



Report on Gems & Jewellery Sector in India

July 2026

Prepared for

Arjun Jewellers Limited

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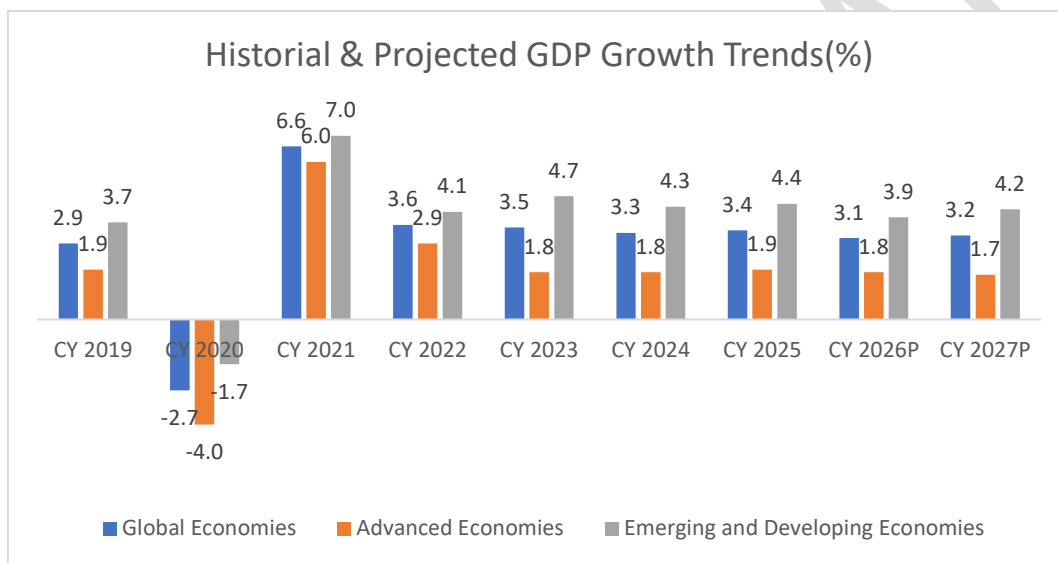
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Global Macroeconomic Scenario

Global Economic Overview

According to world economic outlook, Global growth is projected at 3.1% in 2026 and 3.2% in 2027, slower than the recent pace of about 3.4% in 2024–25 and is expected to settle at approximately that rate over the medium term, below the historical average of 3.7% during 2000–19. The forecast for 2026 has been revised downward by 0.2 percentage point, while the forecast for 2027 remains unchanged compared with the January 2026 WEO Update. Global headline inflation is expected to rise to 4.4% in 2026 and decline to 3.7% in 2027, reflecting upward revisions for both years.



Source – IMF Global GDP Forecast Release April 2026

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 economic criteria and has evolved over time. It comprises 40 countries in the Advanced Economies category, including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected Eurozone members (Germany, Italy, France, etc.). The group of emerging and developing economies (156) comprises all economies not classified as Advanced Economies (e.g., India, China, Brazil, Malaysia).

Global Macro Economic Landscape, Key Indicators and Its implication on Gems & Jewellery Sector

The global gems and jewellery industry operated in a dynamic environment during CY2023–CY2025, influenced by evolving trade policies, geopolitical uncertainties, elevated gold prices, changing luxury consumption patterns and shifting supply chains. Notwithstanding these challenges, the industry continued to benefit from rising global income levels, growing wealth creation, increasing premiumisation and jewellery's dual role as both a luxury consumption product and a store of value. Global economic fundamentals remained broadly supportive of discretionary spending across major jewellery consuming markets.

Gross National Income ("GNI") in USD trillion

Major Region	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
North America	23.11	25.84	28.4	29.72	31.41
Latin America & The Caribbean	4.44	5.15	5.89	6.63	6.81
Sub-Saharan Africa	1.87	2.09	2.23	2.06	1.92

Source: World Bank Group-GNI CY2024

Note: CY2024 represents the latest available official World Bank GNI and GNI per capita data, released in July 2025. CY2025 data were not available at the time of this analysis. The data is given in USD Trillion.

