over the corresponding period in the last fiscal.



Sources: MOSPI

Inflation Scenario

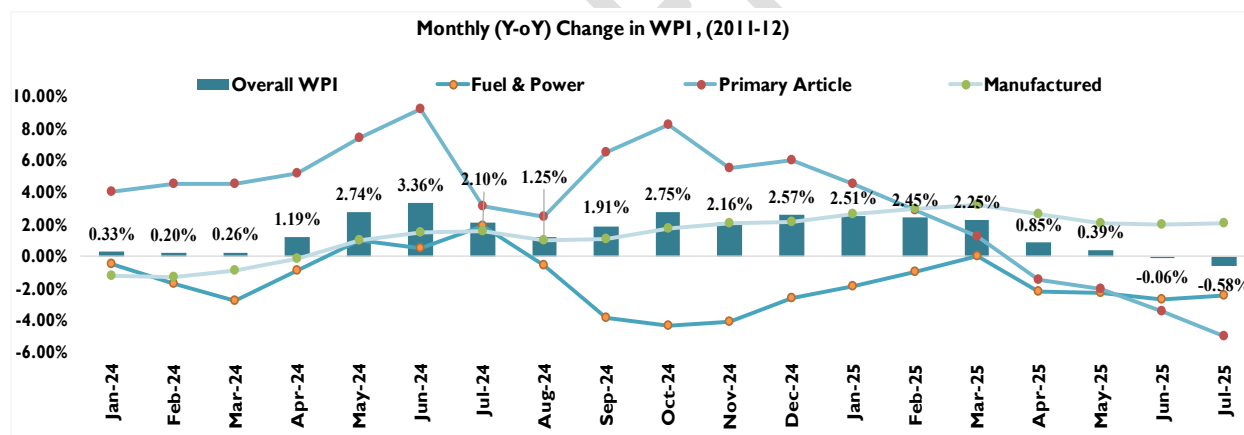
The inflation rate based on India's Wholesale Price Index (WPI) exhibited significant fluctuations across different sectors from January 2024 to July 2025. The annual rate of inflation based on All India Wholesale Price Index (WPI) number is (-) 0.58% (provisional) for the month of July, 2025 (over July, 2024). Negative rate of inflation in July 2025 is primarily due to increase in prices of manufacture of food products, electricity, other manufacturing, chemicals and chemical products, manufacture of other transport equipment and non-food articles etc.

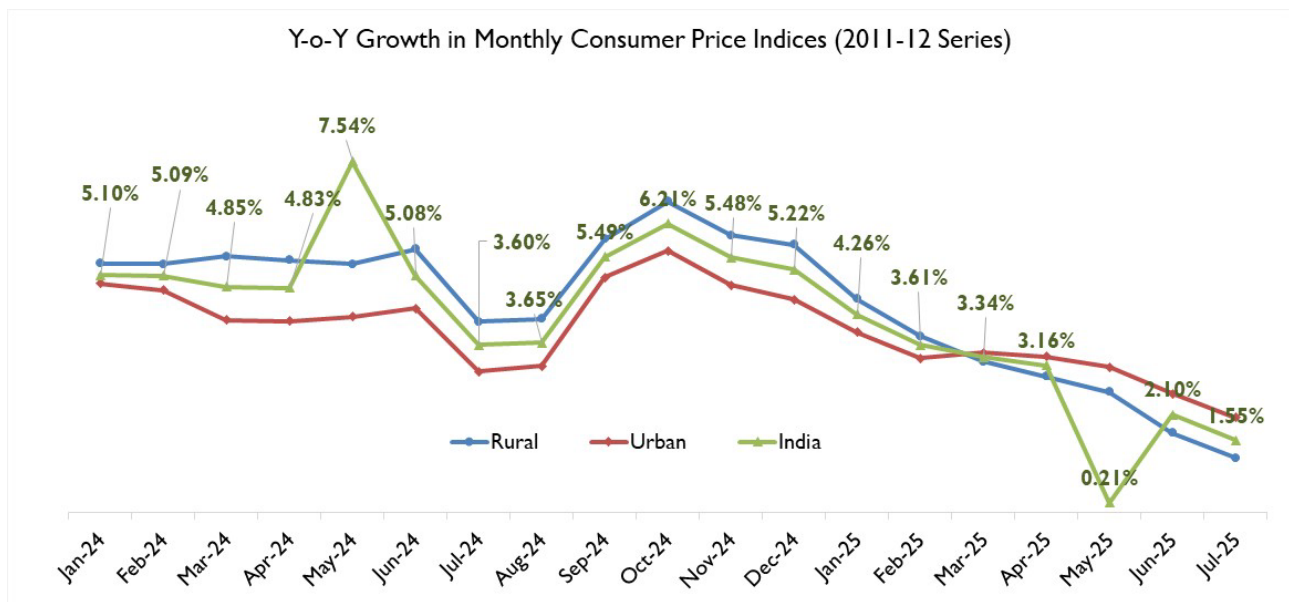
By July 2025, Primary Articles (Weight 22.62%), - The index for this major group increased by 1.18 % from 185.8 (provisional) for the month of June 2025 to 188.0 (provisional) in July, 2025. Price of Crude Petroleum & Natural

Gas (2.56%), non-food articles (2.11%) and food articles (0.96%) increased in July, 2025 as compared to June, 2025. The price of minerals (-1.08%) decreased in July, 2025 as compared to June, 2025.

Moreover, power & fuel, the index for this major group increased by 1.12% from 143.0 (provisional) for the month of June, 2025 to 144.6 (provisional) in July, 2025. The price of mineral oils (1.98%) increased in July, 2025 as compared to June, 2025. Price of coal (-0.44%) and electricity (-0.36%) decreased in July, 2025 as compared to June, 2025.

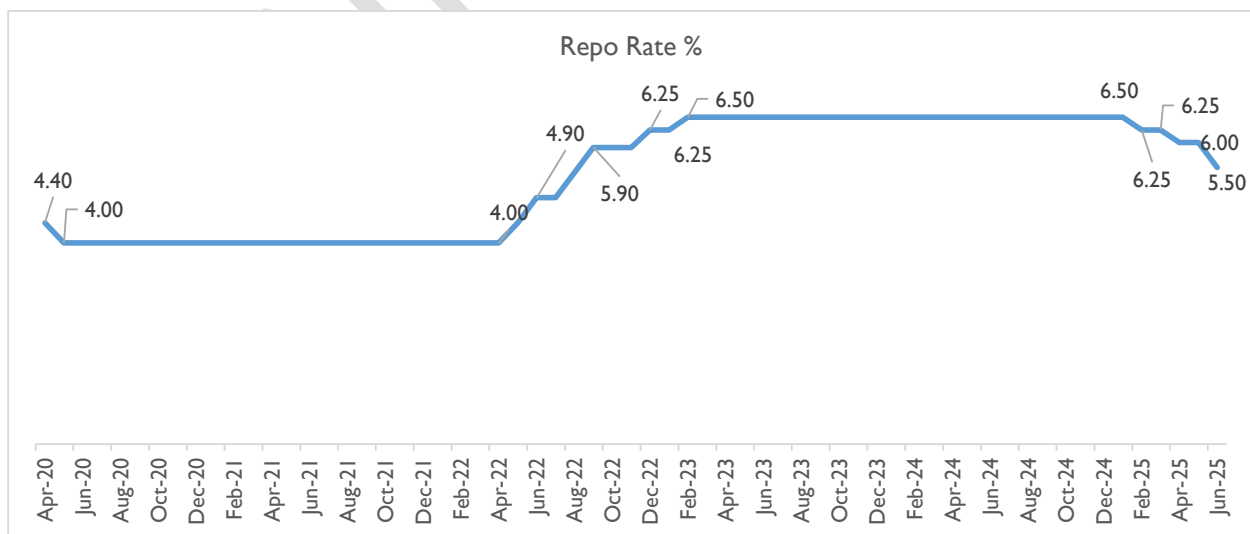
Furthermore, Manufactured Products (Weight 64.23%), The index for this major group declined by 0.14% from 144.8 (provisional) for the month of June, 2025 to 144.6 (provisional) in July, 2025. Out of the 22 NIC two-digit groups for manufactured products, 9 groups witnessed an increase in prices, 9 groups witnessed a decrease in prices and 4 groups witnessed no change in prices. Some of the important groups that showed month-over-month increase in prices were other manufacturing; other transport equipment; motor vehicles, trailers and semi-trailers; other non-metallic mineral products and furniture etc. Some of the groups that witnessed a decrease in prices were manufacture of basic metals; fabricated metal products, except machinery and equipment; food products; chemicals and chemical products and paper and paper products etc in July, 2025 as compared to June, 2025.





Source: MOSPI, Office of Economic Advisor

Retail inflation rate (as measured by the Consumer Price Index) in India showed notable fluctuations between January 2024 and July 2025. Overall, the national CPI inflation rate moderated to 1.55% by July 2025, indicating a gradual easing of inflationary pressures across both rural and urban areas. Rural CPI inflation peaked at 6.68% in October 2024, declining to 1.18% in July 2025. Urban CPI inflation followed a similar trend, rising to 5.62% in October 2024 and then dropping to 2.05% in July 2025. CPI measured above 6.00% tolerance limit of the central bank since July 2023. As a part of an anti-inflationary measure, the RBI has hiked the repo rate by 250 bps since May 2022 and 8 Feb 2023 while it held the rate steady at 6.50 % till January 2025. On 6th June 2025, RBI reduced the repo rate by 50 basis points which currently stands at 5.50%.



Sources: CMIE Economic Outlook

Rs vs USD Analysis

Rupee-USD Exchange Rate Trends

The value of Indian Rupee was Rs 58.78 /USD in May 2014 and it as on August 2025 was Rs 88.03/USD. Intensification of US Dollar against INR implies the economy is impacted positively owing to development of the export competitiveness of Indian exports. The strengthening of USD is also partly linked to the new tariffs imposed by the current U.S Administration imposed to relieve the trade deficit of U.S.

Devaluation of the rupee could rise due to the prices of imported goods. Though, the overall impact of exchange rate depreciation on domestic prices depends on the extent of the price-transmission of international commodity prices to the domestic market. Furthermore, the imports in the economy also depends on various factors including the demand and supply of commodities in the international market, kind of tradeable (i.e. essential or luxury items), freight costs, availability of substitutes goods etc. Thus, the impact of movement of the exchange rate on the import cost and hence on domestic

Growth Outlook

The Union Budget 2025-26 has laid the foundation for sustained growth by balancing demand stimulation, investment promotion and inclusive development. Inflation level is reaching within the central bank's target; the RBI may pursue further monetary easing that will support growth. The medium-term outlook is bright, fueled by the emphasis on physical and digital infrastructure spending.

With a focus on stimulating demand, driving investment and ensuring inclusive development, the budget introduces measures such as tax relief, increased infrastructure spending and incentives for manufacturing and clean energy. These initiatives aim to accelerate growth while maintaining fiscal discipline, reinforcing India's long-term economic resilience. The expansion of tax relief i.e zero tax liability for individuals earning up to INR 12 lacs annually under the new tax regime is expected to strengthen household finances and, consequently, boost consumption.

The external sector remains resilient, and key external vulnerability indicators continue to improve. However, tariff-related uncertainty is likely to weigh on exports and investment, prompting us to cut our CY26 GDP growth forecast to 6.4%.

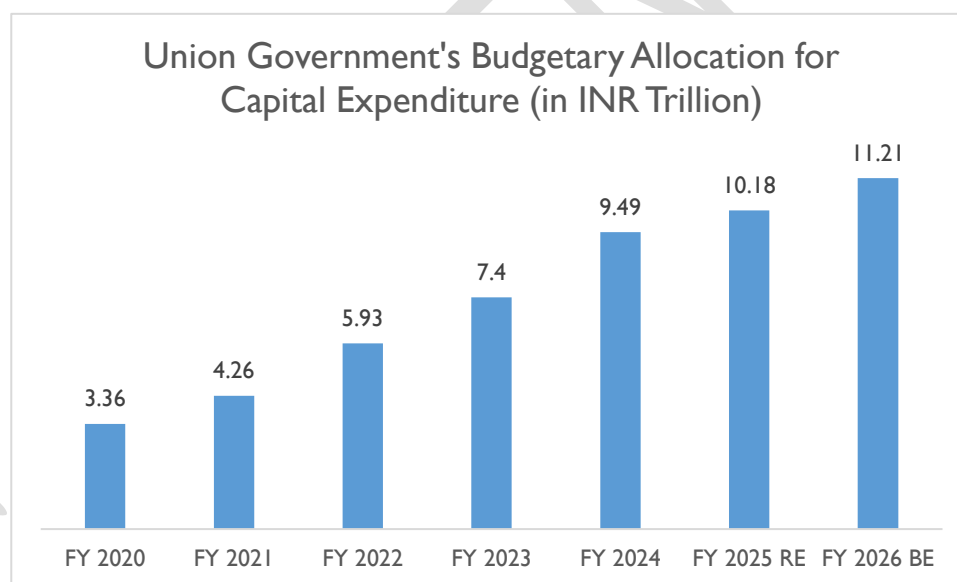
Factors Supporting Growth

Government focus on infrastructure development

Infrastructure development has remained recurring theme in India's economic development. As India aims to grow to a USD 5 trillion economy by 2027, Construction sector that include Infrastructure construction will be critical for boosting economic growth as it is the key growth enabler for several other sector. Infrastructure development provides impetus to other sectors like cement, bitumen, iron and steel, chemicals, bricks, paints,

tiles, financial services among others. A unit increase in expenditure in construction sector has a multiplier effect on other sectors with a capacity to generate income as high as five times in other sectors. The sector enjoys intense focus from the Government which is well reflection in higher budgetary allocations. To push the infrastructure development, government has also announced higher budgetary allocation, various arrangement for raising funds through road asset monetization plan and converting of NHAI's existing InvIT into a public one is also planned. With economic targeting to reach USD 5 trillion economy by 2027, demand for various infrastructure facilities such as power, cargo movement, passenger movement is likely to grow which necessitate steady capacity addition in infrastructure facilities.

The launch of flagship policies like National Infrastructure Pipeline (NIP), and PM Gati Shakti plan have provided the coordination & collaboration that was lacking earlier. Both NIP and PM Gati Shakti are ambitious billion-dollar plans that aim to transform India's infrastructure, elevating it to the next level. These projects are expected to improve freight movement, debottleneck the logistics sector, and improve the industrial production landscape, which would provide the incremental growth in GDP.



Union Budget, Government of India; RE – Revised Estimates ; BE – Budgeted Estimates

Value in INR BN	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25 RE	FY'26B .E	CAGR FY20-24	y-o-y Growth FY'26
Railway	678.42	299.26	1,172.71	1,592.56	2,426.48	2,523.77	2,520.00	37.52%	-0.10%
Road & Bridges	707.14	922.94	1,167.88	2,104.96	2,698.6 5	2,588.53	2,591.18	39.77%	0.10%
Energy & Power	13.74	30.19	35.2	20.83	69.99	59.77	106.46	50.23%	78.10%
Water Transport	0	0	4.68	5.44	10.11	7.08	12.55	NM	77.30%
Irrigation	2.59	1.33	1.59	1.38	1.8	2.41	4.86	-8.75%	101.50%
Urban Development	37.13	17.21	43.6	67.99	44.7	61.75	49.91	4.75%	-19.20%
Total of the above	1,439.02	1,270.92	2,425.65	3,793.17	5,251.74	5,243.31	5,284.96	38.22%	0.80%

y-o-y growth in FY 2026 is B.E. over RE, B.E is Budgeted Estimate and R.E. is revised estimates.

Witnessing the CAGR growth of the budgetary allocation historically, construction of the road & highway, railway, energy and power and Urban Infrastructure has remained a focused area over the period FY 2020-24. While in Union Budget 2025-26, spending towards energy and power, water transport and Irrigation increased substantially over the previous year revised estimated. Substantial budgetary allocation for the development of roads, railways, airports, and urban infrastructure, the government stimulates economic growth and improves public facilities.

Development of Domestic Manufacturing Capability

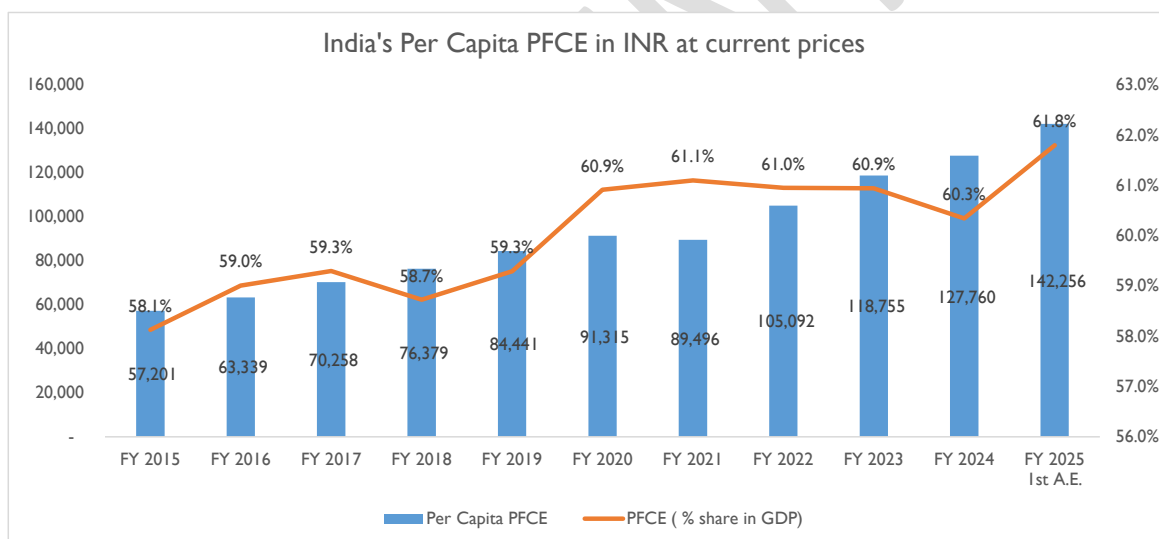
The Government launched Production Linked Incentive (PLI) scheme in early 2020, initially aimed at improving domestic manufacturing capability in large scale electronic manufacturing and gradually extended to other sectors. At present it covers 14 sectors, ranging from medical devices to solar PV modules. The PLI scheme provides incentives to companies on incremental sales of products manufactured in India. This incentive structure is aimed to attracting private investment into setting up manufacturing units and thereby beef up the domestic production capabilities. The overall incentives earmarked for PLI scheme is estimated to be INR 2 trillion. If fully realizing

the PLI scheme would have the ability to add nearly 4% to annual GDP growth, by way of incremental revenue generated from the newly formed manufacturing units.

Strong Domestic Demand

Domestic demand has traditionally been one of the strong drivers of Indian economy. After a brief lull caused by Covid-19 pandemic, the domestic demand is recovering. Consumer confidence surveys by Reserve Bank / other institutions are points to an improvement in consumer confidence index, which is a precursor of improving demand. India has a strong middle-class segment which has been the major driver of domestic demand. Factors like fast paced urbanization and improving income scenario in rural markets are expected to accelerate domestic demand further.

This revival is perfectly captured by the private final consumption expenditure (PFCE) metric. The PFCE at current prices is on steady rise from FY 2022 onwards. Between FY 2015-25, PFCE in India has improved by nearly 2.5 times its share in GDP has increased from 58.1% to about 61.8% in FY 2025 (as per the first advance estimates).



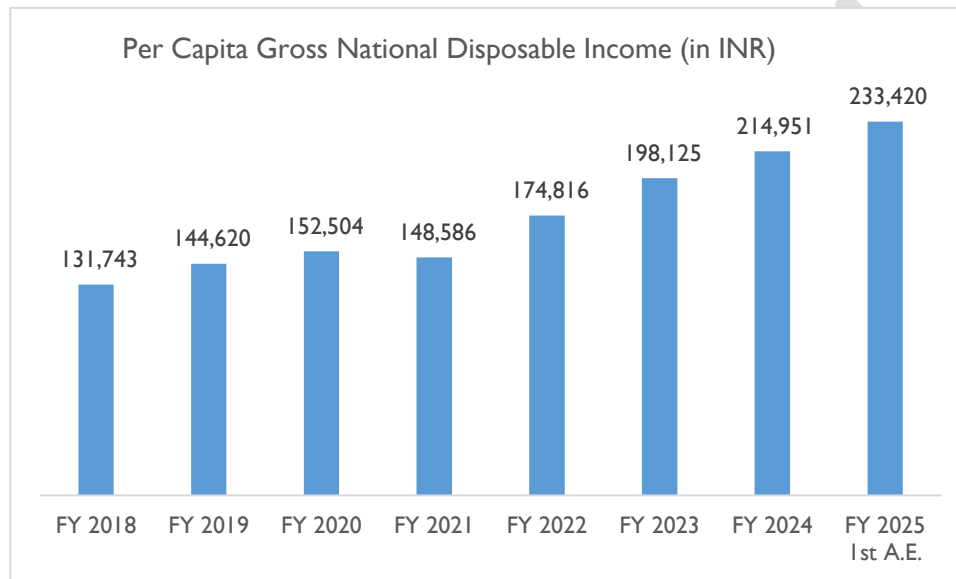
Source: Ministry of Statistics & Programme Implementation (MOSPI)

There are two factors that are driving this domestic demand: One the large pool of consumers and second the improvement in purchasing power.

- The share of middle class increased from nearly 14% in 2005 to nearly 30% in 2021 and is expected to cross 60% by 2047¹. This expanding middle class household segment is fuelling India's growth story and would continue to play a key role in propelling India's economic growth.

¹ As per the survey conducted by People Research on India's Consumer Economy. Households with annual income in the range of INR 5 – 30 lakh is considered as middle-class households.

- Consumer driven domestic demand is majorly fuelled by this growth in per capita income. As per National Statistics Office (NSO) As per National Statistics Office (NSO), India's per capita net national income (at constant prices) stood at INR 106,744 in FY 2024 against INR 99,404 in FY 2023 and INR 87,586 in FY 2018. This increase in per capita income has impacted the purchasing pattern as well as disposable income. The disposable income during the FY 2018-25 has increased from INR 131,753 to INR 233,420, increasing at CAGR 8.5% while in FY 2025 it is estimated to grow at 8.59% on year-on-year basis in FY 2025 against 8.49% in FY 2024.