North America's Gross National Income ("GNI") increased from USD 23.11 trillion in CY2020 to USD 31.41 trillion in CY2024, while Latin America and the Caribbean recorded growth from USD 4.44 trillion to USD 6.81 trillion over the same period, reflecting expanding consumer purchasing power and supporting luxury consumption trends. Although Sub-Saharan Africa experienced economic volatility, long-term demographic growth and urbanization continue to provide opportunities for jewellery demand expansion.

The industry's growth prospects are further supported by rising GDP per capita across key consumer markets.

Country	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2030	CY 2031
India	1.86	2.18	2.28	2.43	2.59	2.68	2.81	3.07	4.05	4.42
China	10.7	12.87	12.99	13.03	13.45	13.97	14.87	15.68	18.78	19.88
United States	64.52	71.37	77.95	82.54	86.17	89.99	94.43	98.28	108.66	112.24
Japan	41.23	41.64	35.57	35.22	35.82	35.97	35.7	37.39	41.72	43.04
United Kingdom	40.84	47.71	47.21	49.94	53.34	57.61	61.06	63.7	72.5	75.76
Russia	10.17	12.54	15.77	13.99	15.09	17.97	18.53	17.71	18.26	18.48

Source: International Monetary Fund-World Economic Outlook-CY 2026

Note: Values are in USD Thousand

The United States, the world's largest luxury jewellery market, recorded GDP per capita growth from USD 64.52 thousand in CY2020 to USD 86.17 thousand in CY2024 and is projected to exceed USD 112 thousand by CY2031. Similarly, China's GDP per capita increased from USD 10.70 thousand to USD 13.45 thousand during CY2020–CY2024 and is expected to reach approximately USD 19.88 thousand by CY2031. India, one of the world's largest gold jewellery consumption markets, recorded the fastest relative growth, with GDP per capita increasing from USD 1.86 thousand in CY2020 to USD 2.59 thousand in CY2024 and projected to rise further

to USD 4.42 thousand by CY2031. Rising income levels across these economies are expected to support long-term demand for fine jewellery, wedding jewellery, branded jewellery and luxury products.

The macro-economic environment has also become increasingly supportive following the moderation of inflation across major economies.

Country	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2030	CY 2031
India	6.2%	5.5%	6.6%	5.4%	4.6%	2.1%	4.7%	4.0%	4.0%	4.0%
China	2.5%	0.9%	2%	0.2%	0.2%	0.0%	1.2%	1.5%	2.0%	2.0%
United States	1.3%	4.7%	8%	4.1%	3%	2.7%	3.2%	2.1%	2.2%	2.2%
Japan	0%	-0.2%	2.5%	3.3%	2.7%	3.2%	2.2%	2.3%	2.0%	2.0%
United Kingdom	0.9%	2.6%	9.1%	7.3%	2.5%	3.4%	3.2%	2.4%	2.0%	2.0%
Russia	3.4%	6.7%	13.7%	5.9%	8.4%	8.7%	5.6%	4.3%	4.0%	4.0%

Source: International Monetary Fund-World Economic Outlook-CY 2026

Inflation in the United States declined from 8.0% in CY2022 to 3.0% in CY2024, while the United Kingdom witnessed a decline from 9.1% to 2.5% during the same period. India recorded moderation in inflation from 6.6% in CY2022 to 4.6% in CY2024, and China maintained among the lowest inflation rates globally at approximately 0.2% during CY2024. A gradual return to stable inflation levels is expected to improve consumer confidence, support discretionary spending and reduce volatility in luxury purchases across major jewellery consuming markets.

Labour market conditions across key economies have also remained relatively favorable.

Unemployment Rate

Country	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2030	CY 2031
India	8.7%	7.4%	5.3%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
China	5.6%	5.1%	5.6%	5.2%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
United States	8.1%	5.4%	3.7%	3.6%	4%	4.3%	4.4%	4.2%	3.9%	3.9%
Japan	2.8%	2.8%	2.6%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
United Kingdom	4.6%	4.6%	3.8%	4.3%	4.3%	4.9%	5.6%	5.3%	4.5%	4.5%
Russia	5.8%	4.8%	4%	3.2%	2.5%	2.2%	2.4%	2.6%	3.4%	3.4%

Source: International Monetary Fund-World Economic Outlook-CY 2026

Unemployment in the United States declined from 8.1% in CY2020 to 4.0% in CY2024, while India witnessed a reduction from 8.7% to 4.9% during the same period. China maintained stable unemployment levels around 5.1%, while Japan continued to report among the lowest unemployment rates globally at approximately 2.5%. Improving employment conditions and income stability are expected to support consumer spending on discretionary categories including gems, jewellery and luxury products.

Against this backdrop, the **global gems and jewellery** industry demonstrated resilience despite significant increases in gold prices. According to the World Gold Council, total gold demand, including over-the-counter ("OTC") investment, exceeded **5,000 tonnes for the first time in history during CY2025 and stood at 5002.3 tonnes**, reaching a record level and generating an estimated market value of approximately **USD 555 billion**, representing growth of approximately 45% over the previous year in value terms while in volume it witnessed y-o-y growth of 0.8%. The elevated gold price remained a key driver for the value growth.

The volume growth was principally driven by heightened investment demand, robust bar and coin purchases and continued central-bank accumulation amid geopolitical tensions and economic uncertainty. Central banks purchased approximately **863 tonnes** of gold during CY2025, remaining significantly above long-term historical averages and reinforcing gold's role as a reserve diversification asset.

The LBMA¹ Gold Price established **53 new all-time highs during CY2025**, while the average annual gold price increased to approximately **USD 3,431 per ounce**, representing a 44% y-o-y over CY 2024. Elevated gold prices affected jewellery consumption volumes across major markets as consumers increasingly shifted toward lower-weight products, higher-value purchases and investment-focused buying behaviour. Consequently, global jewellery demand volumes declined during CY2025; however, consumer sentiment toward jewellery remained positive. The total value of global gold jewellery demand increased by approximately **18% to a record USD 172 billion²**, highlighting the continued strength of jewellery spending despite lower physical consumption.

The industry's performance continued to be supported by favourable long-term macroeconomic fundamentals. Improving per-capita income growth particularly strong in the United States, where GDP per capita increased from USD 64.52 thousand in CY2020 to approximately USD 86.17 thousand in CY2024 and is projected to continue growing over the medium term. China's GDP per capita increased to USD 13.45 thousand in CY2024, while India recorded one of the fastest growth rates among major economies, rising to USD 2.59 thousand in CY2024 and expected to continue expanding over the forecast period. Rising disposable incomes and wealth accumulation in these economies continue to support long-term jewellery demand.

During CY2025³, global trade conditions were influenced by rising tariff actions, geopolitical tensions and increased trade-policy uncertainty. The World Trade Organization (WTO) highlighted a more **volatile global**

¹The London Bullion Market Association

² <https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-full-year-2025>

³ https://worldtradescanner.com/stat_07oct25_e.pdf

trading environment resulting from escalating protectionist measures and regional trade realignment. These developments accelerated supply-chain diversification strategies among jewellery manufacturers and exporters while increasing the importance of regional trading hubs such as the UAE, Hong Kong and Singapore. Trade agreements and regional partnerships continued to influence sourcing patterns and market access across the gems and jewellery value chain.

Global trade flows⁴ remain concentrated among major manufacturing and trading centres including India, China, Switzerland, Italy, Thailand, Hong Kong and the UAE, while key jewellery consumption markets continue to include the United States, India, China, the Middle East and Japan. The industry is also adapting to changing consumer preferences, including increasing acceptance of lab-grown diamonds, demand for personalised products and growing emphasis on lightweight and contemporary jewellery offerings.

Global Growth Projection

Global growth is projected to remain modest, with the IMF estimating growth of 3.1% in 2026 and 3.2% in 2027, suggesting a cautious demand environment for discretionary categories such as jewellery. When inflation remains elevated, consumers face pressure on real incomes and tend to prioritize essentials over non-essential purchases, which can soften jewellery demand, especially in price-sensitive emerging markets like India. Higher interest rates also increase borrowing costs and reduce liquidity, making big-ticket or aspirational jewellery purchases less attractive for households. At the same time, weak consumer sentiment caused by geopolitical uncertainty, slower income growth, or volatile gold prices can delay purchase decisions, even during festive or wedding seasons. Therefore, for major gold consuming countries like India, although its structural demand for jewellery remains supported by cultural and investment-led buying, the pace of demand growth will likely depend on how quickly global inflation eases, financial conditions stabilize, and consumer confidence improves.