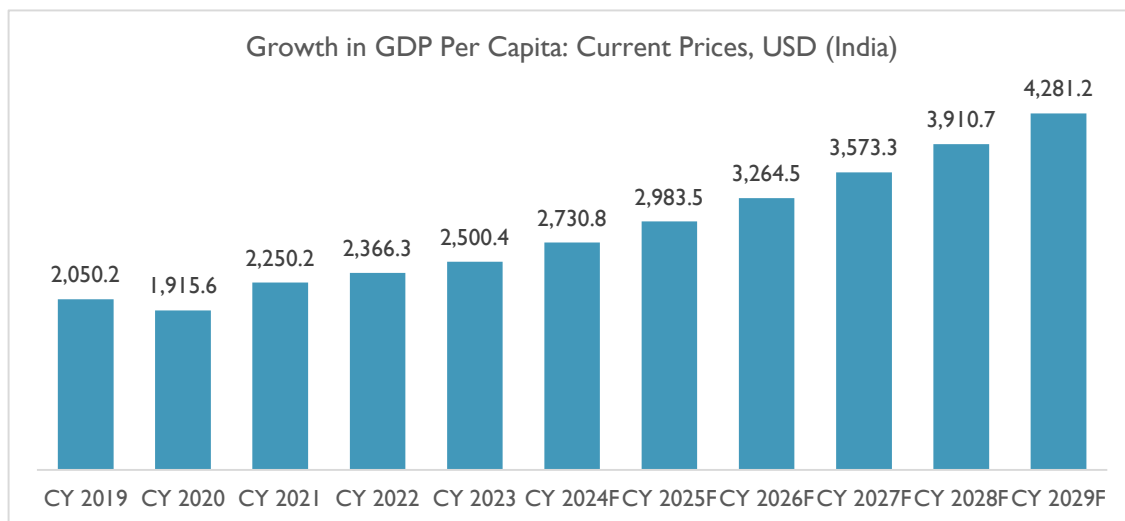
Source: Ministry of Statistics & Programme Implementation (MOSPI)

India's Per capita GDP trends

India is poised to become the world's third-largest economy with a projected GDP of USD 5 trillion within the next three years, driven by ongoing reforms. As one of the fastest-growing major economies, India currently holds the position of the fifth-largest economy globally, following the US, China, Japan, and Germany. By 2027-28, it is anticipated that India will surpass both Germany and Japan, reaching the third-largest spot.

This growth is bolstered by a surge in foreign investments and a wave of new trade agreements with India's burgeoning market of 1.4 billion people. The aviation industry is witnessing unprecedented orders, global electronics manufacturers are expanding their production capabilities, and suppliers traditionally concentrated in southern China's manufacturing hubs are now shifting towards India.

To achieve its vision of becoming the world's third-largest economy by 2027-28, India will need to implement transformative industrial and governmental policies. These policies will be crucial for sustaining the consistent growth of the nation's per capita GDP over the long term.

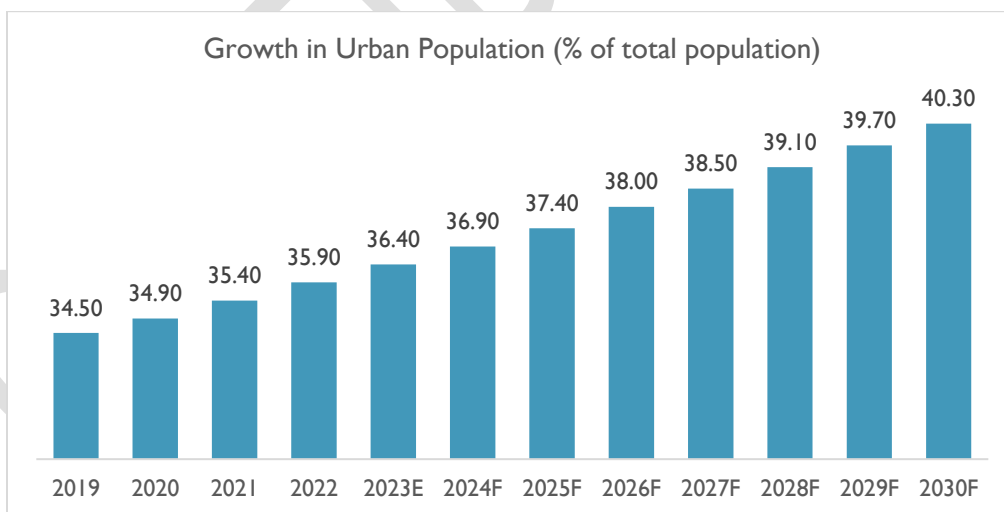


Source: IMF ; F- Forecasted

From CY 2024-29, India's per capita GDP is projected to grow at a compound annual growth rate of 9.4%. This growth will be driven by the service sector, which now accounts for over 50% of India's GDP, marking a significant shift from agriculture to services.

Increasing Urbanization

As per the handbook of urban statistics 2022, India's urban population has been on a steady rise, with urban dwellers accounting for over 469 million in 2021, is projected to soar to over 558 million by 2031 and further exceed to 600 million by 2036.



Source: World Bank² D&B Research and Estimates, F – Forecasted

The share of urban population in total population has been quickly escalating. In 2019, 34.5% of the total population was urban. By 2023, this is estimated to have reached to 36.4%, showing an increment of 2.1% in a

²<https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?end=2022&locations=IN&skipRedirection=true&start=1960&view=chart>

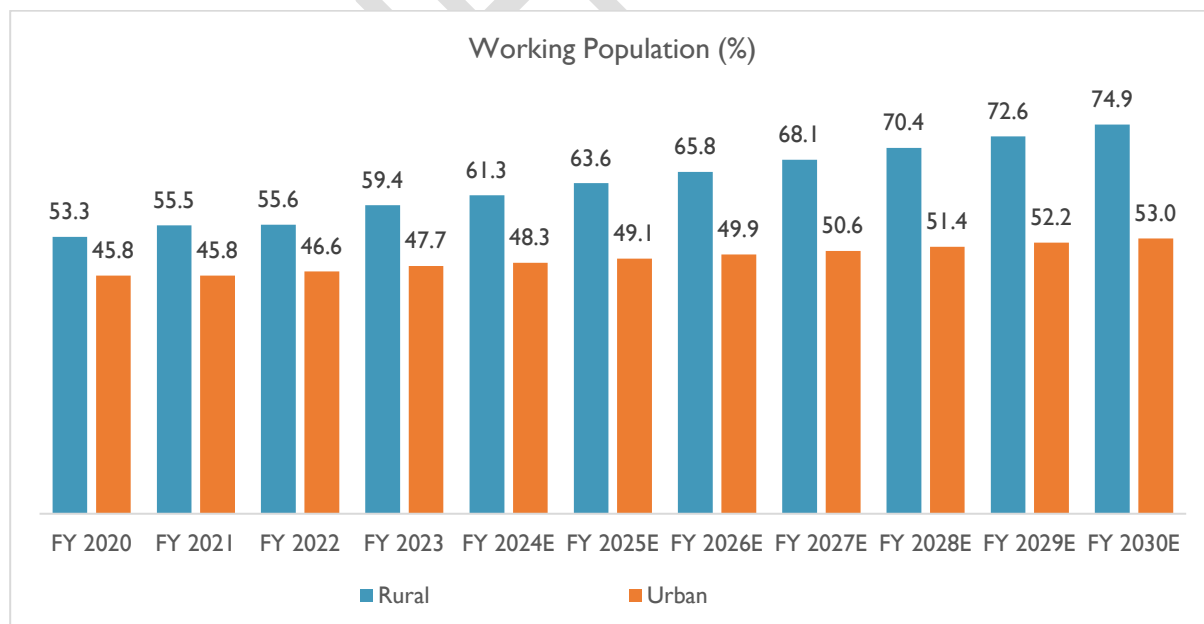
span of four years. The share of urban population is further forecasted to cross 40% by 2030. This increase in urban population is set to demand drastic changes in infrastructure development. Cities are a major driver for the construction industry. With cities expanding rapidly, there will be an increased need for improved housing, water supply, sewage systems, and electricity. Urban planning will need to account for higher population densities, necessitating the development of smart cities with integrated technology for efficient management of resources and services.

The Smart Cities Mission targeted at 100 cities is aimed at improving the quality of life through modernized/technology driven urban planning. This transformation will also require significant investment in public health, education, and recreational facilities to enhance the quality of urban living. The surge in urban population will also propel demand for improvement in multimodal transport infrastructure for freight and passenger travel requirement.

Rural Vs Urban Working Population Age Group

As India continues to experience economic growth and development, the working population in both rural and urban areas is increasing. In case of urban population, this growth is marked from a share of 45.8% in FY20 to 47.7% in FY23, whereas in rural areas, it grew from 53.3% in FY20 to 59.4% in FY23.

This growth is driven by a combination of factors, including demographic changes, economic policies, and the expansion of various industries. The rise in employment opportunities across sectors such as agriculture, manufacturing, services, and information technology has contributed to the overall increase in the working population, thereby fostering economic stability and enhancing the standard of living for many Indians.



Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023, D&B Research and Estimates

In urban areas, the working population is growing rapidly due to the proliferation of jobs in sectors like IT, finance, retail, and healthcare. Additionally, the development of infrastructure, such as improved transportation networks and housing, has made urban centers more accessible and desirable for the working population. In rural areas, the working population remains substantial, primarily due to the dominance of the agricultural sector.

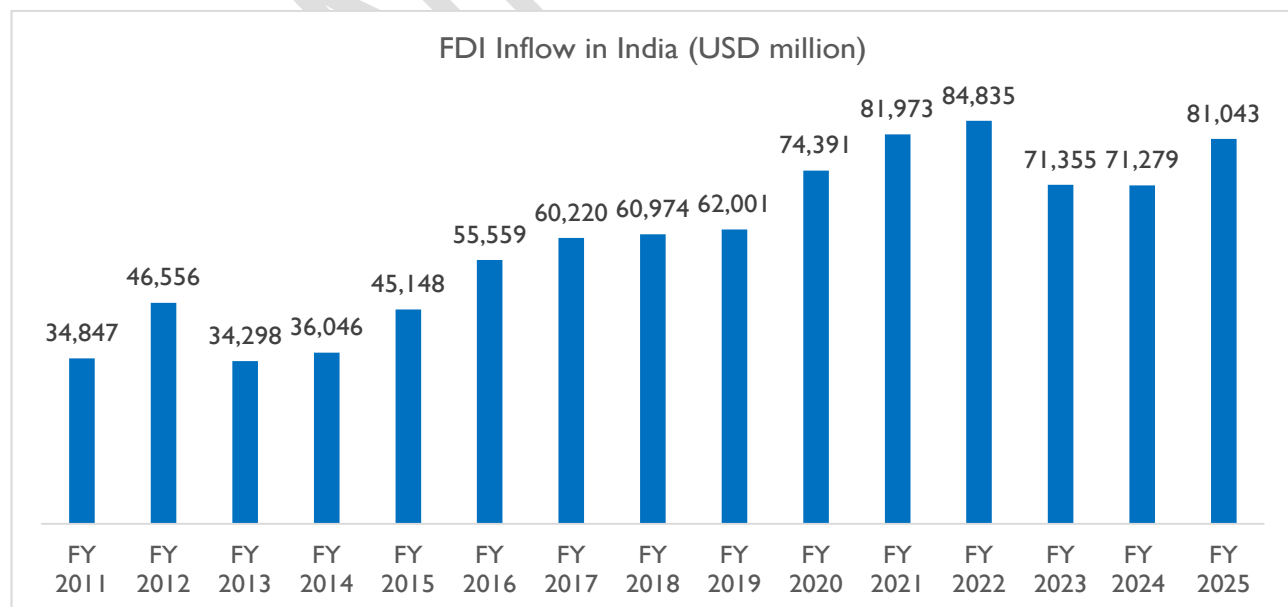
Government initiatives aimed at rural development, such as improved access to education and skill development programs, have also played a crucial role in enhancing employment prospects in these regions. The dominance of the rural working population over their urban counterparts can be attributed to the agricultural sector's labor-intensive nature ensures a consistent demand for human labor despite advancements in mechanization, sustaining employment rates in rural areas.

Foreign Direct Investment Trend in India

FDI inflow in India has observed a steady increase between FY 2013 till FY 2022 while it witnessed a decline of 15% in FY 2023 and of -0.1% in FY 2024 due to several factors, including the ongoing conflict between Russia and Ukraine, changes in US monetary policy, and other global uncertainties.

However, the country has received substantial FDI inflow between from April 2011-March 2025. This increasing FDI can be attributed to the new investment facilitation measures like the National Single-Window System (NSWS), which streamlines the approval and clearance process for investors, entrepreneurs, and businesses sectoral along with PLI schemes, emerging growth prospects in tier-2 and tier-3 cities.

Further, tax compliance for startups and foreign investors have been simplified where the Income Tax Act, 1961 has been amended in 2024 to abolish angel tax and to reduce income tax rate chargeable on income of a foreign company.



Sources: Department for Promotion of Industry and Internal Trade

- As per World Investment report 2025, India ranking improved by one position to rank 15th place for global FDI destinations, attracting USD 27.6 billion as an FDI destination in 2024, up from 16th in 2023.

India ranked as the 4th largest recipient of greenfield projects with 1,080 greenfield projects in 2024 announcements, as per the World Investment Report 2025.

Digitization Initiatives

2006 – 2010	Early Initiatives & Foundation Building	Launch of National e-Governance Plan (NeGP) to improve Government services through integration of IT. Introduction of MeghRaj initiatives – National Cloud Computing Infrastructure
2011-2015	Transition to Digital Platform	Launch of Digital India campaign Introduction of Aadhaar program
2016 – 2020	Accelerated Modernization & Integration of Emerging Technologies	Implementation of GST, and subsequently the creation of GST Network (GSTN) Cloud adoption gains momentum National Artificial Intelligence Strategy to promote responsible & ethical use of AI
2021 – 2024	Focus on digital inclusion & citizen centric services	Expansion of broadband connectivity, promoting digital inclusion in rural areas.

Government Flagship Digital Policies

While digitization of common citizen services has improved operational efficiencies as well as service delivery, it has generated massive data necessitating the requirement for a robust and flexible digital infrastructure. Subsequently the Government has scaled up its spending and budgetary allocation towards digital infrastructure updation, and adoption of cloud infrastructure.

Digital India Initiative

The Digital India program has spurred the development of citizen-centric applications like CoWIN and DigiLocker, emphasizing innovation, service quality, and operational efficiency. These apps have led to increased data generation and the need for flexible, scalable solutions. These solutions have significantly impacted

vaccination distribution, worker registration, and document issuance, showcasing the tangible benefits of cloud technology adoption.

The scheme launched in 2015 is an umbrella program which covers programs including Aadhaar, country-wide rural broadband connectivity, common service centres, Bharat Interface for Money (BHIM), Aadhar enabled payment system, and MyGov program.

The Union Government in August 2023 approved the extension of Digital India programme for five years (period 2021-22 to 2025-26) with an outlay of INR 14,903 crore. The extension would focus on skill upgradation, IT infrastructure modernization, and improvement in cyber security, among others.

Adoption of Hybrid Cloud Model

Rapid digitization of citizen services has created massive volume of data, with varying sensitivity levels. This has created the need for a hybrid cloud strategy, which provides both flexibility as well as enhanced data security. The hybrid cloud model has facilitated initiatives such as the MyGov Saathi app, engaging over 2.5 crore users. Additionally, entities like the IT Regulators of India and the Development Authority of Maharashtra leverage hybrid cloud models for government-to-consumer operations.

The Government of India has embraced a cloud-first approach, aiming to make it the default option for ministries/departments to enhance citizen-centric services and internal efficiency. The introduction of MeghRaj in 2013 facilitated cloud technology benefits within the government sector, leading numerous ministries/departments to initiate their cloud journey. Despite progress, some entities hesitate due to concerns like data security, control after migration, data loss, and application compatibility. Central and state governments are actively promoting cloud awareness.

These investments and government policies are poised to position India to be a major contributor in the IT-BPM sector globally, as the country is witnessing consistent year-on-year growth every year.

As the IT-BPM sector is witnessing steady, consistent growth every year, the government has started focusing on investments promoting cloud services and hyper-scale data centers. This strategy is likely to attract investment of USD 5 billion annually by 2025, leading to an employment opportunity for 60-65 million with digital skills.

The industry added 60,000 net employees in FY 2024, with focus on digital skills including AI, cloud services, and cybersecurity. The advent of generative AI is garnering new companies and talent to expand its portfolio and redefining the service offerings to include AI-driven analytics, intelligent automation, and personalised customer interactions. These initiatives have led towards concentrated focus on Generative AI training across the country upskilling work force with Gen AI skills.

Global Gems & Jewellery Industry

The global gems and Jewellery market remained resilient in 2024, driven by steady consumer appetite and strong institutional support. Central banks emerged as major drivers, adding 1,045 tonnes to global gold reserves, reaffirming gold's role as a safe-haven asset and a critical store of value. At the same time, Jewellery demand in core markets such as India and China remained robust, with weddings, festivals, and cultural affinity for gold continuing to fuel purchases despite elevated price levels. This dual demand from households and central banks highlighted the sector's structural strength.

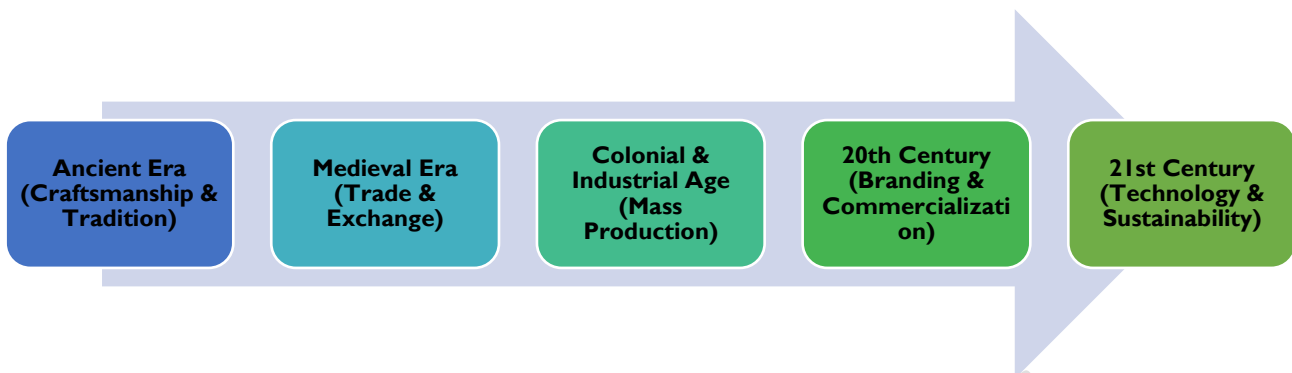
On the fundamentals side, the market operated in a rare state of equilibrium, with global gold supply and demand both recorded at same value in CY 2024. This perfect balance between availability and consumption reflects efficient absorption of supply across Jewellery, investment, and official sector purchases. Elevated prices encouraged some recycling flows, while mine output remained steady, ensuring adequate supply without material surplus or shortage. The alignment underscores the strong pull of demand across segments, with central bank buying adding further depth and stability to the global gold market.

Looking ahead, the gems and Jewellery sector is expected to maintain its positive trajectory, underpinned by the convergence of consumer-driven and institutional demand. Supply-demand parity suggests pricing stability, while consistent purchases by central banks and resilient Jewellery consumption in Asia provide a solid growth foundation. For industry participants, innovation in design, transparent sourcing practices, hallmarking, and omnichannel retail strategies will remain critical to capturing market opportunities. Overall, the sector enters the next cycle on strong footing, anchored by balanced market dynamics and reinforced by the trust in gold as a timeless asset.

Overview on Gems & Jewellery Industry

The global gems and Jewellery industry is a centuries-old sector that has transitioned from artisanal craftsmanship to a modern, technology-driven and highly organized market. It encompasses a wide range of products, including gold, silver, platinum, diamonds, colored gemstones, and increasingly lab-grown stones. Historically, Jewellery was associated with cultural traditions, spirituality, and wealth preservation, while in the modern era it has also become a symbol of lifestyle, aspiration, and personal identity.

The industry continues to thrive, supported by rising disposable incomes, changing consumer preferences, and the growing influence of branded Jewellery and e-commerce platforms. Sustainability, traceability, and innovation in design and manufacturing are now reshaping global consumer demand, with lab-grown diamonds and ethical sourcing gaining increasing acceptance.



Within this global framework, India stands out as one of the world's largest and most significant players in the gems and Jewellery sector. The industry contributes nearly 6–7% to India's GDP and accounts for about 15% of the country's total merchandise exports, underlining its strategic importance to the national economy. India has earned global recognition as the largest center for cutting and polishing diamonds, with cities like Surat processing over 90% of the world's rough diamonds.

The sector provides employment to more than 4 million people, ranging from traditional artisans to large-scale exporters, and its major export basket includes cut and polished diamonds, gold Jewellery, silver Jewellery, and precious/semi-precious stones. The Indian government further supports the sector with initiatives such as 100% FDI under the automatic route, hallmarking regulations through the Bureau of Indian Standards (BIS), and programs like skill development schemes, Common Facility Centres (CFCs), and the Gold Monetization Scheme to modernize and strengthen competitiveness.

On the world stage, the industry continues to evolve through innovation, digitalization, and sustainable practices, making Jewellery not only a symbol of wealth and beauty but also of responsibility and values. For India, the sector holds a position of unmatched importance, serving as both a custodian of centuries-old craftsmanship and a powerhouse of economic contribution. Its dominance in diamond processing, strong export performance, and growing integration of technology underline India's leadership in shaping the global Jewellery trade.

Global Gold Supply Scenario

Global gold supply is supported by both mine production and recycling. While leading producers continue to account for a significant share of output, overall mining activity has remained largely stable in recent years. Declining ore grades, environmental regulations, and delays in large-scale project development have limited expansion. Some regions are experiencing gradual declines, while others show modest growth, helping maintain a balance in global supply.

Recycling plays an increasingly important role in sustaining the gold market. Beyond old jewellery, growing contributions now come from electronic waste and industrial catalysts, making urban mining a vital part of the

supply chain. Recycling not only provides a steady flow of gold to meet market demand but also helps mitigate the pressure on primary mining operations. Its responsiveness to price movements also ensures flexibility in times of heightened demand.

The sustainability dimension further strengthens the case for recycling. Compared with traditional mining, secondary recovery requires less energy, generates fewer emissions, and supports circular economy practices. For gold-import-dependent countries with limited domestic production, building refining capacity and formalizing recycling channels is essential. This approach not only enhances supply security but also aligns with global best practices in sustainable resource management.

Global Gold Mine Production Scenario

Global gold mine production has maintained a stable growth trajectory in recent years, reflecting the resilience of the mining industry and its ability to navigate challenges such as cost pressures, geopolitical uncertainties, and environmental regulations. The sector has benefitted from steady investment, sustained demand from both central banks and private investors, and continuous advancements in mining technology. This has allowed global supply to expand gradually, ensuring that the market remains well-supported despite increasing pressures on resources and sustainability obligations.



Source: World Gold Council

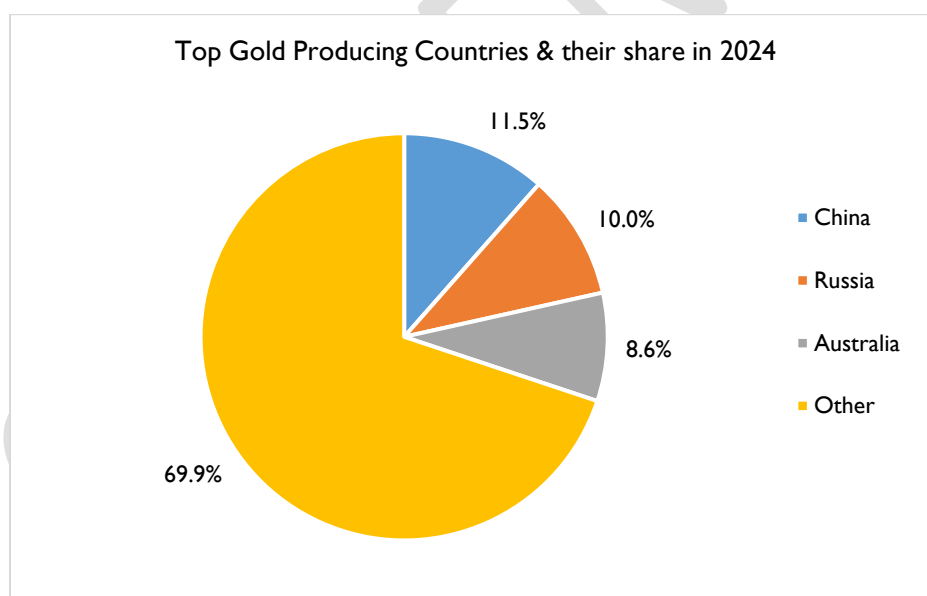
Over the period from 2021 to 2024, gold mine production recorded a consistent upward trend, rising each year to reach higher output levels. Production grew from 3,572.8 tonnes in 2021 to 3,661.2 tonnes in 2024, with intermediate gains in 2022 and 2023. This increase has been driven by several key factors. Elevated gold prices encouraged mining companies to optimize operations and bring previously inactive projects back into production. Leading producers such as China, Russia, Australia, Canada, and the U.S. contributed significantly to global output, while growing exploration in regions like Africa and Latin America added incremental supply.