Looking ahead, the long-term outlook for the global gems and jewellery industry remains favourable, supported by rising income levels, increasing urbanisation, expanding organised retail, growing consumer preference for branded products and continued strategic demand for gold from investors and central banks. Nevertheless, industry participants remain exposed to risks arising from geopolitical developments, fluctuations in gold prices, currency movements, trade-policy changes and changes in luxury consumer sentiment across major markets.

⁴ comtradeplus.un.org

India Macroeconomic Analysis

India's economic growth outlook for 2025 has been revised upward by 1.0 percentage point from the October estimate to 7.6%, supported by stronger-than-expected performance in the second and third quarters of the fiscal year and sustained momentum in the fourth quarter. For 2026, the growth projection has been moderately increased by 0.3 percentage point (including a 0.1 percentage point upward revision from January) to 6.5%.

Country	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026 P	CY 2027 P
India ⁵	-5.8%	9.7%	7.6%	9.2%	6.5%	7.6%	6.5%	6.5%
China	2.3%	8.6%	3.1%	5.4%	5.0%	5.0%	4.4%	4.0%
United States	-2.2%	6.1%	2.5%	2.9%	2.8%	2.1%	2.3%	2.1%
Japan	-4.2%	2.7%	0.9%	1.4%	-0.2%	1.2%	0.7%	0.6%
United Kingdom	-10.3%	8.6%	4.8%	0.4%	1.1%	1.3%	0.8%	1.3%
Russia	-2.7%	5.9%	-1.4%	4.1%	4.3%	1.0%	1.1%	1.1%
Germany	-4.1%	3.9%	1.8%	-0.9%	-0.5%	0.2%	0.8%	1.2%

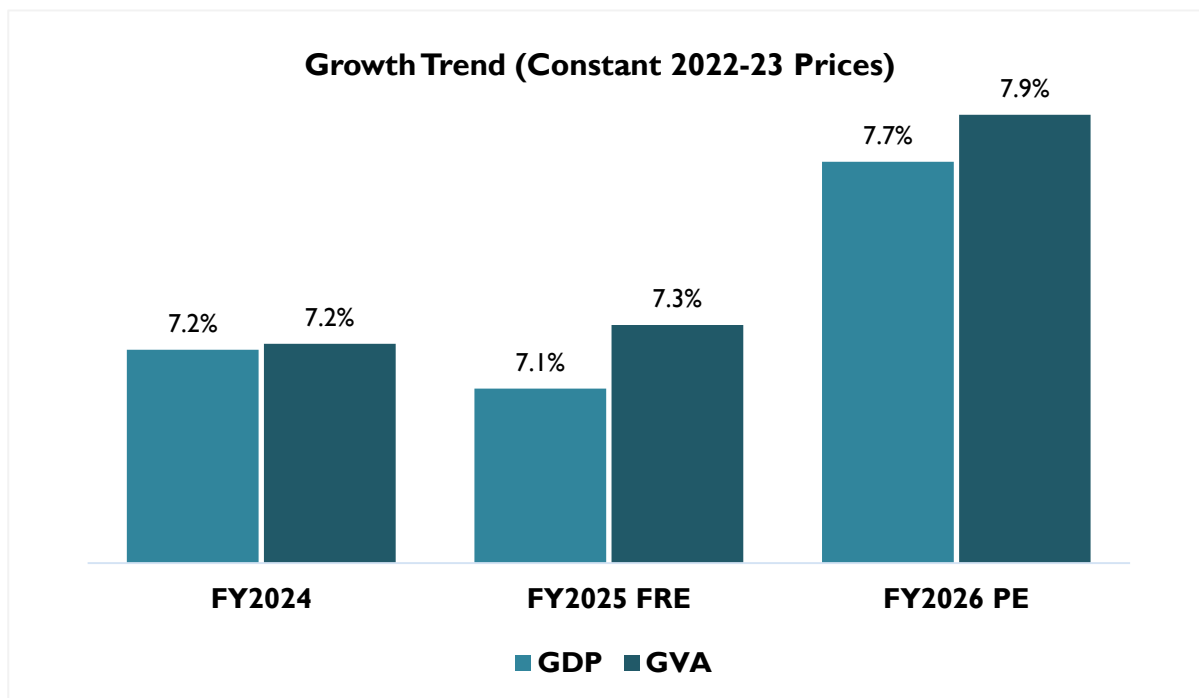
Source: World Economic Outlook, April 2026

Historical GDP and GVA Growth Trend

As per Provisional Estimates, India Real GDP (GDP at constant prices) for FY 2025–26 is estimated to reach INR 323.12 lakh crore, compared to the First Revised Estimate (FRE) of INR 299.89 lakh crore for FY 2024–25. This represents a growth rate of 7.7% in 2025–26, higher than the 7.1% growth recorded in 2024–25.

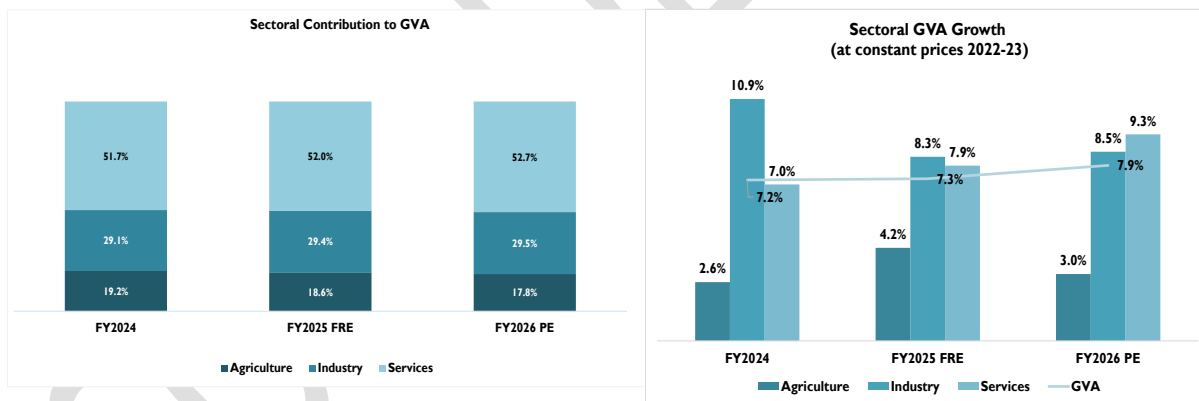
Similarly, Real GVA for FY 2025–26 is estimated to reach INR 294.91 lakh crore, up from INR 273.36 lakh crore in FY 2024–25. This indicates a growth rate of 7.9%, compared with the 7.3% growth achieved in the previous year.

⁵ For India, data and forecasts are presented on a fiscal year basis, and GDP from 2022 onward is based on GDP at market prices with fiscal year 2022/23 as a base year



Source: Ministry of Statistics & Programme Implementation (MOSPI), National Account Statistics: FY2025,
FRE is First Revised Estimate; PE is Provisional Estimates

Sectoral Contribution to GVA and Annual Growth Trend



Source: Ministry of Statistics & Programme Implementation (MOSPI), CMIE Economics Outlook
FRE is First Revised Estimate; PE is Provisional Estimates⁶

Sectoral analysis of GVA reveals that the industrial sector experienced steady growth momentum in FY 2026, recording a 7.9% y-o-y growth against 7.3% year-on-year growth in FY 2025. Within the industrial sector, growth moderated across sub-sectors with mining, and construction activities growing by 5.15%, and 7.36%, respectively in FY 2026, compared to 11.69%, and 7.30% in FY 2025. Growth in the utilities sector too moderated to 1.74%

⁶ https://www.mospi.gov.in/uploads/latestReleases/latest_release_1780655857536_5ac01869-ca4a-422d-b7a7-57b81da60932_Press_Note_on_GDP_Estimates_for_Q4_2025-26_and_PE_FY_2025-26_F.pdf