Technological innovations in ore processing and extraction improved recovery rates, enabling miners to sustain growth even from lower-grade deposits. Additionally, strong central bank demand for reserves, coupled with robust Jewellery and investment demand from markets like India and China, provided the impetus for stable production growth.

In conclusion, the gradual rise in gold mine production demonstrates the industry's capacity to balance supply with global demand trends. Although future expansion could face constraints due to ore grade decline, rising operational costs, and stricter environmental standards, ongoing technological advancements and exploration in new regions are expected to support a resilient production base. Overall, gold mine supply is likely to remain steady, ensuring the metal's critical role in financial markets, investment portfolios, and global reserves.

Top Three Producers

The top three producers China, Russia, and Australia together contributed nearly one-third of global mine output in CY 2024, producing a combined total of nearly 1,000 tonnes out of the global 3,300 tonnes, according to the U.S. Geological Survey (USGS). This level of concentration underscores the structural dependence of the global gold market on a limited number of jurisdictions.



Source: World Gold Council

Top Gold producing Countries	Gold Production (in Tonnes)
China	380
Russia	330
Australia	284

China (Annual production of 380 tonnes in CY 2024) retained its position as the largest gold producer worldwide for the 15th consecutive year. Its dominance stems from a combination of large reserves, consistent investment in modern mining technologies, and supportive government policies aimed at securing raw material independence. China's production accounted for approximately 11.5% of the world's output, despite challenges such as declining ore grades. The country also benefits from robust domestic demand, which absorbs a large share of its production, reducing reliance on international markets.

Russia (Annual Production of 330 tonnes in CY 2024) followed as the second-largest producer, contributing around 10% of global production. Russia's mining sector is underpinned by extensive reserves and large state-backed enterprises that ensure continued production despite the external pressures of geopolitical sanctions and trade restrictions. The gold sector has been a critical component of Russia's resource economy, both for foreign exchange earnings and as a hedge against international financial volatility. Continued efficiency in production reflects strong state involvement and the prioritization of gold as a strategic resource.

Australia (Annual Production of 284 tonnes in CY 2024) ranked third, accounting for nearly 8.6% of world output. The country's mining industry benefits from some of the world's highest-quality deposits, advanced exploration and extraction technologies, and a transparent regulatory environment. However, the sector also faces rising operational costs and heightened environmental expectations, which may slow expansion in the future. Australia plays a particularly significant role as a reliable exporter, with most of its production directed toward the global market, unlike China where a large portion is consumed domestically.

Other Major Gold Producing Countries - Beyond the top three, Canada, the United States, Ghana, Kazakhstan, and Mexico collectively add significant volumes, each producing between 120–200 tonnes annually. Canada (200 tonnes, CY 2024) continues to leverage its established mining clusters in Ontario and Québec, supported by a favorable investment climate. The United States (160 tonnes, CY 2024), anchored by Nevada's Carlin Trend, remains a steady contributor, though output has been largely flat due to mature reserves. Ghana (130 tonnes, CY 2024), Africa's leading producer, benefits from both multinational and local operators but faces challenges around artisanal mining and regulatory stability. Kazakhstan (130 tonnes, CY 2024) has sustained production on the back of strong state support and a growing mining sector, while Mexico (130 tonnes, CY 2024) continues to expand gold output alongside its traditional focus on silver, driven by multinational mining investments.

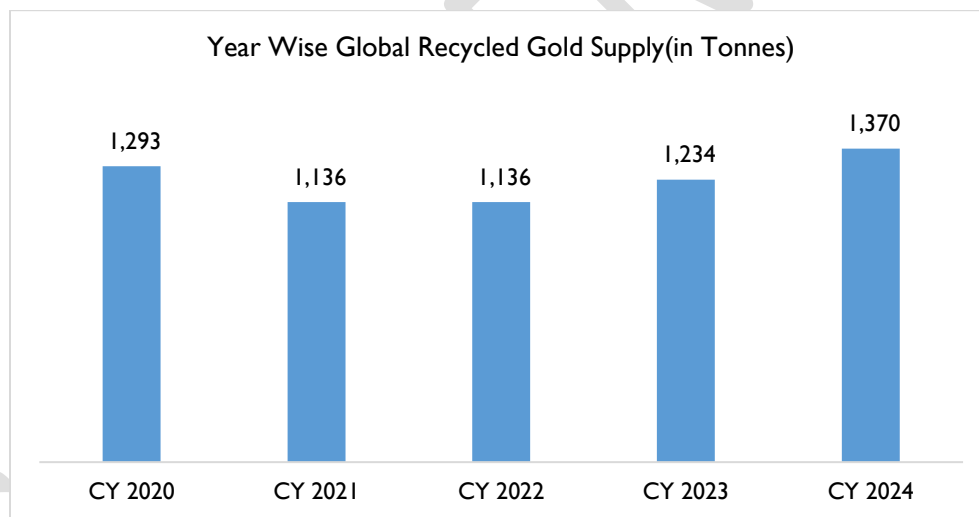
Together with China, Russia, and Australia, these producers accounted for well over 60% of global mined gold in CY 2024, underscoring the geographic concentration of supply and the reliance of the global market on a few key jurisdictions

Global Gold Recycling Scenario

Recycled gold continues to play a vital role in balancing global supply dynamics. Historically, recycling volumes have shown strong correlation with price movements and macroeconomic conditions. During the early 2010s, when gold prices reached record highs, annual recycling consistently exceeded 1,600 tonnes, reflecting households' willingness to liquidate holdings. However, with the moderation of prices through the mid-2010s, recycling volumes contracted, averaging closer to 1,100–1,200 tonnes per year.

In the post-pandemic period, recycling rebounded moderately as elevated gold prices and economic uncertainty encouraged greater mobilization of idle gold holdings, though volumes did not return to the peak levels of the early decade. Between CY 2020 and CY 2024, global recycling stabilized in the range of 1,200-1,300 tonnes annually, indicating a more balanced and sustained contribution to total supply.

Beyond cyclical patterns, recycled gold has acquired structural significance in recent years. With increasing focus on sustainability, traceability, and responsible sourcing, major refiners and Jewellery brands are positioning recycled metal as a credible alternative to mined gold. This transition underscores its dual role acting as both a responsive source of liquidity during periods of price volatility and a strategic pillar of the global circular economy.



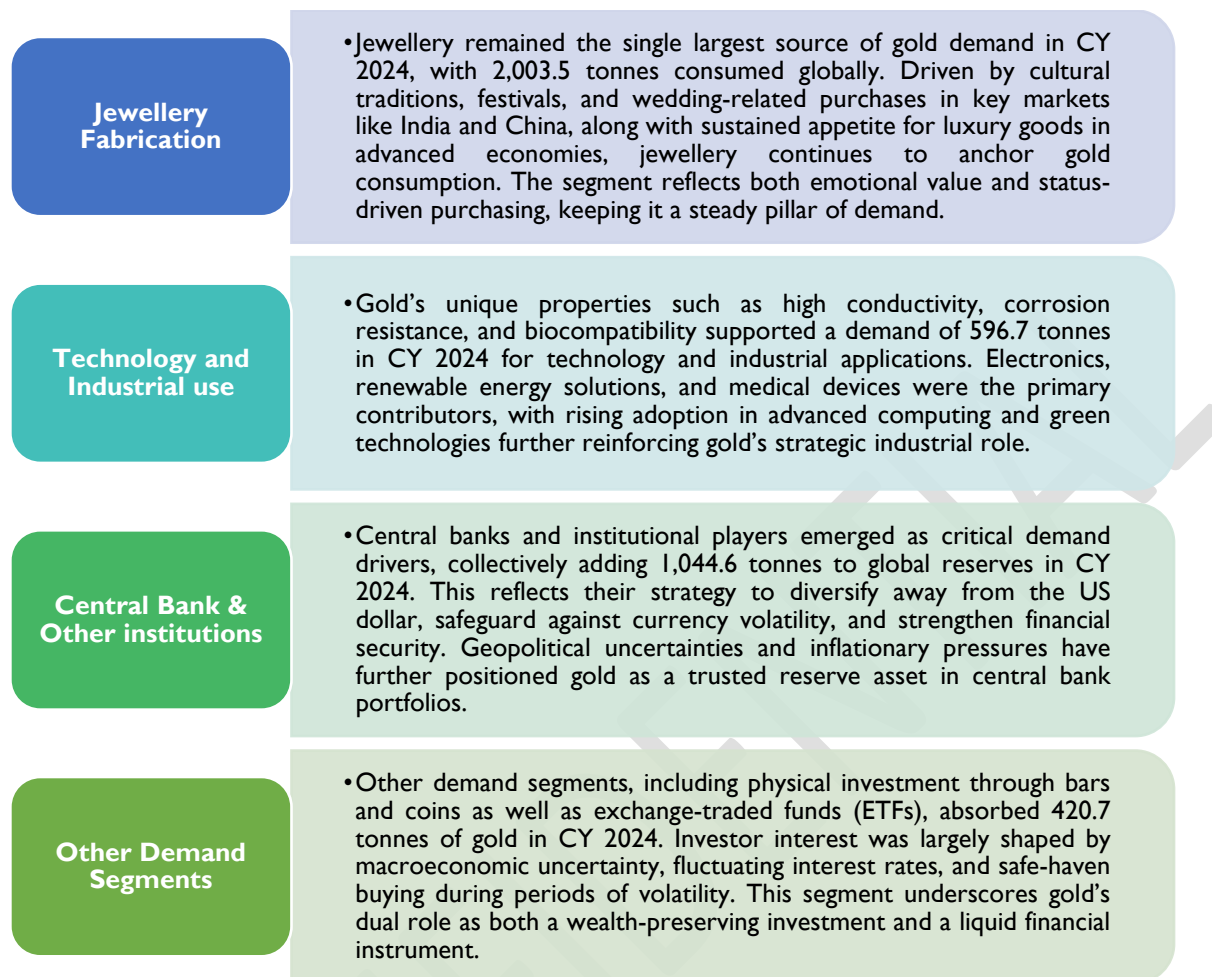
Source: World Gold Council

- **CY 2020:** In 2020, recycled gold volumes were relatively high at **1,293.1 tonnes**, reflecting the impact of the COVID-19 pandemic. The uncertainty in global markets, liquidity pressures on households, and a sharp rise in gold prices encouraged people to liquidate idle gold assets. This surge in recycling helped balance supply disruptions from mining during the early lockdown phases, highlighting gold's traditional role as a safe and liquid asset in times of crisis.
- **CY 2021:** By 2021, recycled gold supply dropped significantly to **1,135.8 tonnes**, marking one of the lowest levels in recent years. With economies reopening and financial stress easing, distress-driven selling reduced.

Despite relatively high gold prices, consumer sentiment shifted towards holding rather than selling gold, particularly in key markets like India and China where cultural affinity for gold is strong.

- **CY 2022:** In 2022, recycled gold remained almost flat at **1,136.3 tonnes**, showing little change from the previous year. This stability suggested that the immediate surge of gold liquidation during the pandemic had largely subsided. Even though global gold prices remained firm, households showed reluctance to recycle further, preferring to retain reserves as a store of value against inflationary concerns and geopolitical uncertainties.
- **CY 2023:** Recycling activity rebounded in 2023, with supply rising to **1,234.4 tonnes**. This recovery reflected renewed market participation as gold prices stayed strong, prompting profit-taking among investors and households. In addition, improved collection and organized recycling channels in major gold-consuming countries contributed to the modest rise in volumes compared with the previous two years.
- **CY 2024:** The year 2024 saw a substantial jump in recycled gold supply to **1,370 tonnes**, the highest in the five-year period. The increase was driven by persistently elevated global gold prices, which incentivized holders to release more of their reserves. Additionally, shifting economic conditions and inflationary pressures encouraged monetization of gold holdings. This trend reinforced the importance of recycled gold as a flexible and responsive contributor to overall global gold supply.

Global Gold Demand Scenario



Global Gemstone Scenario

Gemstones, valued for their natural hardness and brilliance, are essential in jewellery making and ornamental art once cut and polished. Their charm extends beyond adornments to luxury décor and art pieces such as intricate carvings and antique gemstones. Some varieties undergo treatments to imitate other precious stones, giving rise to imitation gemstones like cubic zirconia and synthetic moissanite, a popular diamond substitute. The core gemstone segment includes diamonds, rubies, sapphires, emeralds, and other precious stones.

Diamonds continue to dominate global gemstone demand. In CY 2022, worldwide rough diamond production stood at about 118 million carats. A key driver of market growth is the rising appetite for luxury goods, with consumers seeking everything from timeless diamond jewellery to colourful, personalized pieces like birthstones. Gen Y and Gen Z buyers form a particularly strong consumer base, shaping new market dynamics.

Coloured gemstones such as emeralds, rubies, and sapphires have recently gained momentum, with buyers looking for unique and striking jewellery options. This trend is creating new opportunities for gemstone suppliers and retailers, while diamonds remain the most sought-after and prestigious category.

Another major growth catalyst is the rising demand for artificial and lab-grown diamonds. Offering a more affordable and sustainable option, lab-grown stones are gaining traction, especially among younger buyers. Diamonds, both natural and synthetic, are projected to sustain steady growth in the years ahead, driven by changing consumer behaviour and the expansion of organized jewellery retail. Certifications and hallmarking have further boosted consumer confidence, encouraging purchases from specialized jewellery stores that provide quality assurance and variety.

With rising interest in luxury goods and ethical, innovative alternatives like lab-grown diamonds, the gemstones market demonstrates strong long-term growth potential. While rooted in centuries-old traditions of craftsmanship, the industry continues to adapt to evolving consumer preferences, offering a wide spectrum of products that balance timeless appeal with modern demand. This blend of heritage and innovation ensures the gemstone sector remains a dynamic and attractive space for both businesses and consumers.

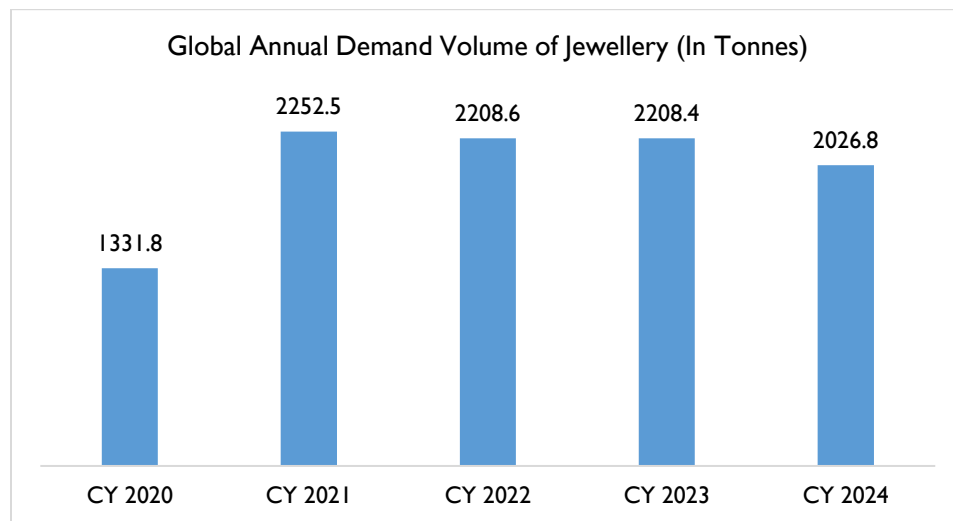
Global Jewellery Scenario

Annual Demand Volume

The global annual demand volume for Jewellery has experienced notable fluctuations over the past five years, reflecting the combined impact of economic conditions, consumer spending patterns, and global uncertainties. Demand surged sharply after CY 2020, recovering strongly from pandemic-induced lows, before stabilizing in subsequent years. However, a slight moderation is visible post-CY 2022, indicating shifting consumer priorities and market adjustments.

The graph highlights a significant dip in CY 2020, when Jewellery demand stood at 1,331.8 tonnes, largely due to pandemic-related disruptions in global retail, supply chains, and consumer sentiment. This was followed by a remarkable recovery in CY 2021, with demand almost doubling to 2,252.5 tonnes, reflecting pent-up demand, reopening of markets, and higher investment in gold Jewellery as a safe-haven asset.

From CY 2022 to CY 2023, demand volumes remained relatively stable at around 2,208 tonnes, showing a period of consolidation after the sharp rebound. However, in CY 2024, demand declined to 2,026.8 tonnes, suggesting subdued consumer appetite, possibly driven by inflationary pressures, changing fashion preferences, and diversification toward alternative luxury spending. Overall, while the industry shows resilience, the trend underlines the sensitivity of global jewellery demand to macroeconomic conditions and consumer confidence cycles.



Source: World Gold Council

Key Demand Hubs

The global jewellery demand is highly concentrated in Asia-Pacific, led by **India and China**, which together account for over half of total annual consumption. In CY 2023, India's gold jewellery demand stood at around **562.3 tonnes**, only slightly below China, which recorded close to **570.8 tonnes**. By CY 2024, India remained relatively stable at **563.4 tonnes**, while China witnessed a sharp drop to **479.3 tonnes**, reflecting weaker consumer confidence and slower economic recovery. This firmly establishes India as the most resilient demand hub worldwide, supported by strong cultural traditions, weddings, and festivals that drive gold jewellery purchases.

Other Asia-Pacific markets play a smaller but notable role. **Japan** reported gold jewellery demand of around **16 tonnes**, while **South Korea** consumed close to **12 tonnes** in CY 2023. **Southeast Asian countries** such as Thailand, Vietnam, and Indonesia showed demand volumes in the range of 9-15 tonnes but experienced declines due to rising prices and economic headwinds. These markets, while relatively small compared to India and China, remain important regional contributors and are sensitive to macroeconomic shifts.

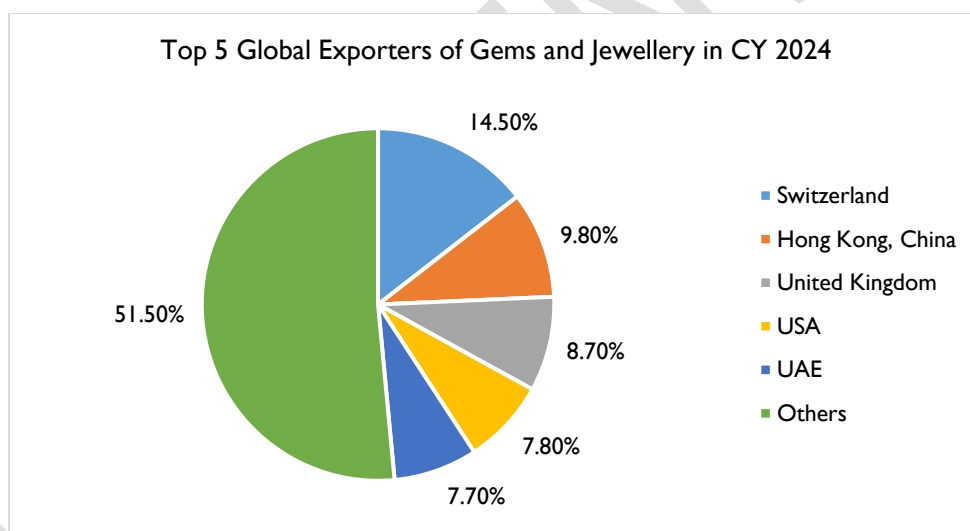
The **Middle East** is another key hub, consuming approximately **171 tonnes** of gold jewellery in CY 2023, though demand fell by about 9% year-on-year. Within this region, **Saudi Arabia** remained stable at around **38 tonnes**, while the **UAE** and **Egypt** witnessed notable declines of 15% and 17%, respectively. In contrast, **Turkey** stood out with growth to an eight-year high of **42 tonnes**, as soaring inflation prompted consumers to view gold jewellery as both adornment and an investment asset.

In Western markets, demand levels are smaller but still significant. The **United States** consumed about **136 tonnes** of gold jewellery in CY 2023, reflecting a 5% decline as consumers shifted spending toward other luxury categories. **Europe**, meanwhile, registered close to **70 tonnes**, down by around 3% from the previous year. While these volumes are considerably lower than Asia-Pacific, they highlight the continued importance of established retail networks and branded jewellery segments in mature economies.

Global Trade in Gems & Jewellery

In CY 2024, the global gems and Jewellery sector recorded total exports worth USD 945.24 billion, underscoring its strong role in the world economy. The industry remains highly concentrated among a few dominant exporters. Switzerland led the market with a 14.5% share, followed by Hong Kong (9.8%), the United Kingdom (8.7%), the United States (7.8%), and the United Arab Emirates (7.7%). Collectively, these top five countries accounted for nearly 48.5% of the world's gems and Jewellery exports, demonstrating a high level of consolidation in global trade.

India, while not in the top five, secured the 8th position globally in CY 2024, contributing 3.2% of global exports. Although its share is smaller compared to the leaders, India has established a commanding presence in key categories such as cut and polished diamonds and synthetic (lab-grown) diamonds, where it holds the first global ranking. This leadership is supported by India's skilled workforce, advanced cutting and polishing infrastructure, competitive cost base, and supportive government policies aimed at export promotion.



Source: Gem & Jewellery Export Promotion Council

India's contribution, valued at over USD 30 billion, reflects the sector's resilience in a competitive global landscape dominated by financial and trading hubs like Switzerland and Hong Kong. Furthermore, India's export profile is diversifying, with growing strength in gold, silver, platinum Jewellery, and lab-grown diamonds, reducing reliance on traditional diamond exports. This diversification, combined with global consumer shifts towards sustainable and affordable luxury, places India in a strong position to expand its global share in the coming years.

Overall, the CY 2024 trade scenario highlights that while India's current share is modest relative to the top exporters, its structural advantages and emerging focus areas position it as a key player in the evolving global gems and Jewellery trade ecosystem.

Growth Forecast

India's gems and Jewellery sector has long been a vital export engine, contributing approximately 10-12 % of the country's total merchandise exports and standing as the third-largest commodity export segment. In CY 2022, the sector played a pivotal role in India's export resurgence helping elevate total exports to USD 419 billion, a 44 % jump over CY 2021 and up 34 % from CY 2020. This rapid rebound was supported by focused government actions such as lowering import duties on cut & polished diamonds from 7 % to 5 %, revamping hallmarking, and offering MSMEs up to 90 % assistance for design centers, processing hubs, and exhibitions. These policy measures and institutional support lend strong structural tailwinds to a medium-term growth trajectory for the sector.

The gems and Jewellery sector continues to play a pivotal role in India's economy, contributing significantly to overall exports and ranking among the top three export segments. In recent years, the industry has shown resilience, supported by favorable government policies such as reduced import duties, hallmarking reforms, and incentives for MSMEs in design, processing, and exhibitions. These measures have provided the sector with strong structural support and created a solid foundation for medium-term growth.

That said, short-term performance has been uneven. While exports of polished diamonds have come under pressure due to weaker demand in major international markets like the U.S. and China, gold jewellery has performed better, benefitting from strong consumer sentiment and higher global gold prices. This divergence reflects a gradual shift within the industry, with certain segments facing challenges while others are positioned to capture new opportunities.

Looking ahead, growth prospects over the next three to five years remain promising. India's active pursuit of trade agreements, such as the Free Trade Agreement with the UK and the Comprehensive Economic Partnership Agreement with the UAE, is expected to enhance market access and improve competitiveness of Indian Jewellery in global markets. These agreements, along with rising interest in lab-grown diamonds, branded Jewellery, and design-led offerings, will help the industry diversify its portfolio and expand into new consumer segments.

Overall, while short-term fluctuations are likely to persist, the medium-term outlook is positive. The combination of supportive policies, global trade opportunities, and a strong domestic Jewellery tradition places India in a favorable position to grow its gems and Jewellery exports steadily over the next few years.

Indian Gems & Jewellery Sector

Overview

India's gems and Jewellery (G&J) sector is truly distinctive in its meld of rich cultural heritage, artisanal craftsmanship, and economic significance. Officially, it contributes around 7% of India's GDP and supports a workforce of over 4.5 million skilled and semi-skilled workers, according to the Government of India. This deep

social and economic footprint reflects the sector's role in sustaining livelihoods across manufacturing hubs and rural artisanship alike.

Known globally for its design excellence and variety, the sector encompasses a broad export portfolio, including polished diamonds, gold and silver Jewellery, colored gemstones, medallions, and coins. India processes approximately 75% of the world's polished diamonds, as recognized by government bodies such as the Gem & Jewellery Export Promotion Council (GJEPC) under the Ministry of Commerce. This dominance reflects the country's unique value chain strengths from sourcing raw stones to high-value refinement and design.

Despite global acclaim, the G&J sector faces structural and external challenges. Volatile global demand, fluctuating precious-metal prices, and stringent regulations around sourcing transparency with increased policy oversight, test firms' resilience. Procuring reliable raw material sources remains a persistent concern, made more complex by reliance on imports of gold and rough diamonds.

Government policy interventions have been critical in supporting competitiveness and modernization. The GJEPC, set up under India's Ministry of Commerce in 1966, operates with a membership of thousands of exports firms and facilitates export strategy, skill development, and institutional infrastructure like Common Facility Centres in key hubs (e.g., Surat and Mumbai). These measures aim to help transform a predominantly MSME-driven, fragmented value chain into a more organized and export-ready sector.

In summary, India's gems and Jewellery industry remains globally respected for its craftsmanship, diversified output, and export orientation. While adapting to tightening regulations and shifting global demand patterns, it continues to benefit from government-led interventions aimed at skill building, infrastructure development, and policy facilitation ensuring the industry retains its competitive edge in an ever-evolving global market.

Key Segments

- **Gold Jewellery:** India ranks third globally in gold jewellery exports, with shipments worth USD 11.10 billion, representing about 9.1% of world exports. Despite intense competition from other leading exporters, India maintains a strong presence in this segment, supported by its traditional craftsmanship, wide product variety, and robust demand from markets like the Middle East, the US, and Europe.
- **Cut & Polished Diamonds:** India holds the leading position worldwide, ranking first with exports valued at USD 13.70 billion, which accounts for 25% of global exports. This dominance is attributed to India's well-established diamond cutting and polishing industry, particularly in Surat, backed by skilled labour, advanced technology, and supportive government policies. This segment continues to be the backbone of India's gems and jewellery export basket.
- **Silver Jewellery:** India ranks second globally in silver jewellery exports, with a value of USD 1.17 billion, commanding 14.2% of global share. The country's rising share in this segment is driven by competitive pricing,

innovative designs, and increasing demand from the US and European markets. Silver jewellery has also benefited from India's ability to adapt traditional designs to contemporary tastes.

- **Coloured Gemstones:** India stands at the fifth position globally, with exports worth USD 0.46 billion, representing 4% of global trade. While relatively smaller compared to diamonds and gold, the coloured gemstone segment is gaining traction due to India's expertise in cutting and processing, as well as the growing popularity of coloured stones in international fine jewellery markets.
- **Imitation Jewellery:** Imitation jewellery exports from India reached USD 0.14 billion, giving it a 1.4% share of the global market, with India ranked 12th globally. Though modest in value, this segment plays a critical role in catering to price-sensitive international markets and is supported by India's low-cost manufacturing base and trend-responsive designs
- **Synthetic Diamonds / Stones:** India is the global leader in synthetic diamonds, with exports worth USD 1.40 billion, capturing 30.8% of the world's market share. This strong position reflects India's rapid adoption of lab-grown diamond technologies and its cost-effective production processes. With increasing global acceptance of synthetic diamonds, this segment has emerged as a high-growth area within India's gems and jewellery exports

Contribution to Economic Growth

The Gems and Jewellery sector holds a pivotal position in India's economy, contributing an estimated 7% of the nation's Gross Domestic Product (GDP) and employing more than 5 million workers. Recognized as one of the fastest-growing industries, it is both highly labor-intensive and export-oriented, playing a vital role in supporting India's manufacturing and services ecosystem.

Given its significant potential for value addition and global competitiveness, the Government of India has designated this sector as a priority area for export promotion. To strengthen India's leadership, the government has implemented a series of measures including skill development Programmes, technology upgradation initiatives, and policy frameworks designed to position "Brand India" as a global leader in gems and Jewellery. Notably, the sector benefits from 100% Foreign Direct Investment (FDI) under the automatic route, encouraging international players to participate in the domestic value chain.

India has emerged as the world's largest cutting and polishing hub for diamonds, supported by both a deep talent pool and cost-efficient operations. The Gems and Jewellery Export Promotion Council (GJEPC) reports that India processes approximately 75% of the world's polished diamonds, reinforcing its dominance in the global value chain. In FY 2025, India's cut and polished diamond exports reached INR 1,13,407 crore (USD 13.29 billion), reflecting the sector's crucial role in generating foreign exchange earnings despite global headwinds.

Alongside diamonds, India is also the largest consumer of gold globally, driven by cultural traditions, weddings, and investment demand. This dual strength, being both a global consumer and processor, has positioned India as

a natural hub for the Jewellery market. The combination of low production costs, skilled artisans, and proactive government support continues to enhance India's stature as a trusted supplier of gems and Jewellery in international markets.

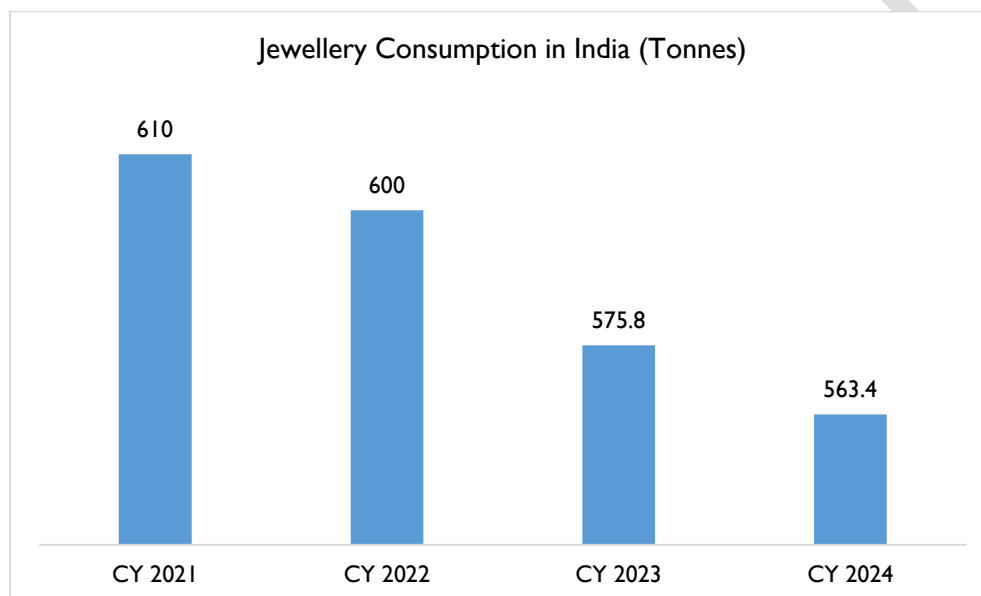
With strong policy support, a highly skilled workforce, and sustained global demand, the Indian gems and Jewellery sector is expected to remain a cornerstone of the country's exports and employment generation in the years to come.

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Gold Jewellery Demand Scenario in India

Annual Consumption Pattern

India's gold Jewellery consumption has displayed a steady decline over the past four years, moving from 610 tonnes in CY 2021, 575.8 tonnes in 2023, and further down to 563.4 tonnes in CY 2024. This translates into a cumulative drop of about 7.6% over the period, with a notable 2% decline between CY 2023 and CY 2024. The downward trend highlights how the market has been reshaped by both economic conditions and shifting consumer preferences, even though gold continues to hold strong cultural significance in India.



Source: World Gold Council

One of the primary reasons for this decline is the sustained rise in gold prices. With global and domestic prices hitting record levels through CY 2022 to CY 2024, affordability has been severely affected, especially in rural regions where gold demand is traditionally the strongest. While urban households have managed to absorb some of the cost pressures, many consumers either postponed purchases or opted for lighter designs, reducing the tonnage of gold bought.

Consumer preferences are also evolving. Younger buyers are increasingly prioritizing lifestyle products and alternative luxury purchases over heavy traditional Jewellery. Moreover, investment options such as exchange-traded funds (ETFs) and Sovereign Gold Bonds (SGBs) have gained traction, diverting a share of demand away from physical Jewellery. Even among Jewellery buyers, the shift towards lightweight, contemporary ornaments has become more prominent. This ensures that while the value of purchases remains high, the actual quantity of gold consumed is shrinking.

Macroeconomic and policy factors have also contributed to the decline. Inflationary pressures and relatively slower rural income growth have constrained disposable incomes in recent years, directly impacting gold

affordability. On top of this, high import duties and currency fluctuations further raised domestic gold prices, discouraging large-volume purchases. These factors, combined with consumers' need to prioritize essentials, have led to subdued Jewellery demand, especially in 2023 and 2024. Cultural demand remains resilient, with weddings and festivals continuing to drive purchases, but the average size of these purchases has come down. Families are increasingly opting for smaller, more modernized Jewellery pieces instead of large traditional sets, which reduces overall consumption volumes while keeping expenditure levels steady or higher due to elevated prices.

Overall, the decline in tonnage highlights a structural shift in India's gold Jewellery market. The 2% year-on-year fall in 2024 reflects a transition towards more value-driven demand. Even as fewer tonnes of gold are being consumed, the overall market value has grown, supported by soaring prices. This demonstrates both the cultural resilience of gold in Indian households and the evolving reality of affordability constraints. Going forward, India is expected to remain one of the largest markets for gold Jewellery globally, but the emphasis will likely remain on smaller volumes with higher-value purchases, marking a transformation in consumer behavior and market dynamics.

Historic Growth Trend

The historic growth trend of Jewellery consumption over the past three financial years reflects a period of consistent contraction. In CY 2022, the industry recorded a decline of 2%, suggesting an early signal of weakening consumer demand. This downturn was further exacerbated in CY 2023, where the growth rate sharply declined to -6%, marking the steepest fall in the observed period.

The contraction in CY 2023 can be linked to factors such as reduced discretionary spending, volatility in gold prices, and broader economic challenges that weighed heavily on consumer purchasing power. However, by CY 2024, the decline moderated back to -2%, indicating some degree of stabilization, albeit still within negative growth territory.

From an analytical perspective, the data highlights that the Jewellery sector has been under sustained pressure, failing to regain positive momentum across three consecutive years. The sharp dip in CY 2023 points to a particularly challenging period, potentially caused by macroeconomic uncertainties or a shift in consumer preferences away from traditional Jewellery purchases.

The return to a milder decline in CY 2024 suggests that while consumption pressures persist, the sector may have bottomed out, creating scope for gradual recovery if supportive economic conditions, policy interventions, or renewed consumer confidence come into play. The trend underscores the need for Jewellery businesses to adapt their strategies by focusing on innovation, affordability, and digital retail channels to stimulate demand in a sluggish market environment.

Gold Consumption in India

Seasonal Demand Trends

India's gold Jewellery demand follows a well-defined seasonal cycle, closely linked to weddings, festivals, and rural income patterns. Demand typically peaks twice a year. The first surge occurs between April and June, driven by the summer wedding season and the auspicious festival of Akshaya Tritiya, which boosts purchases in both urban and rural regions. The second, and generally longer, peak spans September to January, supported by post-harvest income inflows, Diwali celebrations (including Dhanteras), and the winter wedding season, all of which encourage heightened buying activity.

Periods of softer demand are seen during July- August, when the monsoon season shifts focus toward agriculture and limits consumer spending, and during February- March, when the absence of major festivals or wedding dates reduces buying momentum. These fluctuations reflect enduring cultural practices, the agricultural income cycle, and the dual role of gold in India as both a decorative asset and a trusted store of value." make it concise.

Period of High Demand: Wedding, Festivals & Post Harvest Season

Wedding Season: Gold Jewellery demand in India displays a well-defined seasonal pattern, closely tied to socio-cultural customs, lifecycle events, and rural income cycles. Among all categories, bridal jewellery constitutes the single largest segment, accounting for an estimated 50- 55% of total gold jewellery consumption. This dominance is underpinned by the scale of India's wedding market, approximately 11 to 13 million weddings take place annually. With the average age of marriage for women being about 22 years and more than half of the population under the age of 25, the country maintains a large, young consumer base that sustains consistent demand. Weddings are not just personal events but large-scale social occasions where gold jewellery serves as both adornment and a store of wealth, making it a culturally essential purchase.

Festival Season: Festivals act as another major driver of seasonal gold buying. Auspicious occasions such as Akshaya Tritiya and Diwali (including Dhanteras) are deeply rooted in cultural tradition and are widely believed to bring prosperity when gold is purchased. Household purchase surveys consistently show that a majority of gold acquisitions are timed around festivals, with Dhanteras and Akshaya Tritiya alone contributing a significant share of annual sales. During these two occasions combined, demand can surge to between 40 and 60 tonnes, reflecting concentrated buying activity over just a few days. These spikes are amplified by marketing campaigns from jewellery retailers and financing schemes from banks and NBFCs, which further stimulate festive-season purchases.

Post Harvest: Rural India adds another important layer to the demand cycle. With nearly two-thirds of the population living in rural areas and a large portion dependent on agriculture, gold buying is closely linked to agricultural income flows. The Kharif harvest, which accounts for the majority of annual farm output, is completed between September and November, creating a liquidity surge in rural markets. This post-harvest period often

coincides with Diwali, generating a powerful combination of cultural and economic incentives for gold purchases. Similar patterns emerge during the Rabi harvest, though its impact is smaller compared to Kharif.

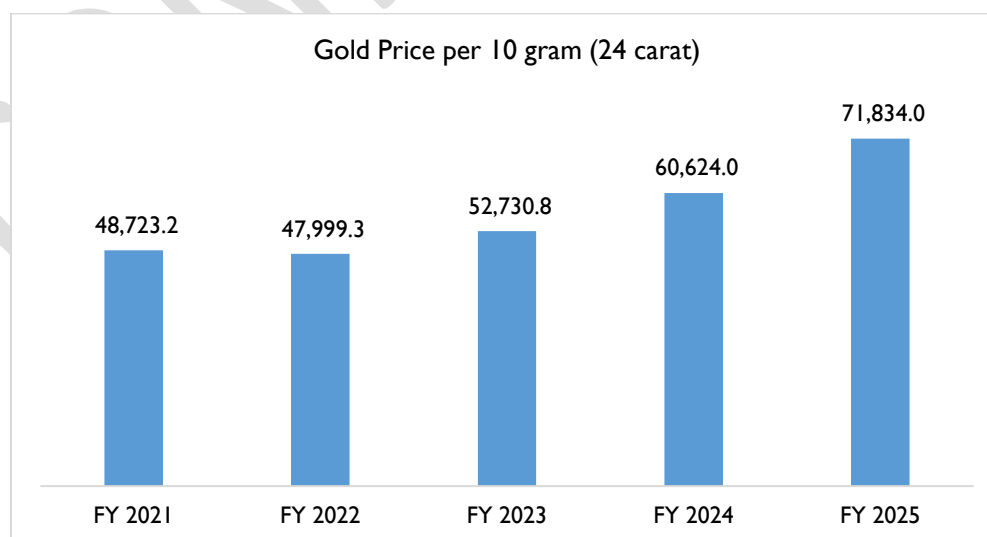
Period of Low Demand

During July- August, rural incomes are tied up in agricultural activities, with cash flow directed towards farm inputs such as seeds, fertilizers, and labour. Heavy rains also restrict mobility in many regions, reducing store visits. Combined, these factors dampen discretionary spending on jewellery. As a result of these cultural and economic forces, the Indian gold jewellery market experiences two distinct annual peaks. The first occurs between April and June, driven by the summer wedding season and Akshaya Tritiya.

The second and more prolonged peak runs from September through January, encompassing the post-harvest period, Diwali festivities, and the winter wedding season. Between these peaks, demand typically tapers off, particularly during July-August, when the monsoon season and agricultural focus limit discretionary spending, and in February- March, when major festivals and weddings are fewer. This cyclical pattern reflects not only traditional values and rituals but also the embedded role of gold as a long-term wealth-preservation asset across both urban and rural households in India.

Gold Price Movement in India

Gold prices in India have shown a steady upward trajectory over the past five years, nearly doubling in value. The average price per 10 grams was around INR 48,700 in 2020–21, and consistent year-on-year increases pushed it to the INR 80,000- 90,000 range by FY 2024, before crossing INR 1 lakh in early FY 2025. This sustained rise reflects both global market dynamics and domestic factors such as inflation, currency movement, and demand linked to weddings and festivals, underscoring gold's continued role as both an adornment and a financial hedge in Indian households.



Source: Reserve Bank of India

Annual movement pattern of gold prices (reference: price of 10 gm of 24 carat gold is considered)

- **FY 2021:** The average gold price stood at INR 48,723.2 per 10 grams, reflecting the elevated levels that followed the global economic uncertainty and pandemic-driven safe-haven demand. Prices were relatively high but stable compared to the surge witnessed in 2020.
- **FY 2022:** In 2022, prices dipped slightly to INR 47,999.3 per 10 grams, marking a marginal decline. This suggests a temporary cooling of demand as economic activity normalized post-pandemic, along with a correction in global gold prices.
- **FY 2023:** The market saw a recovery in 2023, with prices rising to INR 52,731.8 per 10 grams. This increase of nearly 10% indicated renewed investment interest and stronger festival and wedding-driven demand, coupled with global inflationary pressures.
- **FY 2024:** By 2024, the average price rose sharply to INR 60,624.0 per 10 grams, representing a robust 15% growth over the previous year. This surge can be attributed to heightened geopolitical risks, sustained domestic consumption during festivals, and the rupee's depreciation against the dollar.
- **FY 2025:** In 2025, gold prices reached INR 71,834.0 marking an almost 19% year-on-year increase. This steep rise highlights continued global uncertainty, rising inflationary concerns, and strong seasonal and cultural demand within India, reaffirming gold's position as both a hedge and a cultural necessity.

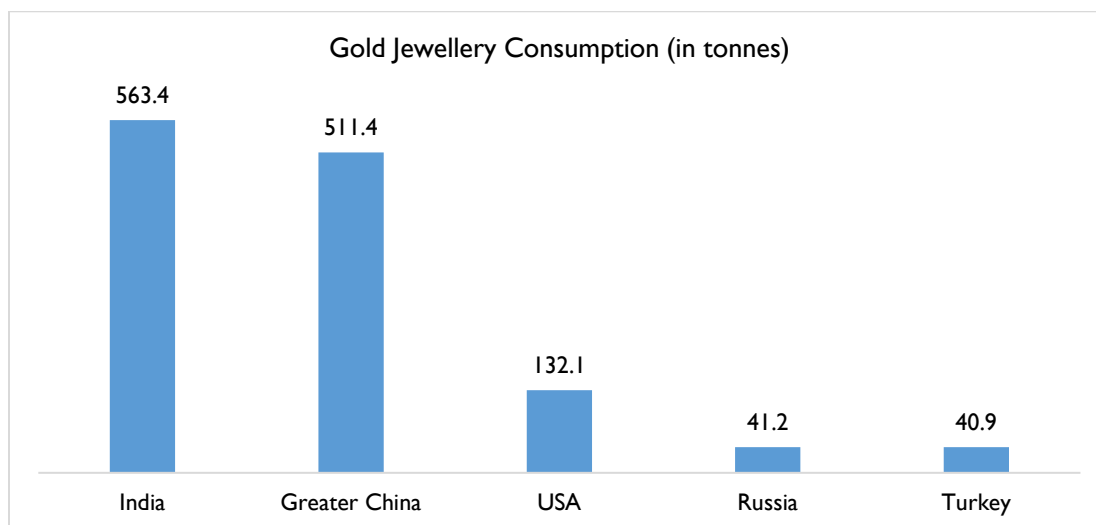
Gold Consumption in India v/s Major Markets

In CY 2024, India became the largest consumer of gold Jewellery globally, with demand reaching 563.4 tonnes, overtaking China for the top position. This rise is significant because, in CY 2023, China had led with 630.2 tonnes compared to India's 562.3 tonnes, but weaker economic conditions and persistently high gold prices pushed China's demand down to 479.3 tonnes in CY 2024. Including Hong Kong and Taiwan, Greater China's Jewellery demand stood at around 511 tonnes, still lower than India. This shift highlights India's resilience: despite a slight 2% decline from CY 2023, the country maintained a steady consumption base, supported by weddings, festivals, and deep-rooted cultural traditions where gold is seen both as ornamentation and as a store of value.

Beyond India and China, the global Jewellery market is much smaller. The United States, the third-largest consumer, accounted for only 136 tonnes in CY 2023, reflecting steady but comparatively modest demand driven more by fashion and luxury markets than by cultural compulsion. Germany followed with approximately 42 tonnes, and Europe around 70 tonnes, indicating a stable but limited appetite for gold Jewellery, primarily influenced by income levels and consumer preferences for investment-linked gold rather than heavy Jewellery buying. Rounding out the top five, Thailand registered around 40 tonnes, reflecting its strong Jewellery manufacturing sector and local cultural demand, though still only a fraction of India's volume.

The comparison clearly illustrates the dominance of Asian markets, particularly India and China, which together account for the overwhelming majority of global gold Jewellery demand. India's ability to surpass China in CY

2024 underscores the strength of its cultural and ceremonial demand, which remains less elastic to economic pressures compared to other regions. In contrast, Western markets such as the U.S. and Germany are far smaller in volume, showing that global gold Jewellery consumption continues to be concentrated in Asia.