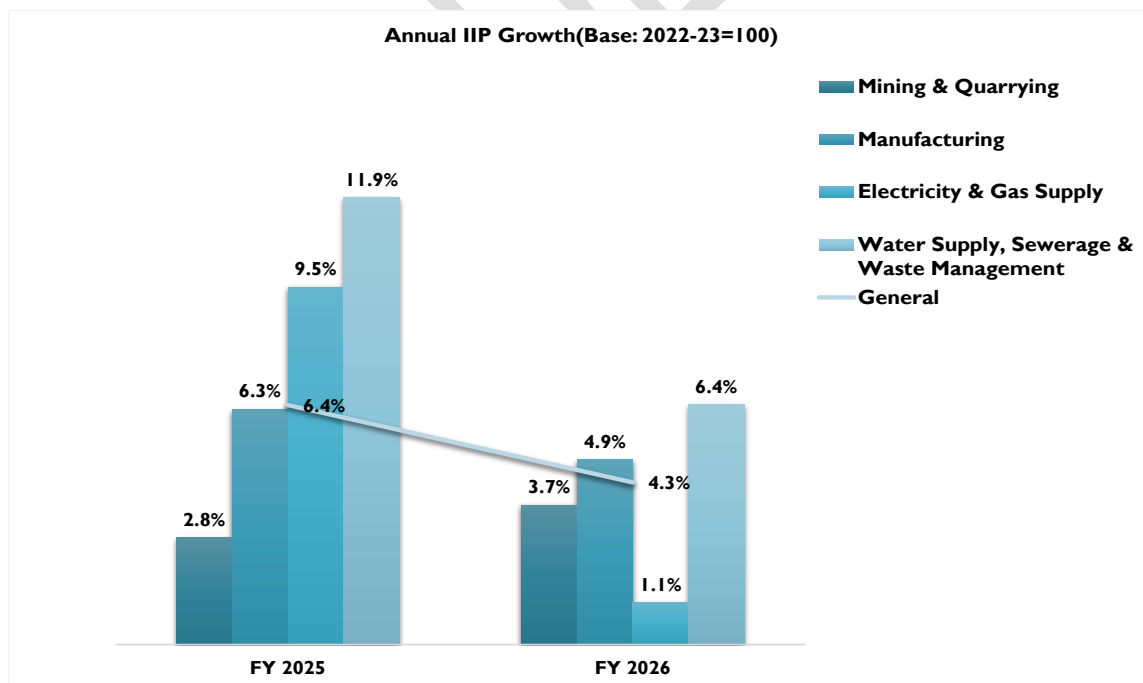
in FY 2026 from 2.87% in the previous year. The industrial sector's contribution to GVA increased marginally from 29.4% in FY 2025 to 29.5% in FY 2026.

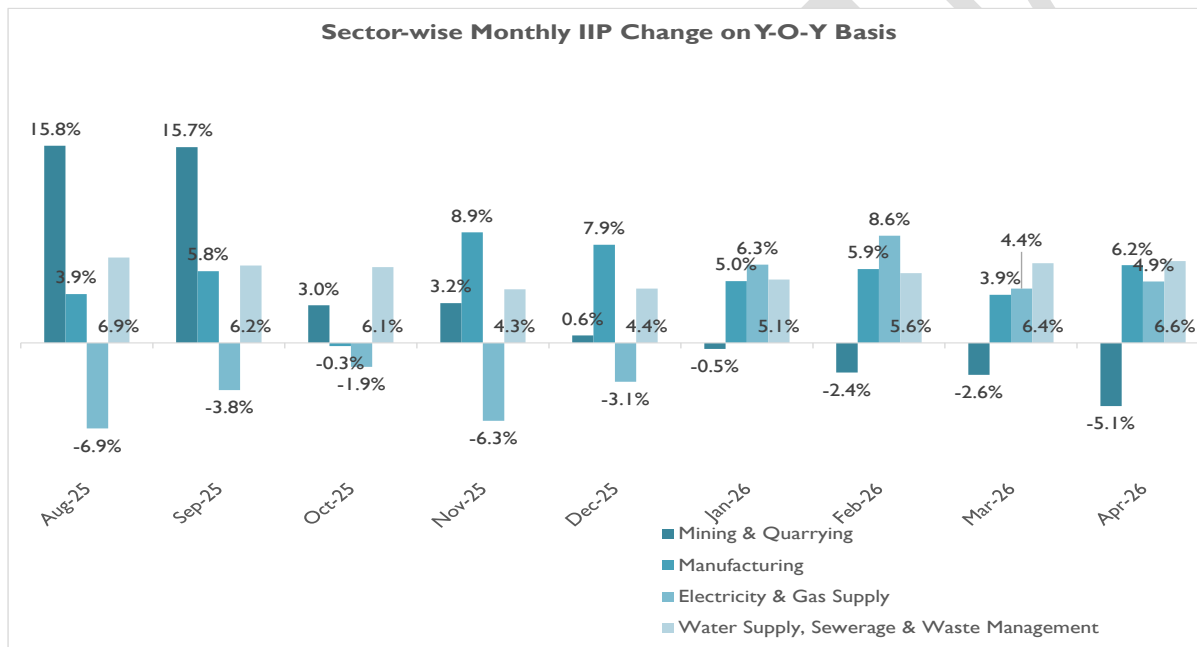
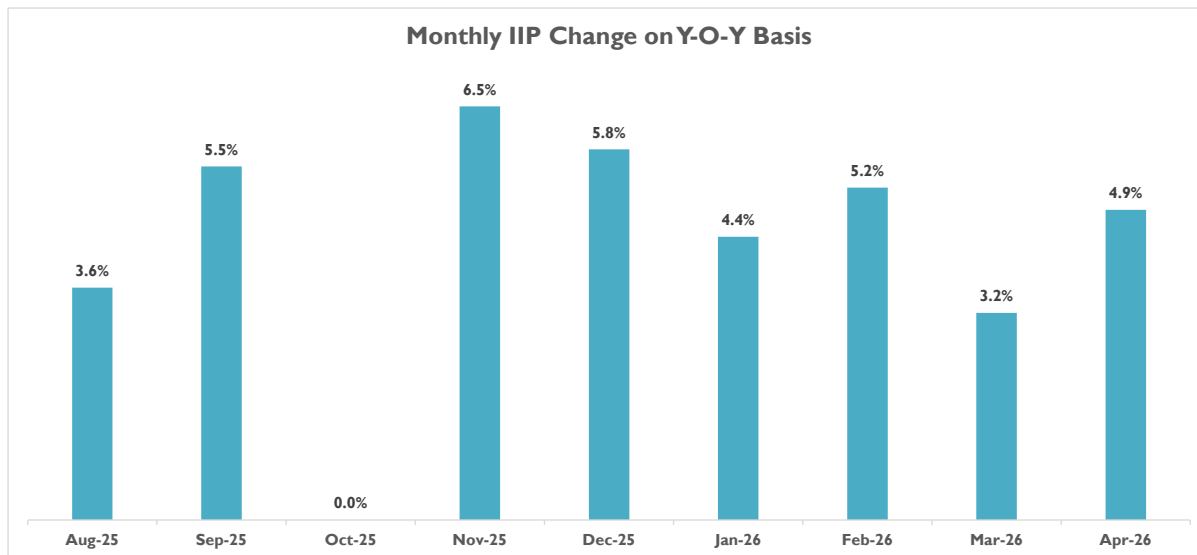
The services sector continued to be the main driver of economic growth. It expanded by 9.3% in FY 2026 from 7.9% in FY 2025. The services sector retained its position as the largest contributor to GVA, rising from 51.7% in FY 2024 to 52.0% in FY 2025, with a further increase to 52.7% in FY 2026.

The agriculture sector saw an acceleration in growth, increasing from 2.66% in FY 2024 to 4.18% in FY 2025, before moderating to 3.0% in FY 2026. However, its contribution to GVA declined marginally from 19.2% in FY 2024 to 17.8% in FY 2026. Overall, Gross Value Added (GVA) growth rose to 7.9% in FY 2026 from 7.3% in FY 2025.

Annual & Monthly IIP Growth

Industrial sector performance as measured by the IIP index exhibited moderation in FY 2026, recording a 4.3% y-o-y growth against 6.4% increase in the previous year. The manufacturing index showed moderation, increasing by 4.9% in FY 2026 compared with 6.3% in FY 2025. The Electricity & Gas Supply sector index also moderated, growing 1.1% in FY 2026 compared with 9.5% in the previous year. Water Supply, Sewerage & Waste Management also moderated by 6.4% in FY 2026 compared with 11.9% in the previous year, while the mining sector index grows by 3.7% in FY 2026 compared with 2.8% in the previous year.