Source: World Gold Council

Consumption of Gold Across Major Economies

Country	Consumption Pattern
India	India stood as the largest consumer of gold Jewellery in CY 2024, with demand reaching 563.4 tonnes. Despite marginal declines in recent years, consumption remained resilient, strongly supported by weddings, festivals, and cultural traditions where gold is considered both auspicious and a store of wealth. This makes India the leading driver of global Jewellery demand.
Greater China	Greater China, traditionally the largest market, recorded 511.4 tonnes consumption in CY 2024, reflecting a notable decline from CY 2023. Economic challenges, subdued consumer sentiment, and high gold prices reduced demand, yet the market remains significant, with urban luxury purchases contributing a large share.
United States	The United States ranked third, with 132.1 tonnes of demand less than one-fourth of India's. Jewellery buying here is shaped more by fashion and luxury preferences than cultural obligations, making consumption more sensitive to economic trends and consumer confidence.

Russia	Russia's demand stood at 41.2 tonnes, modest compared to Asian leaders. Economic sanctions, inflation, and geopolitical instability weighed on household spending, though gold retained cultural value as a symbol of security and status.
Turkey	Turkey consumed 40.9 tonnes, nearly on par with Russia. Cultural customs, particularly weddings and dowries, continue to sustain demand, but economic volatility and currency depreciation have capped growth. The country remains an important regional hub for Jewellery making and consumption.

Key Domestic Demand Drivers

India's gems and Jewellery sector stands at the confluence of cultural reverence and evolving economic dynamism. Deeply embedded traditions especially around weddings and festivals are increasingly complemented by a rising middle class, growing disposable incomes, and accelerating retail modernization. As consumers seek both meaningful and aspirational purchases, demand patterns are being shaped by macroeconomic growth, celebratory milestones, gifting cultures, and institutional trust mechanisms like mandatory hallmarking. Together, these drivers create a stable yet adaptable demand environment that reflects both enduring values and contemporary consumption behaviors.

Key Factors Driving Demand

Macroeconomic Factors

- Increasing Discretionary Spending:** The 2023- 24 Household Consumption Expenditure Survey (HCES) shows average Monthly Per Capita Consumption Expenditure (MPCE) at INR 4,122 in rural and INR 6,996 in urban areas, reflecting strong growth from the previous year. Non-food spending continues to dominate household budgets 53% in rural and 60% in urban areas underscoring the structural shift towards discretionary purchases such as jewellery. While food's share in spending inched up slightly to 47% in rural and 40% in urban (from ~46% and ~39% in 2022–23) due to food price pressures, the long-term trend remains one of premiumisation and lifestyle-driven consumption
- Supportive Macroeconomic Climate:** Even after moderating from the post-pandemic rebound, India's real GDP growth stayed robust at ~6.5% in FY 2024- 25, sustaining household income growth and employment in urban services key for jewellery demand. Growth was driven by resilient domestic consumption, buoyant services activity, and government-led infrastructure spending, which together kept urban employment steady and supported discretionary spending patterns among middle- and upper-income households.

Weddings & Other Seasonal Demand

In India, weddings are the single-largest demand driver for gold, with the World Gold Council estimating that marriage-related purchases account for around 50% of the country's annual gold demand, underscoring the deep cultural significance of bridal jewellery in Indian traditions. This effect is magnified during high-intensity wedding seasons. The Confederation of All India Traders (CAIT) projected that approximately 48 lakh weddings would take place between November and December 2024, generating close to INR 6 lakh crore in economic activity across sectors like apparel, hospitality, and jewellery.

Festivals and auspicious dates such as Akshaya Tritiya and Diwali further reinforce this cyclical demand, as highlighted in regular WGC updates (World Gold Council). However, gold price volatility also plays a role; soaring prices in Q1- Q2 2025 led the WGC to lower India's demand outlook to ~ 600-700 tonnes (from 803 tonnes in CY 2024), as consumers shifted to lighter or lower-purity designs and recycled old inventory, even as essential wedding-related purchases continued.

Gold Gifting & Its Impacts

Gold gifting remains a cultural anchor even amid pricing pressures. Weddings and cultural rituals continue to underpin demand: during the peak wedding season (Nov- Jan), gold imports jumped 45% year-on-year to 46.9 tonnes, signalling robust bridal and gifting activity despite rising prices. Yet, when prices breached INR 1 lakh per 10 g, buyers adapted by recycling old jewellery, opting for lightweight designs, and even pivoting toward silver, especially among cost-conscious shoppers. Jewellers are responding too with suitable marketing strategies to lure the prospective buyers with jewellery of their preferences. For Ex: P N Gadgil Jewellers launched a dedicated lightweight, lower-carat sub-brand, Lifestyle, noting the segment is growing at approximately 30% annually, and projecting 30- 35% YoY revenue growth for in coming years.

Mandatory Hallmark Standards

India's gold hallmarking regime has been tightened and scaled up, materially boosting consumer trust and traceability. Hallmarking became mandatory in phases starting June 16, 2021, and from April 1, 2023 the sale of hallmarked jewellery without a 6-digit Hallmark Unique Identification (HUID) was disallowed; consumers can verify HUIDs instantly via the BIS Care app. The programme has expanded nationwide: with the 4th phase launched on Nov 5, 2024, coverage rose to 361 districts, and cumulative hallmarked items crossed 40 crore a clear signal of adoption and enforcement. Capacity and compliance have grown in lockstep: registered jewellers have risen to about 1.94 lakh, and assaying & hallmarking centres to around 1,622, improving access and oversight across India.

Major Trends

Emergence of daily-wear & lightweight jewellery (affordable, Gen-Z led)

- Retailers report strong festive spikes in lighter, everyday designs; this Aadi season in Chennai saw a 35-40% jump in gold sales, with Gen-Z driving demand for fashion-forward, affordable pieces.
- Broader consumer shift toward “accessible luxury” (lower caratage, trend-driven, frequent wear) is reshaping assortments and pricing ladders.

Design & technique innovations: CAD/CAM, 3D printing, AI, omnichannel

- Industry adoption of CAD/CAM and 3D printing has compressed prototyping cycles and enabled intricate forms at lower cost now standard in modern workshops and fast-growing retail-first brands.
- AI-assisted design/visuals and digital tools (AR/virtual try-on) are expanding customization and speeding go-to-market; online contributes a rising (though still modest) share for legacy chains vs. higher for online-first players.

Rising domestic preference for diamonds & precious-stone jewellery

- India overtook China to become the world’s #2 diamond jewellery market by 2024; industry expects further growth as players court the domestic consumer.
- Strategic push to promote natural diamonds in India (De Beers–Tanishq/GJEPC collaborations) aims to expand penetration and raise consumer confidence especially helpful as exports face volatility.

Lab-grown diamond (LGD) jewellery gains traction (value & variety)

- Government removed customs duty on LGD seeds and funded a ₹243-crore five-year R&D program at IIT-Madras to indigenize LGD tech lowering input costs and catalysing ecosystem growth.
- Dedicated LGD brands are scaling footprints and investments (e.g., fresh capital raises, multi-city rollouts), reflecting rising domestic acceptance for everyday/bridal use at lower ticket sizes.

Key Threats

Gold Price Volatility:

Gold prices in India remain highly sensitive to global economic shifts, exchange-rate swings, and policy uncertainty factors that together influence affordability and consumer sentiment. For instance, following a sustained price surge that reached ₹1.01 lakh per 10-gram in June 2025, gold consumption in India dropped 10% year-on-year to 134.9 tonnes in Q2, with jewellery demand plunging 17%, per the World Gold Council (WGC).

Overall, the WGC forecasts total gold demand dipping to 600–700 tonnes in 2025, the lowest level since 2020. These trends highlight how sharp price movements “lock out” even culturally embedded demand prompting consumers to defer purchases, opt for lower-caratage pieces, or switch to investment vehicles like ETFs making price volatility a sustained drag on domestic demand stability. Moreover, this dynamic elevates sensitivity in both organized and unorganized retail segments toward future price fluctuations or policy shifts.

Import Dependence Amid Regulatory Complexity:

India's gems and jewellery sector faces a structural challenge rooted in its heavy reliance on imported raw materials, particularly gold. Under the India-UAE CEPA, India permits up to 200 tonnes of gold imports annually at a concessional 1% duty. However, in FY 2026, while nearly 3,000 applications were submitted under this tariff-rate quota (TRQ), only about 1,400 were approved a result widely attributed to opaque eligibility criteria and informal turnover thresholds. This selective allotment, perceived to favor larger players, has sparked protests from MSMEs, who argue the system lacks transparency and undermines equitable access. As a result, small-scale jewellers remain marginalized, affecting competitiveness and inclusivity across the sector.

Seasonal Demand Intensity and Inventory Pressures:

India's jewellery demand is deeply cultural and occasion-led, surging during weddings, Akshaya Tritiya, Dhanteras, and Diwali, when gold and diamond purchases are considered auspicious. This creates a concentrated demand cycle, where retailers must prepare months in advance by stocking inventory and mobilizing capital, even at the risk of price fluctuations eroding margins. During lean months, however, sales taper sharply, straining cash flows and leaving unsold stock locked in working capital.

For smaller and regional jewellers, the pressure is even more acute, as they lack the financial flexibility of large organised players. Compounding these challenges are factors such as unfavourable wedding dates in certain years, government policy shifts on gold duties, or sudden volatility in global bullion prices, which can suppress consumer sentiment and disrupt purchase cycles. The structural seasonality thus forces jewellers to balance tradition-driven peaks with economic realities, making inventory and liquidity management a critical survival factor.

Compliance Burden of Mandatory Hallmarking (HUID):

The government's hallmarking mandate has undeniably strengthened consumer trust by ensuring quality assurance and traceability. Large, organized jewellers have leveraged the system effectively, integrating HUID into their processes and using it as a marketing edge to build consumer confidence. However, smaller and unorganized jewellers, especially in tier-II and tier-III towns, often struggle with compliance due to limited awareness, infrastructure gaps, and the additional cost of hallmarking.

Industry associations note that while hallmarking has brought transparency, it has also created bottlenecks such as long turnaround times at Assaying and Hallmarking Centres and added working capital pressures for small players. This uneven adoption is leading to a competitive imbalance where big chains gain credibility faster, while MSMEs risk being edged out of consumer preference despite forming a large share of India's jewellery retail landscape.

Lab-Grown Diamond Market Risks: Quality, Trust & Regulation:

The rapid rise of lab-grown diamonds (LGDs) has introduced fresh complexities into India's jewellery landscape. While LGDs provide a cost-effective and environmentally appealing alternative to mined diamonds, their very novelty raises questions around quality consistency, classification ambiguity, and consumer trust. Retailers and consumers alike often struggle to differentiate LGDs from natural stones, leading to confusion especially when disclosure norms are inconsistent across brands and channels.

Moreover, the industry has seen instances of misrepresentation, where LGDs are either misdeclared as natural diamonds or their lower value is disguised to fetch higher prices eroding brand credibility and consumer confidence. Regulatory frameworks and labelling standards are still evolving; enforcement gaps allow these issues to persist, particularly among smaller producers and informal retailers who may lack resources for rigorous certification.

Impact of Covid-19 Pandemic

Impact on Global Market

The global jewellery industry, a multi-billion-dollar sector encompassing gold, diamonds, precious stones, and luxury watches, faced unprecedented challenges due to the COVID-19 pandemic. The crisis disrupted both demand and supply chains, reshaped consumer behaviour, and accelerated structural transformations in the market. Lockdowns, economic uncertainties, and restricted travel severely affected retail operations and manufacturing, creating both short-term shocks and long-term shifts in industry dynamics.

The global jewellery industry, encompassing gold, diamonds, precious stones, and luxury watches, faced unprecedented disruption due to the COVID-19 pandemic. The onset of the crisis brought widespread lockdowns, travel restrictions, and economic uncertainty, which significantly affected both manufacturing and retail operations. Consumer demand for jewellery, particularly in the luxury segment, declined sharply as households prioritized essential spending over discretionary purchases. According to the World Gold Council, global jewellery demand fell by 39% in the first quarter of 2020 to 325.8 tonnes, while European demand dropped 21% due to cancelled weddings and social events. In the United States, specialty jewellery retailers reported sales declines of up to 82% during the early months of 2020.

The pandemic also severely disrupted the global jewellery supply chain. Mining operations were temporarily halted, transportation networks faced restrictions, and manufacturing facilities experienced shutdowns, leading to delays in shipments and reduced availability of raw materials such as gold and diamonds. These disruptions resulted in higher production costs and exposed vulnerabilities in the supply chain, prompting industry players to adopt measures to increase resilience and transparency.

Consumer behaviour also underwent significant changes during the pandemic. With limited opportunities for travel, social gatherings, and in-person retail experiences, jewellery buyers increasingly turned to e-commerce platforms. Online sales of jewellery saw rapid growth, and there was a clear shift toward affordable, meaningful, and personalized pieces, including lab-grown diamonds and customizable jewellery. This change reflected a broader trend of consumers seeking value, convenience, and emotional connection in their purchases.

As global economies gradually reopened, the jewellery industry exhibited signs of recovery, particularly in key markets such as China and the United States. In 2021, the global jewellery market experienced a significant rebound, with annual consumption increasing by 52% to reach US\$123 billion, fully recovering the losses sustained during 2020. This resurgence was driven by pent-up demand, economic stimulus measures, and increased consumer confidence. The diamond jewellery sector, in particular, saw a robust recovery. De Beers reported a 75% increase in rough diamond sales in 2021, bolstered by rising consumer demand in the U.S. and China. Additionally, China's jewellery market recovered rapidly, driving an increase in imports of rough diamonds.

However, challenges persist, including complex supply chains, changing consumer preferences, and ongoing economic uncertainties. The pandemic has accelerated structural transformations within the industry, with digital adoption, ethical sourcing, and product innovation becoming central to the sector's strategy. Brands are increasingly leveraging e-commerce platforms, virtual try-ons, and augmented reality to engage consumers.

Impact on Indian Market

The COVID-19 pandemic had a significant and far-reaching impact on India's domestic jewellery market, affecting every aspect of the industry from manufacturing to retail and exports. Nationwide lockdowns and restrictions disrupted production activities and caused supply chain interruptions, particularly affecting small and medium-sized enterprises. Retail operations suffered due to reduced footfall, cautious consumer spending, and a shift in priorities toward essential goods. Exports were also hit by declining global demand and logistical challenges. These immediate challenges forced businesses to adapt quickly, including embracing digital platforms and alternative sales channels. Over time, government interventions, such as support schemes for exports and SMEs, played a crucial role in stabilizing the sector. Together, these factors have shaped a path toward recovery while driving long-term structural and behavioral changes in the market.

Manufacturing Disruptions: The nationwide lockdown in March 2020 led to the temporary closure of jewellery manufacturing units across India. Small and medium-sized enterprises (SMEs), which constitute a significant portion of the sector, faced challenges such as:

- **Labor Shortages:** Restrictions on movement and health concerns led to a shortage of skilled and semi-skilled labor.
- **Supply Chain Interruptions:** Disruptions in global supply chains affected the availability of raw materials, leading to delays in production.
- **Operational Halts:** Temporary shutdowns of manufacturing units resulted in a backlog of orders and reduced output.

According to the Gem and Jewellery Export Promotion Council (GJEPC), these disruptions contributed to a decline in gem and jewellery exports by 5.53% during April-November 2019, with challenges intensifying after the outbreak of COVID-19.

Retail Sector Challenges: The retail jewellery sector faced significant challenges during the pandemic, including-

- **Reduced Footfall:** Lockdowns and health concerns led to a decline in customer visits to jewellery stores.
- **Shift in Consumer Spending:** Economic uncertainties prompted consumers to prioritize essential goods over luxury items, affecting jewellery sales.

- **Revenue Decline:** India Ratings and Research (Ind-Ra) projected a 25% decline in retail jewellery revenues over FY 2021 due to subdued demand.

Despite these challenges, the sector anticipated a sharp recovery in the third quarter of FY 2021, driven by the festive and wedding seasons.

Export Decline: India's gems and jewellery exports experienced a significant downturn during the pandemic-

- **May 2021 Export Data:** Exports declined by 5% to ₹21,188 crore (\$2.89 billion) compared to May 2019, due to disruptions caused by the second COVID-19 wave.
- **Overall Export Performance:** In FY 2021, merchandise exports declined by 6.88%, with the jewellery sector particularly impacted due to global demand slowdown and logistical constraints.

The COVID-19 pandemic left the Jewellery sector grappling with unprecedented challenges across manufacturing, retail, and exports. Labour shortages, disrupted supply chains, and operational halts weakened production, while restricted mobility and shifting consumer priorities reduced retail sales. At the same time, exports were hit hard by both domestic constraints and a global demand slowdown.

These pressures exposed the sector's vulnerabilities but also accelerated important transformations such as digital adoption, new sales channels, and evolving consumer preferences. Together with government support and industry resilience, these shifts have set the foundation for a stronger, more adaptive growth path in the years ahead.

Regulatory Framework in India

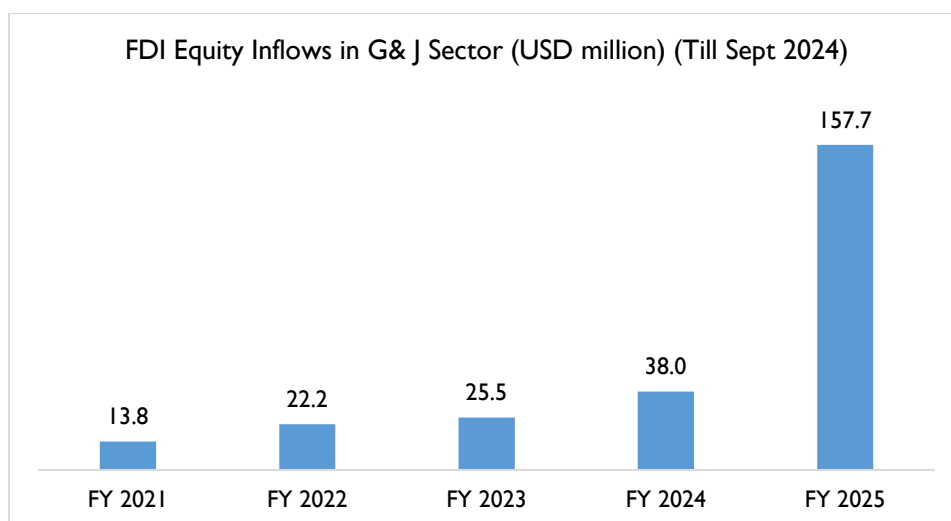
The gems and jewellery sector in India is a significant contributor to the national economy, driving exports, employment, and household savings. Given the high-value nature of gold transactions, the industry operates under a comprehensive regulatory framework aimed at promoting growth, ensuring transparency, protecting consumers, and maintaining financial integrity. Key regulators include the Ministry of Finance, which oversees customs duties, import tariffs, and tax structures; the Reserve Bank of India (RBI), which manages schemes like Sovereign Gold Bonds and gold loans while monitoring foreign exchange linked to gold trade; the Directorate General of Foreign Trade (DGFT), which provides export-import incentives and duty drawback schemes; and the Bureau of Indian Standards (BIS), which enforces hallmarking and certification to guarantee product quality and authenticity.

The government has also introduced initiatives such as the Gold Monetisation Scheme and Sovereign Gold Bond Scheme to mobilise domestic gold reserves, while outright purchase facilities and gold loan schemes provide liquidity to jewellers and exporters. Compliance is reinforced through regulations like the Prevention of Money Laundering Act (PMLA) and mandatory hallmarking, ensuring market integrity and consumer confidence. The Gem and Jewellery Export Promotion Council (GJEPC) further supports export growth through market facilitation, financial assistance, and the development of export clusters. Together, these measures create a balanced regulatory environment that encourages industry growth, strengthens exports, and integrates gold into the formal financial system.

FDI Norms

India's gems and jewellery industry benefits from a highly liberalized Foreign Direct Investment (FDI) regime. Under the current policy framework administered by the Department for Promotion of Industry and Internal Trade (DPIIT), 100% FDI is permitted under the automatic route for this sector. This means foreign investors and their Indian partners can invest freely, without needing prior approval from the government or the Reserve Bank of India, provided that regulatory disclosures are made post-investment. This policy highlights the sector's strategic importance and priority status in India's export-led growth agenda.

The government has formally classified the gems and jewellery industry as a focus area for export promotion, reflecting its significant contribution to both GDP and international trade. The sector contributes approximately 6–7% of India's GDP and accounts for nearly 15% of the country's total merchandise exports. Its labour-intensive, export-oriented structure, anchored by skilled craftsmanship and established export clusters, makes it uniquely positioned to leverage FDI for technological upgrading, capacity expansion, and global outreach.



Source: Gems & Jewellery Export Promotion Council

India's liberalized FDI regime, allowing 100% investment under the automatic route, has positioned the gems and jewellery sector as a strategic hub for global investment. Steady inflow growth, supported by favourable government policies, export-oriented clusters, and infrastructure development, underscores strong investor confidence. This environment enables technological upgrades, capacity expansion, and enhanced export competitiveness, reinforcing India's status as a leading global jewellery market.

Key Policies & Regulations

Gold Monetisation Scheme

The Gold Monetisation Scheme (GMS), launched by the Government of India in 2015, aims to mobilise idle gold held by households, trusts, and institutions and bring it into the formal financial system, reducing dependence on imports. India's households hold over 25,000 tonnes of gold, much of which traditionally remains outside productive use. Under GMS, depositors could initially choose from Short-Term (1–3 years), Medium-Term (5–7 years), and Long-Term (12–15 years) deposit options, with interest paid annually or cumulatively.

Depositors complete KYC and submit gold to designated Collection and Purity Testing Centres, where it is verified and credited to their Gold Deposit Account. From March 26, 2025, Medium- and Long-Term deposits were discontinued, while Short-Term deposits remain operational at the discretion of banks. By November 2024, GMS had mobilised over 31 tonnes of gold across more than 5,600 depositors. The scheme converts dormant gold into formal sector instruments, enhancing liquidity, supporting loans and refinery supply, and contributing to macroeconomic stability while offering secure returns to depositors.

Sovereign Gold Bond Scheme 2024-25

The Sovereign Gold Bond (SGB) Scheme 2024-25, issued by the Reserve Bank of India on behalf of the Government of India, provides a secure and digital investment alternative to physical gold, with bonds denominated in grams and a minimum investment of one gram. The scheme allows a maximum holding of 4 kg per individual/HUF and 20 kg per trust each financial year, with an eight-year maturity and early exit option from the fifth year. SGBs are available through banks, post offices, StockHolding Corporation of India Limited, and stock exchanges, providing a fixed annual interest rate of 2.5% (payable semi-annually) in addition to capital appreciation linked to IBJA gold prices. They are fully digital, tradable, usable as collateral for loans, and eliminate concerns around storage, purity, and theft.

A major feature is the tax advantage: capital gains on redemption at maturity are fully tax-exempt for individuals, while premature sales after 12 months (if not redeemed by RBI) are taxed at a reduced 12.5% long-term capital gains rate without indexation, following the 2024 tax update. This is more favorable than physical gold, which is taxed higher. SGB interest remains taxable as per the investor's slab. The scheme boosts formal gold investment, helps reduce gold imports, and channels household savings into productive financial instruments, making it a highly attractive option for Indian investors in 2024-25.

Prevention of Money Laundering Act

The Prevention of Money Laundering Act (PMLA), 2002 provides a legal framework to prevent misuse of India's financial and commercial sectors, including the gems and jewellery industry, which is vulnerable to money laundering, smuggling, and terror financing. Under the Act, jewellers, bullion dealers, and diamond traders are designated as "reporting entities" and must comply with Know Your Customer (KYC) and Customer Due Diligence (CDD) requirements for high-value transactions, maintain records for five years, and appoint a Principal Officer to liaise with the Financial Intelligence Unit – India (FIU-IND).

Entities are required to submit Cash Transaction Reports (CTR) for transactions $\geq ₹10$ lakh and Suspicious Transaction Reports (STR) for unusual or suspicious activity. The Act mandates a risk-based approach, enhanced due diligence for politically exposed persons (PEPs) and cross-border transactions, and robust internal controls including employee training and audits. Non-compliance can attract fines, suspension, or prosecution. By integrating the jewellery sector into India's AML/CFT framework, the PMLA enhances transparency, curbs illicit activities, and strengthens the sector's credibility in domestic and global markets.

Duty Drawback Scheme

The Duty Drawback Scheme, administered by the Central Board of Indirect Taxes & Customs (CBIC) under the Ministry of Finance, allows exporters to claim refunds on customs and central excise duties paid on imported or domestic inputs used in exported goods, ensuring exports are "zero-rated" and internationally competitive. The scheme provides three types of claims: All-Industry Rate (AIR) for standardized refunds with minimal

documentation, Brand Rate for exporters with higher actual duty burdens, and Drawback on Re-export of Imported Goods for duty-paid imported items.

CBIC mandates efficient processing, with 90% of claims settled within three days and refunds credited by T+2 working days. The scheme also accounts for minor shortfalls in export realization and includes levy components like Education Cess and Social Welfare Surcharge. In FY 2021, the scheme disbursed INR 18,128 crore, reflecting its significant role in enhancing exporters' liquidity and supporting India's international trade.

Outright Purchase

The Reserve Bank of India (RBI) uses outright gold purchases as a strategic tool for foreign exchange reserve management, economic resilience, and financial stability. Notably, in October 2009, RBI acquired 200 tonnes of gold from the IMF, boosting India's reserves, which grew to 879.59 tonnes by March 2025, with significant holdings both domestically and internationally. The share of gold in India's total forex reserves rose from 5.88% in September 2021 to 11.7% in March 2025, reflecting its importance as a stabilizing asset.

Domestic outright gold purchases are regulated through nominated banks under prudential norms, including risk management, open gold position limits, and hedging practices. These measures support both reserve diversification and the regulation of domestic gold supply, ensuring monetary policy stability and insulating the market from speculative pressures.

Gold Loan Schemes

The Reserve Bank of India (RBI) has established a regulatory framework for gold-backed lending through the draft "Lending Against Gold Collateral" directions, 2025, applicable to commercial banks, co-operative banks, RRBs, small finance banks, and NBFCs. The guidelines standardize gold loan norms, including Loan-to-Value (LTV) ratios, purity valuation, borrower due diligence, and collateral handling. Borrowers' ownership is verified, and re-pledging of collateral is prohibited.

The framework emphasizes consumer protection, requiring transparent valuation, secure storage, timely auctions, refund of surplus proceeds within seven days, and borrower compensation for delays. Cash disbursement is capped at INR 20,000, with the balance credited to bank accounts, and loan terms must be communicated in the borrower's language. Implementation of these norms may be deferred until January 1, 2026, with possible exemptions for loans up to INR 2 lakh, balancing formalisation with financial inclusion. These measures formalize the gold loan sector, ensuring transparency, accountability, and borrower protection.

Gold Spot Exchange:

The government has proposed the establishment of a gold spot exchange to create a transparent and standardised platform for bullion trading. Such an exchange would enable fair price discovery, reduce dependence on informal channels, and enhance India's role in global gold pricing mechanisms. For the gems and jewellery

sector, this translates into reduced volatility in sourcing raw gold, a structured market for trade, and better hedging mechanisms against price fluctuations. Over time, the exchange could position India as a major global bullion hub.

BIS Hallmarking Scheme (Mandatory Hallmarking):

The Bureau of Indian Standards (BIS) has made hallmarking of gold jewellery and artefacts mandatory from June 2021, introduced in phases across districts. Under this regime, every gold item must carry the BIS hallmark, carat purity, jeweller's identification mark, and the Assaying and Hallmarking Centre's identification. The policy ensures that customers receive jewellery of certified quality and purity, thereby addressing long-standing concerns around adulteration and under-cartage. For the industry, mandatory hallmarking raises the level of trust, aligns India with international quality norms, and drives consolidation by encouraging compliance-oriented jewellers.

Prevention of Money Laundering Act (PMLA) Amendment:

In December 2020, the Ministry of Finance brought dealers in precious metals and stones under the ambit of the Prevention of Money Laundering Act (PMLA). The amendment requires jewellers and dealers to maintain detailed records of all cash transactions of ₹10 lakh or more with a single customer. This regulatory measure is a significant step toward increasing accountability and transparency in the sector, which has historically been vulnerable to unaccounted transactions. For the industry, compliance with PMLA not only ensures legal adherence but also enhances credibility with domestic and global financial institutions.

Special Group for Industry Concerns:

In August 2020, the government proposed the formation of a special group comprising customs and banking officials to address sector-specific issues faced by gems and jewellery exporters. This initiative reflects the government's recognition of the sector's contribution to exports and employment generation. By providing a structured mechanism to resolve operational bottlenecks, the special group ensures quicker redressal of industry concerns, especially around compliance, documentation, and international trade barriers.

EDI Connectivity in E-commerce Policy:

The integration of Electronic Data Interchange (EDI) connectivity between postal services and customs has been proposed under India's evolving e-commerce policy framework. This measure allows automatic closure of e-commerce exports against advance credit card payments by foreign buyers, thereby reducing procedural delays. For the gems and jewellery industry, which is witnessing rising online demand globally, this initiative provides an enabling ecosystem for seamless cross-border trade, greater participation in digital exports, and expansion into newer markets with reduced compliance burdens.

Union Budget 2024:

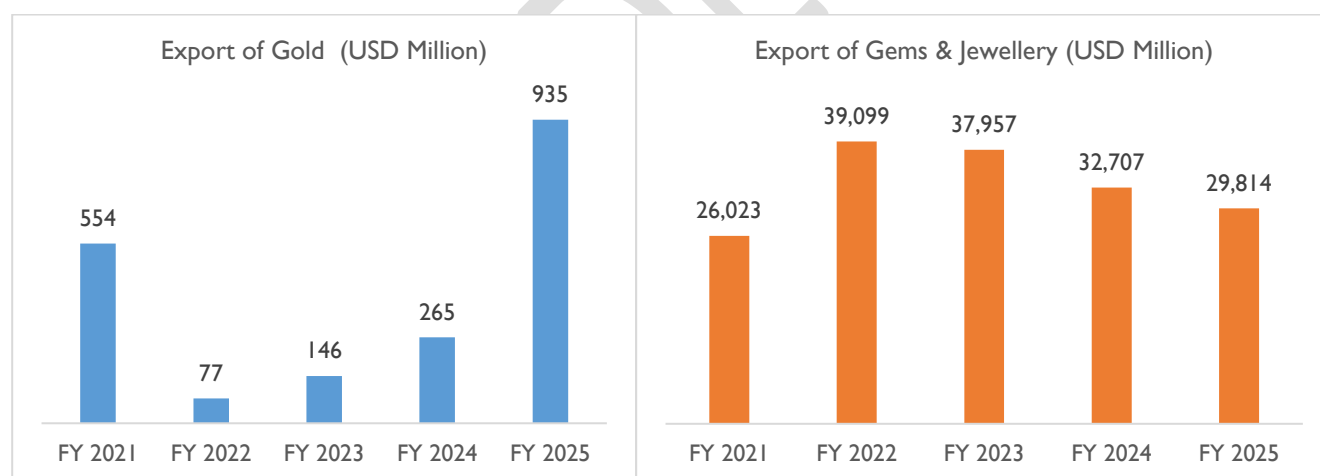
Customs Duty Revisions: In the Union Budget 2024, the Government of India reduced the basic customs duty on gold and silver to 6%, and on platinum to 6.4%. This move is particularly significant for the jewellery industry, as import duties directly affect raw material costs. Lowering customs duties helps reduce price disparities between domestic and international markets, discourages unofficial imports (smuggling), and enhances competitiveness of Indian jewellers in both domestic and export markets. It also supports consumers by making precious metals more affordable, thereby stimulating demand.

Gold Export and Import Scenario in India

Export Scenario

India's gold exports have witnessed sharp fluctuations over the past five years, reflecting both global market volatility and domestic policy dynamics. In FY 2021, exports were recorded at USD 554 million but plunged drastically to just USD 77 million in FY 2022, as international trade flows weakened, global demand slowed, and tighter regulatory checks impacted re-export activities.

This decline was short-lived, as exports gradually recovered to USD 146 million in FY 2023 and USD 265 million in FY 2024, before surging sharply to USD 935 million in FY 2025. The strong rebound in FY 2025 indicates a revival in global demand for gold, favorable international prices, and India's increasing role in value-added bullion trade and re-exports.



Source: Directorate General of Foreign Trade

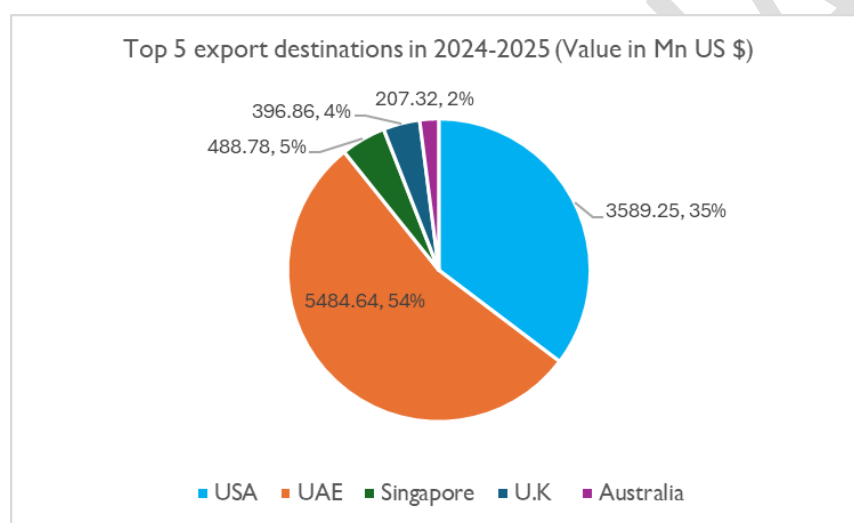
In contrast, the gems and Jewellery sector, a traditional mainstay of India's exports, has been facing headwinds in recent years. Exports grew from USD 26.0 billion in FY 2021 to a peak of USD 39.1 billion in FY 2022, driven by pent-up demand in key markets such as the United States and Europe, coupled with higher luxury spending as economies reopened post-pandemic. However, this momentum was not sustained, as exports declined to USD 37.9 billion in FY 2023 and further contracted to USD 32.7 billion in FY 2024.

By FY 2025, exports had fallen further to USD 29.8 billion, marking a significant decline of nearly one-fourth from the FY 2022 peak. This downward trajectory reflects weakening discretionary spending in major consuming

nations amid inflationary pressures, global economic uncertainties, and reduced demand for polished diamonds and studded Jewellery. Moreover, supply chain disruptions and heightened competition from emerging Jewellery manufacturing hubs further constrained export performance.

Overall, the two segments present a diverging trend. Gold exports, though smaller in absolute value compared to jewellery, have shown strong recovery and growth in FY 2025, underscoring renewed international demand and trading opportunities. On the other hand, gems and jewellery exports, despite their large base, are experiencing a prolonged slowdown, highlighting the challenges faced by India's traditionally dominant export sector in an increasingly uncertain global environment.

Major Export Destinations for Gold & Other Precious Metal Jewellery from India:

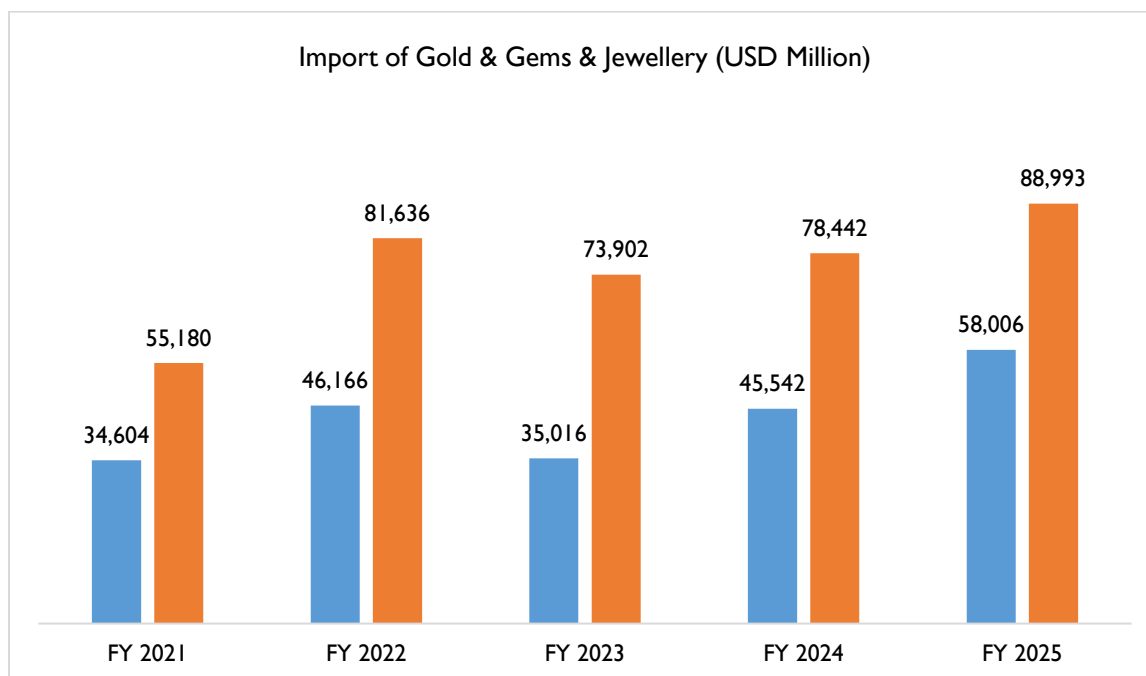


The total value of exports of Gold and other precious metal jewellery from India from top 10 export destinations were worth 10387.80 USD Mn. This value was worth 82% of the exports in the given year 2024-25. The major exporter of the gold and other precious jewellery was UAE, then followed by USA which held 35% of export value. UAE has an strategic relationship through the India-UAE Comprehensive Economic Partnership Agreement (CEPA) providing duty free access for Indian Jewellery. This agreement was signed off on 2022 which has enabled gold imports to African nations and West Asia. USA has been the top exporters since past 5-7 years owing to the unique craftsmanship of jewellery.

Import Scenario

India's imports of gold and gems & Jewellery have shown a cyclical but overall upward trend between FY 2021 and FY 2025. Gold imports rose from USD 34,604 million in FY 2021 to USD 46,166 million in FY 2022, reflecting a strong rebound in demand as the economy recovered from the pandemic slump. However, FY 2023 witnessed a sharp fall to USD 35,016 million, mainly due to subdued consumer demand, high gold prices, and global uncertainties that dampened Jewellery consumption.

Imports picked up again in FY 2024, reaching USD 45,542 million, and surged further to USD 58,006 million in FY 2025, the highest level in the five-year period. This sharp jump in FY 2025 indicates stronger domestic demand during wedding and festive seasons, as well as restocking by the jewellery industry, even though high prices continued to play a role in limiting physical volumes.



Source: Directorate General of Foreign Trade

In the gems & Jewellery category, imports followed a somewhat similar but less volatile pattern. Imports increased significantly from USD 55,180 million in FY 2021 to USD 81,636 million in FY 2022, driven by the revival of international trade and robust export-oriented demand, particularly for cut and polished diamonds. In FY 2023, imports moderated to USD 73,902 million, reflecting softer global demand, inventory adjustments, and the impact of macroeconomic headwinds on luxury consumption worldwide. FY 2024 saw a partial recovery with imports rising to USD 78,442 million, followed by another expansion to USD 88,993 million in FY 2025, showing resilience in India's gems & Jewellery trade despite global uncertainties.

Overall, both categories highlight how India's Jewellery ecosystem is influenced by a mix of domestic consumption, export demand, and global price movements. Gold imports remain closely tied to household demand for Jewellery and investment, while gems & Jewellery imports are largely driven by India's role as a global processing hub for diamonds and precious stones. The sharp increase in FY 2025 across both categories reflects a combination of factors: stronger wedding-related demand in India, partial easing of global trade disruptions, and the industry's push to secure raw materials amid rising prices.

Regulations Governing Imports

Tightened rules for importing precious metals

New Restrictions on Gold and Silver Imports via Nominated Agencies as of May 2025, suggests the tightening of norms related to precious metals including gold, silver, and platinum. This policy, implemented by the Directorate General of Foreign Trade (DGFT) in sync with the Union Budget 2025, aims to formalize the bullion trade and has been a component of Finance Act 2025.

The policy refrains the freely import of unwrought and semi-manufactured gold with 99.5% or more purity and silver with 99.9% or more purity and categorizes them as restricted items. Post implication of the regulatory norm, they can only be imported through specific channels:

- **Nominated Agencies:** Nominated agencies authorized by the Reserve Bank of India (RBI) and DGFT.
- **Qualified Jewellers:** Entities approved by the International Financial Services Centres Authority (IFSCA), who must only import through the India International Bullion Exchange (IIBX).

This change ensures that imports are traceable and helps prevent the misuse of trade agreements. It's like having a secure, dedicated pipeline for these precious metals to enter the country, rather than an open door.

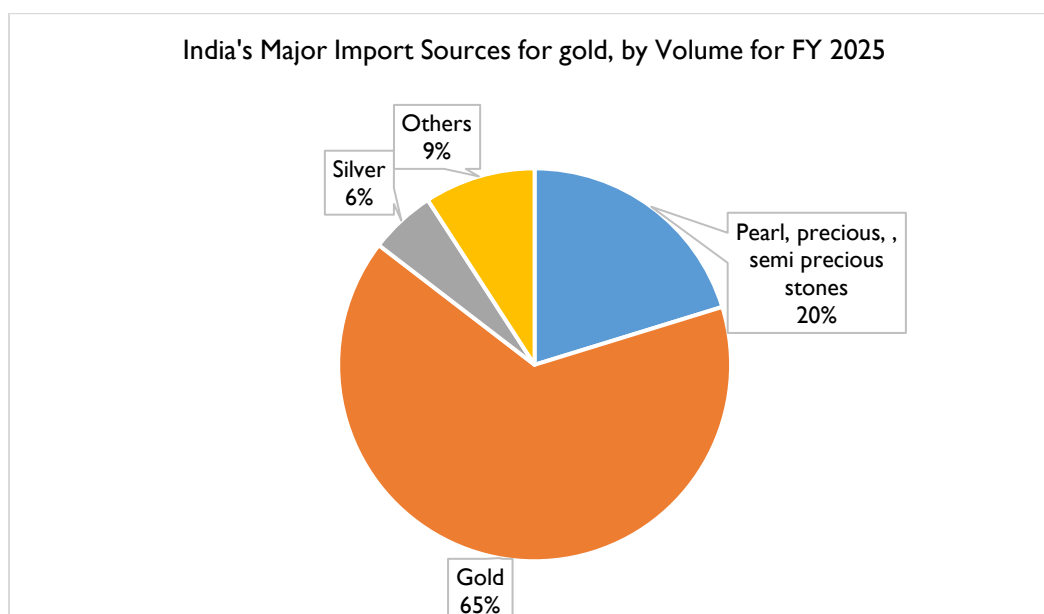
Regulation on Customs Duty for Gold and Silver Jewellery

As of early 2025, the Indian government's import duty on gold and silver articles was reduced from 15% to 6% which seemingly contributed towards bringing down the unofficial gold imports. Alongside, the basic customs duty on imported jewellery, including articles of gold and silver, was lowered from 25% to 20% in the Union Budget 2025.

This change directly impacted the final price of imported jewellery for consumers in India. Later in July, the overall tax on imported gold and silver became 9%, which includes a basic customs duty of 5%, an Agriculture Infrastructure and Development Cess (AIDC) of 1%, and an Integrated Goods and Services Tax (IGST) of 3%.

Import Pattern

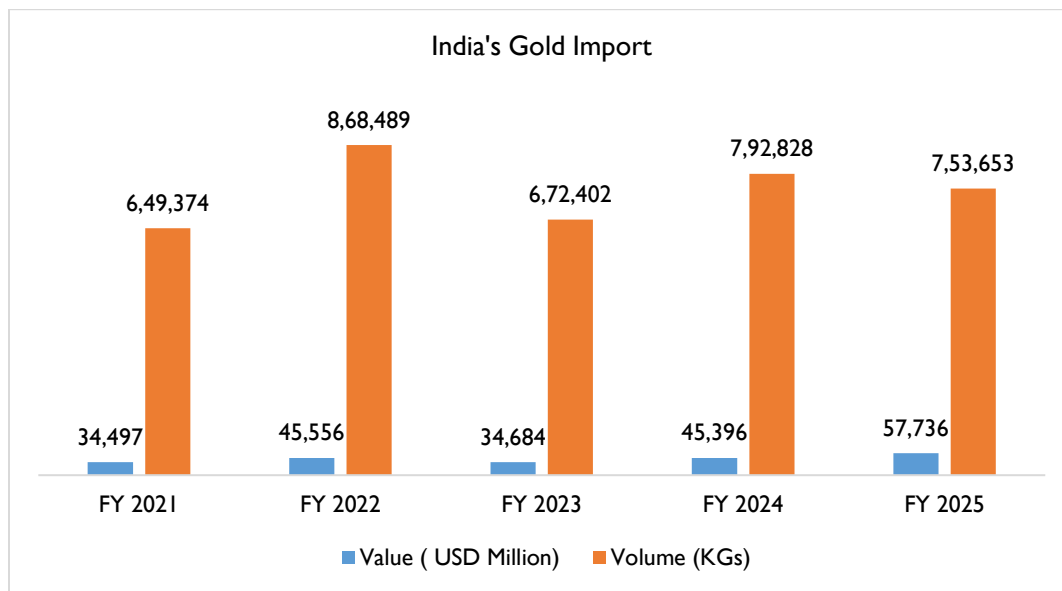
Gold plays a dual role in India's trade: it is both a consumption commodity and a critical raw material for the gems & jewellery sector. Since jewellery manufacturing is one of India's largest export-oriented industries, gold imports feed directly into the production of finished ornaments, studded jewellery, and other luxury products that are then exported. This is why gold imports are often considered not just a reflection of domestic demand but also a driver of India's export competitiveness in the gems & jewellery industry.



Source: Directorate General of Foreign Trade

India's gems & jewellery exports stood at around USD 38–40 billion in FY 2024 (as per GJEPC and trade data), and early trends for FY 2025 indicate modest recovery after global demand softness in 2023. The heavy reliance on imported raw materials, particularly gold and diamonds, underscores how import growth translates into export value addition. For instance, imported bullion is refined, crafted, and re-exported as finished jewellery, while imported rough diamonds are cut and polished in India before being exported worldwide.

The rise in gold imports to USD 58 billion in FY 2025 aligns with stronger domestic and export-driven jewellery demand. Similarly, the increase in gems & jewellery imports (USD 89 billion in FY 2025) reflects India's continued role as a global processing hub, where raw materials are transformed and exported as high-value finished goods.



Source: Directorate General of Foreign Trade

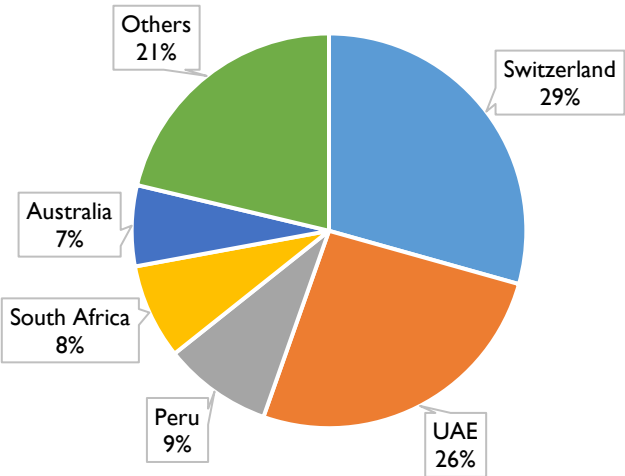
Gold import value has shown significant fluctuations over the five-year period. In FY 2021, imports stood at USD 34,497 million, rising sharply in FY 2022 to USD 45,556 million, driven by higher prices and recovery in demand after the pandemic. However, in FY 2023, the value dropped back to USD 34,684 million, reflecting both softer demand and some price corrections. A recovery followed in FY 2024, with imports valued at USD 45,396 million, before surging to a five-year high of USD 57,736 million in FY 2025. The jump in 2025 highlights the impact of record-high gold prices and stronger festival- and wedding-related demand, even though import volumes moderated compared to the previous year.

The volume of gold imports tells a slightly different story. In FY 2021, India imported 6,49,374 kg of gold, which peaked at 8,68,489 kg in FY 2022 reflecting pent-up demand and restocking after COVID-19 disruptions. Volumes then fell significantly in FY 2023 to 6,72,402 kg, mainly due to price pressures and subdued rural demand. FY 2024 saw a rebound to 7,92,828 kg, but in FY 2025, volumes slipped again to 7,53,653 kg, indicating that high prices constrained physical demand despite strong import values.

The divergence between value and volume trends is striking. While the import value in FY 2025 is the highest in the five-year period, the volume is lower than FY 2022 and FY 2024. This suggests that India is importing less gold by weight but paying significantly more for it clear evidence of record-high international gold prices. Essentially, demand in tonnes is under pressure, but the expenditure on imports continues to rise.

India's gold import trend reflects a shift towards value-driven rather than volume-driven demand. The higher expenditure in FY 2025 despite lower volumes shows how cultural and investment demand remains resilient, but affordability constraints are forcing households and jewellers to adjust to smaller quantities. This pattern also reinforces gold's dual role in India: as a cultural necessity for domestic consumption and as a raw material for the export-driven gems & jewellery industry.

India's Major Import Sources for gold, by Volume for FY 2025



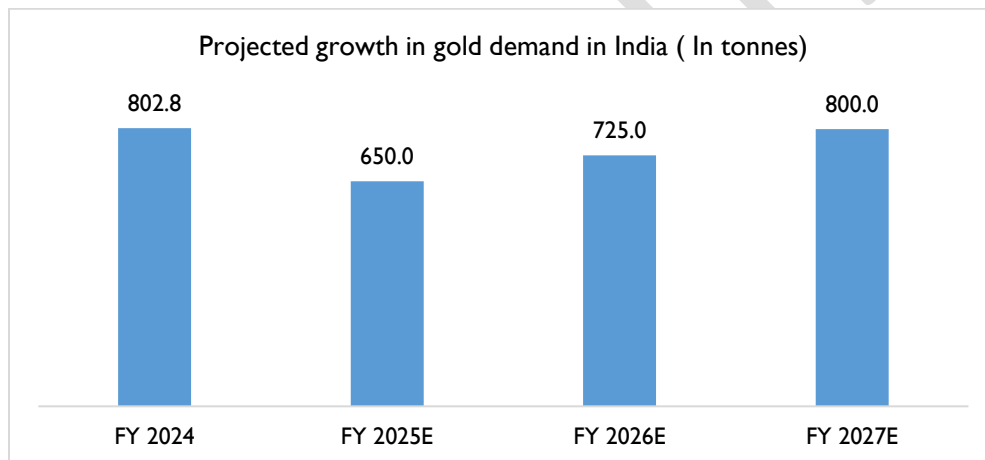
Source: Directorate General of Foreign Trade

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Growth Forecast

Gold demand in India is expected to witness steady growth over the next 3-5 years, driven by cultural affinity, rising disposable incomes, and growing demand for investment avenues. Traditionally, gold has remained a preferred asset for Indian households, not only as Jewellery but also as a form of financial security. With the expanding middle class and increasing urbanization, the retail Jewellery market is likely to strengthen further, especially around festivals and weddings, which continue to be key demand drivers.

On the investment front, heightened interest in gold exchange-traded funds (ETFs), sovereign gold bonds, and digital gold platforms is anticipated, as more investors seek to diversify their portfolios and hedge against inflation or currency volatility. Macroeconomic factors such as global price trends, interest rates, and policy incentives are also expected to shape demand positively. Moreover, the government's push toward formalization of the gold sector, coupled with innovations by organized players in branding and product design, will further aid consumption growth in both urban and semi-urban markets.



Source: D&B Desk Research; E- Estimated

India's gold demand has shown resilience in recent years, though short-term fluctuations remain tied to price movements and consumer sentiment. In FY 2024, demand stood at 802.8 tonnes, marking a 5% rise over the previous year. However, FY 2025 is projected to witness a sharper moderation, with demand estimated at 650 tonnes as per the World Gold Council. This would mark the lowest level since 2020, largely driven by elevated gold prices and cautious jewellery buying.

Looking ahead, demand is expected to rebound gradually. In FY 2026, consumer demand is projected at 725 tonnes, supported by festive and wedding-related purchases, rural recovery, and sustained investment interest, even as high prices temper jewellery volumes. By FY 2027, demand is forecasted to recover further to 800 tonnes, aided by rising incomes and the anticipated boost from the Eighth Central Pay Commission, which is likely to strengthen household purchasing power and stimulate jewellery consumption.

Gems & Jewellery Retailing Scenario in India

The gems and Jewellery retailing sector in India is one of the largest in the world, deeply rooted in cultural traditions and driven by strong consumer demand for gold, diamonds, and other precious stones. Jewellery retail accounts for a significant share of India's overall luxury and lifestyle market, with gold Jewellery forming the backbone of consumption due to its dual role as both adornment and investment. The sector is highly fragmented, with a large presence of family-owned regional Jewellers alongside a rising share of organized players, including national chains and branded showrooms. This shift toward organized retail is being fueled by urbanization, evolving consumer preferences, and growing trust in certified quality and hallmarking.

In recent years, the industry has undergone transformation driven by policy reforms such as mandatory BIS hallmarking, reduced import duties, and enhanced transparency in sourcing and pricing. Consumers are increasingly gravitating towards branded and certified products, boosting the market share of organized retailers. Additionally, digitalization has played a key role, with e-commerce and omni-channel strategies enabling Jewellers to reach new customer segments across urban and semi-urban areas. Festivals, weddings, and gifting traditions continue to anchor demand, while modern designs, lightweight collections, and diamond-studded offerings are attracting younger buyers. Together, these dynamics position India's gems and Jewellery retail sector for steady growth, balancing its cultural legacy with modern retail practices.

Current Market Scenario

India's gems and jewellery retail landscape is a powerful economic pillar constituting approximately **7% of the nation's GDP** and employing between **4.6 to 5 million people** across the value chain. The sector is a global powerhouse, contributing around **15% of India's merchandise exports** and handling **75% of the world's polished diamond exports**. It is marked by a mix of time-honoured family-owned regional jewellers and a rising tide of **organised, branded retailers**. These branded players are gaining ground thanks to rising urbanisation, consumer preference for certified (hallmarked) jewellery, and growing trust in quality standards.

Government support has played a pivotal role in transforming the sector. Key policy initiatives include **100% Foreign Direct Investment (FDI)** under the automatic route, reduced import duties on gold, silver, and diamonds, and mandates like **BIS hallmarking** to enhance transparency and consumer confidence. Additionally, the sector has received **Authorised Economic Operator (AEO)** status for trade facilitation, benefiting from faster cargo clearance and reduced bank guarantee requirements. The government's export promotion strategies such as funding infrastructure (e.g., common facilities, testing laboratories), organizing buyer-seller meets, and establishing hubs like the Bharat Ratnam Mega CFC further bolster the industry's global competitiveness.

Looking ahead, the **market size** is on an impressive growth trajectory: valued at around **USD 80- 85 billion in FY 2024**, it is forecast to double to **USD 140- 155 billion by FY 2028**. The **organised segment** is expected to grow disproportionately fast from a 36- 38% share in FY 2024 to 42- 43% by FY 2028 driven by

digital retail penetration, evolving luxury tastes, and modern retail infrastructure. Furthermore, sector reports anticipate the market reaching **USD 128 billion by FY 2029**, with growth fuelled by the rise of **lab-grown diamonds (LGDs)**, e-commerce, and digitally enabled, personalized shopping experiences.

Gems & Jewellery Retailing scenario in Gujarat

Predominantly known for its diamond jewellery market, the gems and jewellery sector in Gujarat is quite vibrant being known for their Kundan and Minakari variants. The once major diamond hub other than Surat, has endured a lot since Covid with loss of exports to many skilled personnel going out of job. The current scenario are bringing things back to the normal. Some of the prominent hubs for gems and jewellery in the state include Rajkot, Vadodara, Ahmedabad and Surat. There are more than 700 jewellery manufacturing units which employ more than 0.25 million artisans. Gujarat has been facilitating the growth of the sector with establishment of Gems & Jewellery park ,Special SEZ as it includes a well connected infrastructure, talent and resource ecosystem.

The traditional segment though dominant for the type of jewellery for festivals and weddings, are seeing a blend of modern and traditional designs especially for the newer generation of jewellery buyers. Trends of minimalistic, gender neutral are also preferred in various cities. Customization on key chains, watch straps, watches, are offered by local jewellers through stone setting or personalized designs. These trends are seen in the cities such as Ahmedabad or Surat.

Retail Channels

Traditional/Unorganised Retailers: Unorganised jewellers, comprising small family-owned shops and local goldsmiths, dominate a large share of India's jewellery market, particularly in tier-2 and rural regions. These outlets rely heavily on long-standing trust and community relationships, with customers often returning to the same jeweller across generations. They cater to customised designs and allow price negotiations, which appeal to traditional buyers. However, lack of hallmarking and transparency in pricing is a common drawback. Despite increasing competition from organised brands, these retailers continue to thrive due to cultural familiarity and personalised service. Their share, while gradually shrinking, still accounts for a majority of gold jewellery sales in rural India.

Organised Brick-and-Mortar Jewellery Chains: Large retail chains such as Tanishq, Malabar Gold & Diamonds, and Kalyan Jewellers have grown rapidly across urban centres and are steadily expanding into tier-2 and tier-3 cities. These stores offer hallmark-certified jewellery, transparent billing, buyback policies, and wide design assortments, enhancing consumer trust. Organised chains are able to leverage strong branding, modern retail formats, and economies of scale. They also invest heavily in marketing campaigns and festive promotions, boosting visibility. These outlets are increasingly preferred by younger generations who value authenticity and branded experiences. Their share of the market has been steadily rising as formalisation strengthens under government hallmarking rules.

Department Stores & Multi-Brand Outlets: Department stores and multi-brand jewellery outlets, usually located in malls or high streets, provide a curated collection of jewellery brands under one roof. These stores focus on convenience and variety, especially for urban consumers who want to compare multiple branded offerings. The segment includes both fine jewellery and fashion jewellery, catering to a broader consumer base. Multi-brand retailers also frequently collaborate with global brands, offering international designs in India. Their modern retail environments attract young professionals seeking stylish daily-wear pieces. Although smaller than chain-specific showrooms, they play an important role in driving organised market growth in metros and tier-I cities.

E-Commerce Platforms: Digital retailing has emerged as one of the fastest-growing channels in India's jewellery industry, with brands like CaratLane and Bluestone leading the segment. Major online marketplaces like Amazon and Flipkart also feature certified jewellery, targeting convenience-driven buyers. Online platforms offer transparent pricing, certification, home trials, and easy EMI options, which build consumer trust. Virtual try-ons, 3D product views, and flexible return policies have enhanced digital adoption. E-commerce caters strongly to millennials and Gen Z, who prefer browsing designs online before purchase. While online penetration is still lower compared to offline retail, its double-digit growth trajectory indicates strong future potential.

Omnichannel Retailing: Omnichannel strategies blend online and offline experiences, allowing customers to browse collections digitally while completing purchases in physical stores. Jewellery brands like Tanishq and CaratLane have pioneered features such as "order online, pick up in store" and "home trials." This approach reassures consumers about product authenticity while retaining the convenience of digital platforms. Omnichannel retail also integrates customer data, offering personalised recommendations and loyalty rewards. The model is particularly appealing for high-value purchases where buyers want both digital ease and physical verification. Over the next 3- 5 years, omnichannel retail is expected to become the dominant model in India's organised jewellery market.

Direct-to-Consumer (D2C) & Social Commerce: Independent designers and emerging D2C brands are increasingly using Instagram, WhatsApp, and boutique websites to connect directly with customers. These players focus on contemporary, customisable, and trend-driven jewellery collections, resonating with millennials and Gen Z audiences. Social media influencers and content marketing are key drivers of this channel's growth. Many D2C jewellers operate with lean business models, offering competitive pricing and exclusive limited-edition designs. The personalisation factor and community-driven engagement make this channel unique. While currently niche compared to large organised chains, the segment is growing quickly and is expected to expand strongly in the premium fashion and light jewellery categories.

Duty-Free & International Retail Outlets: Duty-free jewellery stores at airports and branded international outlets cater primarily to high-income travellers and Non-Resident Indians (NRIs). These outlets often specialise in luxury diamond jewellery, platinum collections, and premium branded products. They benefit from reduced

import duties, offering competitive pricing compared to domestic markets. Many global luxury jewellery brands also use this channel to target India's affluent diaspora. Increasing international travel by Indian consumers is boosting the relevance of this retail format. Though a niche contributor in terms of domestic volume, it strengthens India's positioning in the global luxury jewellery landscape and expands brand exposure abroad.

Impact of E-Commerce Channel

Over the past decade, India's gold retailing landscape has undergone a significant transformation with the rise of e-commerce channels. Traditionally dominated by offline retailers and family jewellers, the sector has opened up to online platforms like CaratLane, Bluestone, Melorra, and even large players such as Tanishq integrating digital stores into their sales models. These platforms have made certified gold and diamond jewellery accessible with greater transparency in pricing, product details, and authentication, reducing the information gap that long existed in the industry.

The convenience factor has played a major role in the adoption of online channels. Consumers today can browse thousands of designs, compare prices, and even opt for "try-at-home" services, which allow them to physically see the jewellery before buying. Secure digital payment options, EMI schemes, and transparent certification have further boosted confidence in purchasing gold online. In addition, the emergence of instant delivery platforms for lightweight jewellery and daily-wear pieces has enhanced accessibility by ensuring quick fulfilment, particularly appealing to younger buyers who value speed and convenience. E-commerce has not only changed the way jewellery is purchased but also expanded its reach to consumers in smaller cities and towns where branded offline stores may not be present.

Another critical driver has been the digitally savvy younger generation, particularly millennials and Gen Z, who are increasingly comfortable with online shopping and prefer lighter, trendier Jewellery pieces suited for everyday wear. Online retailers have adapted by offering contemporary designs, subscription-based Jewellery plans, and personalized shopping experiences through AI-driven recommendations. Furthermore, the COVID-19 pandemic accelerated digital adoption, as restrictions on physical shopping compelled consumers and retailers alike to embrace online channels as a safe and efficient alternative.

Greater Transparency in Pricing and Certification: E-commerce has brought unprecedented transparency to gold retailing in India by standardizing pricing and making live gold rates visible to all buyers. Unlike traditional practices where bargaining and hidden charges were common, online platforms clearly outline costs, taxes, and making charges. Certification, such as BIS hallmarking and diamond grading by GIA, has become integral to online purchases, ensuring authenticity and purity. This shift has compelled offline Jewellers to adopt similar transparency and certification practices to retain credibility, thereby raising accountability across the industry.

Expansion of Consumer Reach Beyond Metro Cities: The rise of online Jewellery platforms has allowed retailers to extend their reach beyond metropolitan markets, tapping into tier-2 and tier-3 cities without

requiring physical stores. Customers in smaller towns now have access to a wide variety of certified designs through digital catalogues, something previously limited by local inventory. Features such as insured delivery, cash-on-delivery, and easy return policies have further enhanced trust and adoption in these regions. As a result, branded Jewellery has become more accessible and inclusive, broadening the overall consumer base in India's gold retail market.

Shift Toward Lightweight and Contemporary Jewellery: E-commerce has reshaped consumer preferences by popularizing lightweight, fashion-oriented Jewellery suited for daily wear rather than only for traditional or ceremonial use. Online platforms often highlight collections in 14K or 18K gold, making Jewellery more affordable and lifestyle-driven. Younger consumers, especially millennials and Gen Z, are increasingly choosing trendy, customizable designs promoted online over conventional heavy ornaments. This trend has also influenced offline retailers, who are expanding their portfolios to include contemporary styles, showing how online retail is driving broader design innovation in the industry.

Rise of Omnichannel Retail Models: The growth of e-commerce has pushed traditional Jewellery chains to adopt omnichannel strategies that combine digital convenience with physical trust. Brands like Tanishq and Malabar now allow customers to browse designs online, schedule home trials, or book in-store visits for final purchase. Virtual consultations and digital catalogues have further enriched the shopping journey, giving buyers more flexibility. By integrating customer data across channels, retailers can personalize offers and strengthen loyalty, making omnichannel retail the preferred model for the future of gold buying in India.

Increased Competition and Consumer Empowerment: E-commerce has intensified competition in India's gold retail sector by giving consumers easy access to multiple brands and price points in one place. Shoppers can now compare designs, certifications, and costs instantly, giving them greater bargaining power and reducing the reliance on a single jeweler. The rise of direct-to-consumer (D2C) brands has further diversified offerings, pushing established retailers to innovate with better services, loyalty programs, and competitive pricing. Ultimately, this competition benefits consumers by improving quality, affordability, and overall shopping experience.

Boost to Formalisation of the Jewellery Industry: The online gold retail ecosystem has accelerated the formalization of India's Jewellery sector by making certification and hallmarking a standard requirement. Consumers are increasingly aware of purity and demand certified products, reducing the dominance of unorganized, uncertified local Jewellers. Online platforms' compliance-driven approach aligns closely with government policies, such as mandatory hallmarking, thereby improving industry transparency. Over time, this shift is expected to bring more players into the organized sector, strengthening regulation and boosting confidence among both domestic and international buyers.

Key Challenges

Price Volatility

Gold prices in India are highly sensitive to global economic conditions, currency fluctuations, and geopolitical tensions, making them prone to frequent volatility. For consumers, sudden spikes in prices often lead to deferred purchases, especially for wedding or investment purposes. On the retailer side, volatile prices complicate inventory planning and can result in losses if jewellery is procured at higher costs and sold during downward cycles. Price uncertainty also affects consumer sentiment, as many households view gold as both an ornament and an investment. While hedging tools and government initiatives like Sovereign Gold Bonds provide some stability, retail demand remains strongly linked to short-term price trends. This challenge requires retailers to balance stock management, pricing strategies, and promotions to sustain sales during unpredictable market conditions.

Supply Chain Disruptions

The Jewellery industry is heavily dependent on complex supply chains that involve gold imports, refining, crafting, and distribution across markets. Disruptions caused by global trade restrictions, shipping delays, or sudden policy changes such as import duty hikes can significantly impact availability and pricing. Domestic challenges like strikes, logistical bottlenecks, or hallmarking delays further strain the flow of goods. Events such as the COVID-19 pandemic highlighted the sector's vulnerability, with extended lockdowns halting both manufacturing and retail activity. Limited access to raw materials often leads to increased costs for retailers and fewer choices for consumers. Strengthening supply chain resilience, diversifying sourcing, and investing in technology-driven logistics have become critical for mitigating such risks in the long run.

Changing Consumer Preferences

Indian consumers, particularly younger generations, are increasingly moving away from heavy, traditional Jewellery towards lightweight, contemporary, and even lab-grown alternatives. This shift in preference has created challenges for traditional Jewellers who primarily catered to wedding and ceremonial markets. Additionally, digital-savvy buyers demand omnichannel experiences, personalized designs, and complete price transparency, which smaller unorganized players often struggle to provide. The growing interest in ethical and sustainable Jewellery, including lab-grown diamonds, also disrupts conventional demand patterns. Retailers must constantly adapt by innovating designs, updating collections, and investing in digital channels to stay relevant. Failure to respond quickly risks losing market share to newer, more agile players that better align with changing consumer expectations.

Competition

The Indian gems and Jewellery sector is intensely competitive, with unorganized local Jewellers, large established brands, and emerging e-commerce/D2C players all vying for consumer attention. Traditional Jewellers rely on generational trust and personal relationships, while organized chains leverage branding, certifications, and transparent pricing to win customers. Meanwhile, online retailers and social commerce platforms are attracting

younger buyers through convenience, trendy designs, and competitive pricing. This multi-front competition makes customer retention increasingly difficult, forcing retailers to differentiate themselves through innovation, loyalty programs, and superior service. Price wars and aggressive promotions further squeeze margins, especially for smaller players. The challenge lies in balancing brand identity with evolving consumer expectations while maintaining profitability in an increasingly crowded market.

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Competitive Landscape

The Indian gems and jewellery industry is highly fragmented, with the market historically dominated by a vast network of small family-run jewellers and artisans spread across urban and rural regions. These unorganised players account for a large share of retail sales, particularly in gold jewellery, where trust-based relationships and generational loyalty continue to drive customer engagement. Their strength lies in customised designs, traditional craftsmanship, and competitive pricing. However, the lack of hallmarking, certification, and transparent billing has gradually eroded their dominance, especially in urban centres where customers are increasingly shifting towards branded, organised retailers.

Organised jewellery chains have emerged as strong competitors in recent years, reshaping the industry structure. Leading brands such as Tanishq (Titan Company), Kalyan Jewellers, Malabar Gold & Diamonds, PC Jeweller, and Senco Gold & Diamonds have expanded their footprint across metros and tier-2 cities. These companies differentiate themselves through hallmark-certified products, transparent pricing, buyback guarantees, and modern retail experiences. Heavy investment in advertising, brand building, and celebrity endorsements has further strengthened their market position. Their focus on both wedding jewellery and lightweight daily wear collections allows them to appeal to a wide consumer base, including millennials and Gen Z.

The growing role of e-commerce and digital-first players has introduced a new dimension to competition. Companies like CaratLane, Bluestone, and Melorra have disrupted the market by targeting tech-savvy buyers with contemporary, lightweight, and affordable jewellery collections. By leveraging virtual try-ons, AI-driven recommendations, and home trial services, these platforms provide convenience and transparency that traditional stores often lack. E-commerce has also enabled brands to penetrate tier-2 and tier-3 cities without physical presence, expanding their consumer base. The rising popularity of online jewellery shopping has pushed even established offline chains to adopt omnichannel strategies, blending physical trust with digital convenience.

Another emerging competitive force is the lab-grown diamond (LGD) segment, which is witnessing rapid growth. With rising awareness of sustainability and affordability, LGDs are increasingly being positioned as an alternative to mined diamonds. Indian companies are investing in this category both for domestic retail and export markets, with government support through reduced duties and R&D initiatives. This sub-segment has opened opportunities for new entrants and created fresh competition for established diamond jewellers. The diversification of product offerings is pushing the industry towards innovation in design, marketing, and positioning.

On the global front, India faces competition from international luxury jewellery brands such as Cartier, Tiffany & Co., and Swarovski, which target high-income and aspirational consumers in urban markets. While their share remains niche compared to domestic players, these brands bring strong global recall and premium positioning. Additionally, duty-free outlets and international retail hubs are competing for the spending of Indian travellers

and NRIs, offering luxury jewellery at competitive prices. This adds further complexity to the competitive landscape as Indian consumers become more exposed to global brands and tastes.

Overall, the Indian gems and jewellery industry is transitioning from a fragmented, unorganised market to a more structured and branded ecosystem. Organised chains and digital platforms are steadily gaining market share, supported by government policies on hallmarking, FDI, and trade facilitation. However, traditional jewellers continue to retain strongholds in rural and semi-urban regions. Competition is intensifying across formats offline, online, and hybrid driving innovation in product design, retail models, and customer engagement. In the coming years, the industry is expected to consolidate further, with organised players and digital-first brands emerging as dominant forces.

Factors Impacting Competition

The Indian gems and jewellery retail market is highly competitive and fragmented, with unorganised jewellers still dominating in terms of numbers, especially in rural and semi-urban regions. These traditional players thrive on personalised relationships, local reputation, and trust built over generations. However, their limited ability to offer certification, transparent pricing, or large-scale branding puts them at a disadvantage compared to emerging organised formats.

Organised jewellery chains such as Tanishq, Malabar, and Kalyan have become increasingly influential by offering hallmark-certified products, consistent designs, and strong after-sales policies. Their ability to scale operations, standardise quality, and expand into tier-2 and tier-3 markets has allowed them to steadily capture market share. These players also leverage branding, store experience, and marketing campaigns to appeal to aspirational and younger customers, setting new benchmarks for professionalism and transparency in the sector.

A new layer of competition has emerged from e-commerce jewellers like CaratLane and Bluestone, who have disrupted the market with digital-first models. By offering lightweight designs, home trials, and virtual try-on features, they appeal strongly to millennials and Gen Z consumers. This digital push has also forced traditional and organised jewellers to adopt omnichannel strategies to remain competitive. Alongside, niche competition from international luxury brands is adding pressure in premium segments, making the retail environment a multi-dimensional and rapidly evolving competitive landscape.

Overall, the nature of competition in India's gems and jewellery retailing is fragmented yet consolidating, as the balance shifts from traditional unorganised players towards organised chains and digital platforms. Competitive intensity is being shaped not only by pricing and trust but also by certification, design innovation, customer experience, and technology integration. This transition reflects a broader industry trend where formalisation, regulatory support, and evolving consumer preferences are creating new winners while gradually reducing the dominance of legacy informal networks.

Regulatory Environment: Government regulations such as mandatory BIS hallmarking, import duties on gold, and Goods & Services Tax (GST) directly shape competition by increasing compliance requirements. Hallmarking boosts consumer confidence in organized players while challenging unorganized Jewellers who lack standardization. Duty changes on imports also impact pricing competitiveness between retailers. Increasingly strict regulations are pushing consolidation, benefitting organized chains and digital platforms that can easily comply.

Digital & Technology Adoption: Digital transformation is reshaping the retail scenario, with e-commerce, virtual try-ons, and AI-powered product recommendations gaining popularity. Technology enables omnichannel strategies, giving consumers a seamless online-offline experience. Smaller Jewellers often lag behind in adopting these tools, giving organized and digital-first brands a competitive edge. Over time, technology will become a key differentiator in customer engagement and retention.

Changing Consumer Preferences: Consumer demand is shifting from traditional heavy Jewellery towards lightweight, trendy, and customized pieces that suit modern lifestyles. Younger generations are also showing interest in sustainable options like lab-grown diamonds. This change in demand is challenging retailers to continuously update collections, invest in design innovation, and cater to evolving tastes. Players who fail to adapt risk losing relevance in a highly dynamic market.

Price Sensitivity and Volatility: Gold prices are highly volatile due to global and domestic factors, which affects both consumer buying behavior and retailer competitiveness. During price surges, consumers delay purchases, while organized retailers often have better mechanisms to hedge against volatility compared to small players. Price transparency in online platforms further intensifies competition, forcing retailers to maintain competitive pricing while safeguarding margins.

Branding and Consumer Trust: Trust has traditionally been the cornerstone of Jewellery retail, but in today's market, branding plays an equally vital role. Organized retailers invest heavily in marketing, celebrity endorsements, and store experiences to strengthen their positioning. In contrast, unorganized players rely on local community trust. Competition now hinges on who can combine credibility with strong brand appeal, especially among aspirational and younger buyers.

E-Commerce & Omnichannel Models: The rise of online jeweler retailing has intensified competition by giving consumers wider choices and price comparisons at their fingertips. Platforms offering flexible payment plans, home trials, and return policies are raising customer expectations. Traditional players adopting omnichannel models are better placed to retain relevance. In contrast, smaller offline Jewellers face challenges in competing with these services, increasing competitive pressure.

Global Competition and Exports: Global Jewellery brands such as Cartier and Tiffany are competing in India's luxury segment, targeting high-income consumers. Simultaneously, India's prominence as a global hub for

diamond cutting and polishing brings international players into the domestic space. Trade agreements and duty structures further impact competitiveness between local and foreign players. This global exposure is driving Indian retailers to enhance product design, quality, and branding standards to stay competitive.

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Arjun Jewellers Limited

Overview

Founded in 2017, Arjun Jewellers is a retail focused jewellery company involved in the business of marketing and selling a wide range of jewellery made using gold, silver, platinum, diamond and other precious stones through their retail chain. The brand lives by a compelling promise to meet the customer specifications for both men and women based on desired Variety, Value, and Look by staying attuned to prevailing luxury trends and curating stunning pieces that radiate elevated style and lasting sophistication. Underpinning its philosophy, Arjun Jewellers is driven by a mission to create fine jewellery with responsibility and invites its customers to “Change your mind and shine responsibly,” reinforcing its commitment to ethical and mindful luxury.

Its formal mission is defined as delivering far more than expected in terms of quality, selection, value for money, and customer service achieved through an in-depth understanding of local tastes, continuous innovation, and offering an unmatched jewellery-shopping experience. Complementing this, the company’s vision is to understand and delight the world by translating every individual’s dream and personality into jewellery, spreading happiness through its creations.

The company offers a diverse and extensive array of necklaces, earrings, bridal rings, bracelets, and pendants all showcases of its artistic craftsmanship and creative integrity. Headquartered in the heart of Rajkot’s gold and diamond district, Arjun Jewellers specializes in quality creations in yellow, white, and rose gold, as well as silver. Regarded for transforming jewellery into authentic expressions of artistry, the brand takes pride in delivering high-quality, personalized service and attentive aftercare offered through a team of exceptionally talented craftsmen in its workshop.

Product Portfolio

Gold Jewellery: Includes necklaces (especially necklace sets), bracelets (for men, women, and children), chains, earrings (traditional antique designs and contemporary styles), kadli (bangles), kangan, malas, Mangalsutras, Najariya (anklets for babies), Panja, pendants (including sets and gender-specific designs), rings (for ladies, gents, and couples), and watches (both gents and ladies).

Silver Jewellery: Features anklets, bracelets (for various age groups), kadli, payals (traditional silver anklets), and special crafted intricate pieces including religious idols.

Gold Coins: Arjun Jewellers also provides 24-karat gold coins available in different designs, motifs (including religious symbols and custom artwork), and weights. These are ideal for investment, gifting, or collection purposes. The coins offer certified purity, transparent pricing, and optional customization.

Trendy & Personalized Collections: The brand highlights current trends in making of gold necklaces and stackable gold ring designs, reflecting an embrace of modern aesthetics and fashion.

Key Customer Segments

Retailers and Distributors: Arjun Jewellers positions itself as a leading retailer of gold, diamond, platinum and, silver Jewellery and other precious stones. The Company also partners with an array of retail entities from traditional storefronts to catalog and internet-based retailers across the globe.

End Consumers Bridal and Fashion Jewellery Clients: Their extensive and diverse collections encompassing bridal rings, necklaces, earrings, bracelets, pendants, and tailored creations in yellow, white, rose gold, and silver target discerning individual buyers.

Culturally-Inclined and Heritage-Focused Buyers: With curated heritage-themed collections such as temple jewellery featuring motifs like Goddess Lakshmi pendants, multi-layered Rani Haars, antique finishes, and Kundan embellishments Arjun Jewellers appeals to clients who cherish traditional Indian artistry and devotional symbolism.

Bridal Clients Seeking Personalized, Statement Pieces: Bridal collections, along with exclusive heavier and intricately detailed designs intended for weddings and ceremonial events, are reflected in the showroom structure spanning lightweight pieces (50–100 g) to premium boutiques offering elaborate jewellery above 100 g.

Key Strengths

Trend-inspired Luxury with High Perceived Value: Arjun Jewellers excels at translating contemporary luxury trends into jewellery that looks opulent and commands a strong perceived value. Established in 2017, the brand prides itself on offering exactly what women want variety, value, and captivating aesthetics.

Comprehensive Product Range & Bespoke Craftsmanship: The company delivers an extensive collection across diamonds, silver, 22k/18k/14k gold, and even platinum. With various unique designs including necklaces, earrings, bridal rings, bracelets, and pendants the brand caters to diverse tastes. Moreover, customization options are available across various metals.

Immersive, Innovative Retail Experience: The flagship 13,000 sq ft showroom in Rajkot's Mavdi area spans three thoughtfully curated levels from a premium diamond and 18k gold section, to lightweight bridal jewellery (50–100 g), and an exclusive premium boutique for pieces over 100 g. The store enhances shopping through, design consultations, and workshops making it both technologically advanced, intricate and visually immersive.

Heritage Infusion & Artistry: Arjun Jewellers honours Rajkot's cultural roots by incorporating traditional motifs like filigree, kundan, and meenakari, on their jewellery pieces. This blend of regional artistry with contemporary design reinforces the brand's authenticity.

Commitment to Sustainability & Responsible Luxury: Pride is taken in curating vintage and antique-inspired collections that are artisanal, sustainable, and celebrate heritage. The brand's ethos of "shine responsibly" reflects a dedication to ethical consumption and values-driven luxury.

Personalized Service & After-Sales Care: Arjun Jewellers boasts one-to-one service and aftercare delivered by creatively skilled artisans. This hands-on approach, combined with a clear emphasis on quality, makes the customer experience deeply personal and premium.

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Notable Jewellers in Saurashtra Region

Sr. No.	Name of Company	Headquarter/Based in	No. of Stores in Saurashtra
1	Arjun Jewellers Ltd.	Rajkot, Gujarat	3
2	Shilpa Life Style	Rajkot, Gujarat	2
3	D.D. Jewellers	Rajkot, Gujarat	1
4	H G & Sons	Rajkot, Gujarat	1
5	Radhika Jeweltech Limited	Rajkot, Gujarat	2

Note: The above table includes both private limited companies and partnership firms; therefore, financial comparisons are not available for all listed peers. To highlight the presence and growth of players in the Saurashtra region, we have provided a comparison based on the number of stores operating in this area.

Arjun Jewellers has established itself as a prominent retail-focused regional player, offering an extensive range of jewellery made from gold, silver, platinum, diamonds, and other precious stones. The Company has built their presence in Saurashtra retail jewellery market by expanding retail footprint across multiple cities in the region including Rajkot and Jamnagar, two of the region's most important commercial hubs.

In terms of store presence, Arjun Jewellers with 3 branches has established itself as the leading regional jewellery brand in Rajkot region. While most competitors remain single-city focused, Arjun's wider presence signals stronger consumer trust, deeper market penetration, and the financial capability to scale beyond Rajkot. This strategic spread gives the brand a competitive edge in visibility, accessibility, and regional dominance, positioning it as a key regional leader shaping jewellery retailing in Saurashtra region.

Peer Companies profiling

Name	Profile
Motisons Jewellers Limited	Motisons Jewellers Limited was established as a partnership firm in 1997 and incorporated as a public limited company in 2011. The company is headquartered in Jaipur, Rajasthan, with its registered office in Johri Bazar and corporate office at Motisons Tower, Tonk Road. The company is engaged in the retail of jewellery made from gold, diamond, kundan, pearl, silver, and other precious and semi-precious materials. Its portfolio also includes coins, utensils, and artifacts. Motisons operates multiple showrooms in Jaipur, including its flagship Motisons Tower, which features separate floors for gold, silver, and diamond jewellery.

	In addition to retailing, the company has in-house manufacturing facilities in Jaipur to support its product requirements. This integrated model allows it to design, produce, and retail jewellery under the “Motisons” brand across multiple customer segments. Motisons Jewellers Limited was listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on 26th December 2023
Thangamayil Jewellery Limited	Thangamayil Jewellery Limited was incorporated in 2000 and is headquartered in Madurai, Tamil Nadu. The company operates in the design and retail of jewellery made of gold, diamond, silver, and platinum. Its portfolio includes temple jewellery and wedding collections aligned with regional traditions. The company manages a network of showrooms across Tamil Nadu, catering to customers in urban, semi-urban, and rural markets. Its operations are focused on building reach within the state and addressing demand for region-specific designs. In addition to jewellery retailing, the company also engages in the sale of silver articles and coins. Its sourcing and distribution processes are aligned to support a large showroom-based retail format. Thangamayil Jewellery Limited was listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) on 19th February 2010.
Radhika Jeweltech Limited	Radhika Jeweltech Limited was incorporated in 2016 and is based in Rajkot, Gujarat. The company is engaged in the retail of jewellery made from gold, diamond, and precious stones, with a focus on wedding and festive categories. The company operates a large-format showroom in Rajkot, catering to customers across jewellery segments and price ranges. Its product mix includes both standardized designs and customized pieces created for specific requirements.

	The company's business model is primarily retail-driven, supported by design development and sourcing functions. It has positioned itself as a regional player with emphasis on scale and showroom-led operations. Radhika Jeweltech Limited was listed on the BSE SME platform on 27th September 2016
Senco Gold Limited	Senco Gold Limited was incorporated in 1994 and is headquartered in Kolkata, West Bengal. It operates under the brand name "Senco Gold & Diamonds" and retails jewellery made from gold, diamond, platinum, silver, and precious stones. Its offerings span bridal, festive, and daily-wear jewellery. The company has built a wide retail network across Eastern India and has gradually expanded into other regions. It follows an omni-channel approach, combining physical stores with online sales. The company's operations are supported by a mix of owned and franchise showrooms. This model enables expansion while maintaining control over brand positioning and product offerings. Senco Gold Limited was listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) on 14th July 2023
Tribhovandas Bhimji Zaveri Limited (TBZ Limited)	Tribhovandas Bhimji Zaveri Limited was incorporated in 2007 and is headquartered in Mumbai, Maharashtra. The brand traces its origins back to 1864 and is engaged in the retail of gold, diamond, and jadau jewellery. The company operates a chain of showrooms across multiple Indian cities. Its portfolio includes jewellery collections across categories such as wedding-oriented ornaments, traditional pieces, and lighter daily-use designs. In addition to its retail business, the company's heritage and longstanding customer base contribute to its recognition in the jewellery sector. The focus remains on showroom-led sales supported by in-house design and sourcing processes.

Tribhovandas Bhimji Zaveri Limited was listed on the stock exchanges on 9th May 2012 following its initial public offering. The combination of a long-standing brand identity and an expanded retail presence forms the basis of its current operations.

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Financial KPI Benchmarking

For Fiscal 2025

Particulars	units	Arjun Jewellers Limited	Motisons Jewellers Limited	Thangamayil Jewellery Limited	Radhika Jeweltech Limited	Senco Gold Limited	Tribhovan das Bhimji Zaveri Limited
Number of Stores	No. of Stores	2	4	60	2	175	37
Revenue from operations	₹ in million	3,833.35	4,621.12	49,105.80	5,877.87	63,280.72	26,204.84
Revenue from operations per store	₹ in million	1,916.68	1,155.28	818.43	2,938.94	361.60	708.24
EBITDA	₹ in million	244.99	691.54	2,246.80	897.29	4,221.98	1,773.08
EBITDA Margins	in %	6.39%	14.96%	4.58%	15.27%	6.67%	6.77%
PAT	₹ in million	152.15	431.71	1,187.10	601.18	1,593.09	683.88
PAT Margins	in %	3.97%	9.34%	2.42%	10.23%	2.52%	2.61%
Working capital Days	in Days	101	428	128	250	185	200
Debt-Equity Ratio	in number	2.64	0.17	0.68	0.13	0.90	1.07
Return on Equity	in %	78.69%	11.64%	14.88%	20.46%	9.55%	10.87%
Return on Capital Employed	in %	23.92%	13.86%	10.85%	24.02%	9.47%	11.19%

Particulars	units	Arjun Jewellers Limited	Motisons Jewellers Limited	Thangamayil Jewellery Limited	Radhika Jeweltech Limited	Senco Gold Limited	Tribhuvan das Bhimji Zaveri Limited
Inventory turnover ratio	in number	3.23	0.84	2.83	1.45	1.90	1.67

For Fiscal 2024

Particulars	units	Arjun Jewellers Limited	Motisons Jewellers Limited	Thangamayil Jewellery Limited	Radhika Jeweltech Limited	Senco Gold Limited	Tribhuvan das Bhimji Zaveri Limited
Number of Stores	No. of Stores	2	4	56	2	159	34
Revenue from operations	₹ in million	2,803.17	4,167.63	38,267.80	5,440.65	52,414.43	22,989.44
Revenue from operations per store	₹ in million	1,401.59	1,041.91	683.35	2,720.32	329.65	676.16
EBITDA	₹ in million	119.93	634.65	2,177.70	716.63	4,177.50	1,450.99
EBITDA Margins	in %	4.28%	15.23%	5.69%	13.17%	7.97%	6.31%
PAT	₹ in million	61.69	322.31	1,232.40	495.27	1,810.04	544.28
PAT Margins	in %	2.20%	7.73%	3.22%	9.10%	3.45%	2.37%
Working capital Days	in Days	84	384	113	210	168	197

Particulars	units	Arjun Jewellers Limited	Motisons Jewellers Limited	Thangamayil Jewellery Limited	Radhika Jeweltech Limited	Senco Gold Limited	Tribhuvan das Bhimji Zaveri Limited
Debt-Equity Ratio	in number	5.19	0.33	1.01	0.19	1.10	0.89
Return on Equity	in %	86.26%	13.85%	27.95%	20.62%	15.66%	9.37%
Return on Capital Employed	in %	15.17%	14.12%	20.27%	21.98%	12.49%	10.70%
Inventory turnover ratio	in number	3.75	0.92	3.18	1.71	2.04	1.62

For Fiscal 2023

Particulars	units	Arjun Jewellers Limited	Motisons Jewellers Limited	Thangamayil Jewellery Limited	Radhika Jeweltech Limited	Senco Gold Limited	Tribhuvan das Bhimji Zaveri Limited
Number of Stores	No. of Stores	2	4	49	2	136	32
Revenue from operations	₹ in million	1,458.76	3,661.96	31,525.50	3,127.29	40,774.04	23,936.26
Revenue from operations per store	₹ in million	729.38	915.49	643.38	1,563.64	299.81	748.01
EBITDA	₹ in million	23.24	496.02	1,562.50	427.26	3,477.58	1,212.85

Particulars	units	Arjun Jewellers Limited	Motisons Jewellers Limited	Thangamayil Jewellery Limited	Radhika Jeweltech Limited	Senco Gold Limited	Tribhuvan das Bhimji Zaveri Limited
EBITDA Margins	in %	1.59%	13.55%	4.96%	13.66%	8.53%	5.07%
PAT	₹ in million	0.72	221.96	797.40	296.91	1,584.79	401.90
PAT Margins	in %	0.05%	6.06%	2.53%	9.49%	3.89%	1.68%
Working capital Days	in Days	88	370	124	313	190	179
Debt-Equity Ratio	in number	13.78	119.74%	1.41	0.16	1.25	0.87
Return on Equity	in %	3.55%	16.15%	14.47%	14.72%	18.96%	7.39%
Return on Capital Employed	in %	3.70%	15.79%	15.25%	16.48%	14.22%	9.25%
Inventory turnover ratio	in number	3.43	0.94	2.91	1.14	1.81	1.70

Source:

Details for industry peers have been sourced from the audited financial statements or Annual report available on the website of the Stock Exchanges or on the websites of respective company.

Details for our Company have been sourced from the Restated Financial Information.

Stores detail has been procured from the Company website/annual reports/Investor presentation.

Notes:

1. Number of Stores represents the total count of physical retail outlets currently operated by the company as of specific date.
2. Revenue from operations is calculated as revenue from sale of products (Sale of gold jewellery, silver jewellery, Diamond Studded, and Platinum) as per the Restated Financial Information.
3. Revenues from operations per store is calculated as Revenue from operations is divided by total number of retail stores.
4. EBITDA means Earnings before interest, taxes, depreciation and amortization expense, which has been arrived at by obtaining the profit/ (loss) before exceptional items and tax for the year/period and adding back finance costs, depreciation, and amortization expense.
5. EBITDA margin is calculated as EBITDA as a percentage of revenue from operations.
6. PAT represents total profit for the year on restated basis for the year.
7. PAT margin is calculated as PAT as a percentage of revenue from operations.

8. Working Capital Days is calculated as sum of Trade receivable days and inventory holding days reduced by trade payable days.
9. Debt-Equity Ratio is calculated as Total Borrowings (include short term and long-term borrowing, excluding lease liabilities) is divided by Total Equity at the end of the year whereas Total Equity is calculated as sum of equity share capital and other equity.
10. Return on Equity (ROE%) is calculated as PAT for the year divided by average Total Equity. Average Total Equity is calculated by taking the sum of the opening and closing Total equity and dividing the same by two. Total Equity is calculated as sum of equity share capital and other equity.
11. Return on Capital Employed (ROCE) is calculated as Earnings before interest and taxes for the year divided by capital employed. Capital employed is calculated as Total Equity plus Total Borrowings (include short term and long-term borrowing, excluding lease liabilities) EBIT is calculated as restated profit before tax before exceptional and extraordinary items plus finance costs.
12. Inventory Turnover ratio is calculated by dividing cost of goods sold (which includes cost of raw materials, purchases of stock-in-trade and changes in inventories of finished goods) with average inventory calculated as average of the opening and closing inventory for the current year.

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Note: Store details has been procured from Company website / annual report / investor presentation. For Senco we have considered both own stores and franchise stores

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