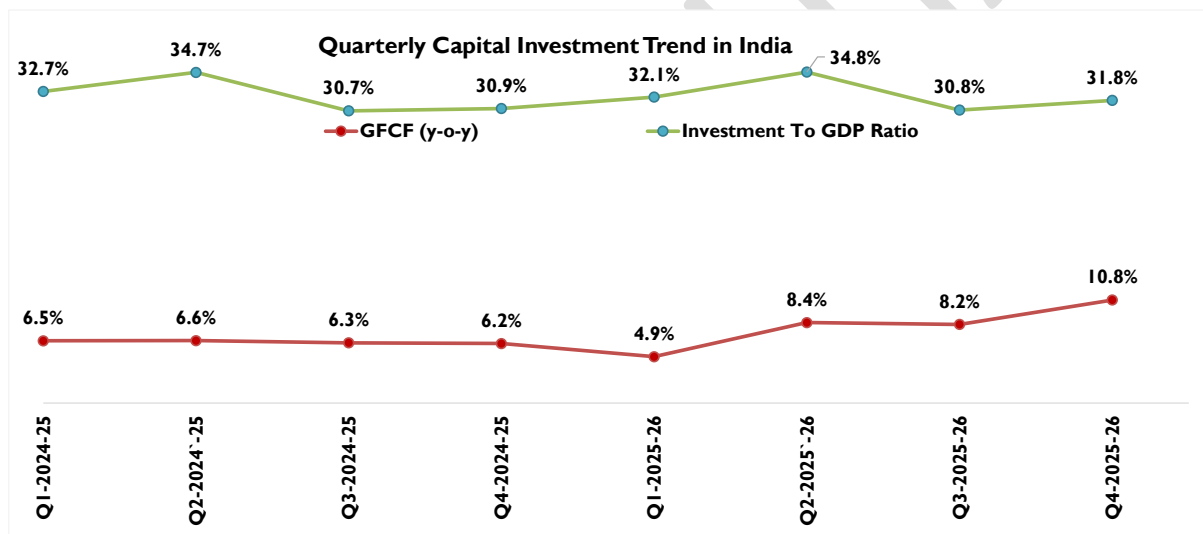
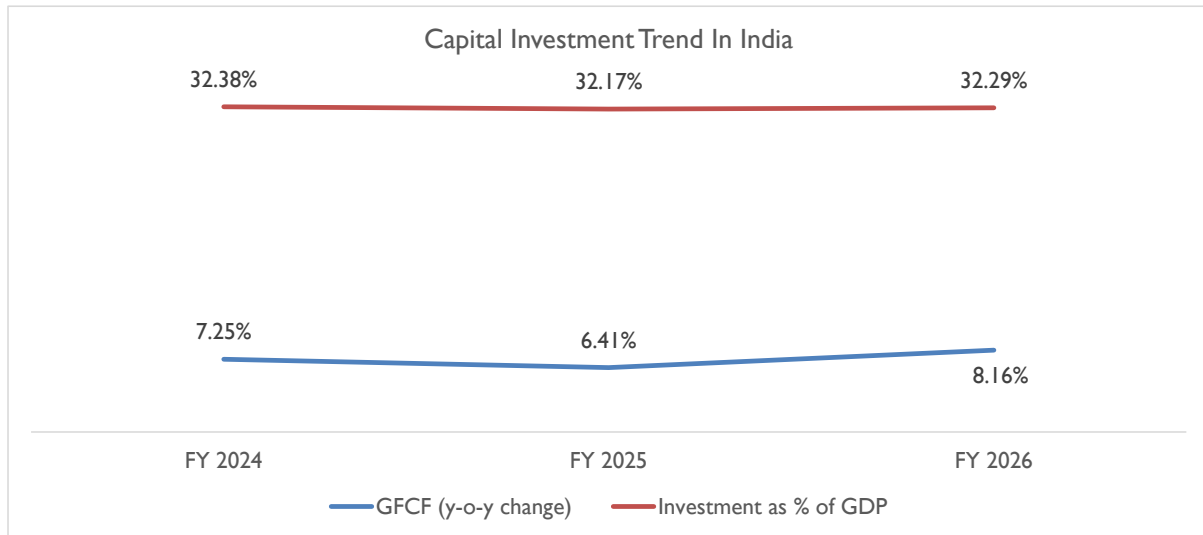


Source: Ministry of Statistics & Programme Implementation (MOSPI)

The IIP growth rate for the month of April 2026 is 4.9 percent as compared to April 2025. The growth rates of the Four sectors, Mining & Quarrying, Manufacturing, Electricity & Gas Supply and Water Supply, Sewerage & Waste Management for the month of April 2026 are (-)5.1 percent, 6.2 percent, 4.9 percent and 6.6 percent respectively

Annual and Quarterly: Investment & Consumption Scenario

Other major indicators, such as Gross Fixed Capital Formation (GFCF), a measure of investment, increased during FY 2026, registering 8.16% year-on-year growth compared with 6.41% in FY 2025, bringing the GFCF-to-GDP ratio to 32.29%.



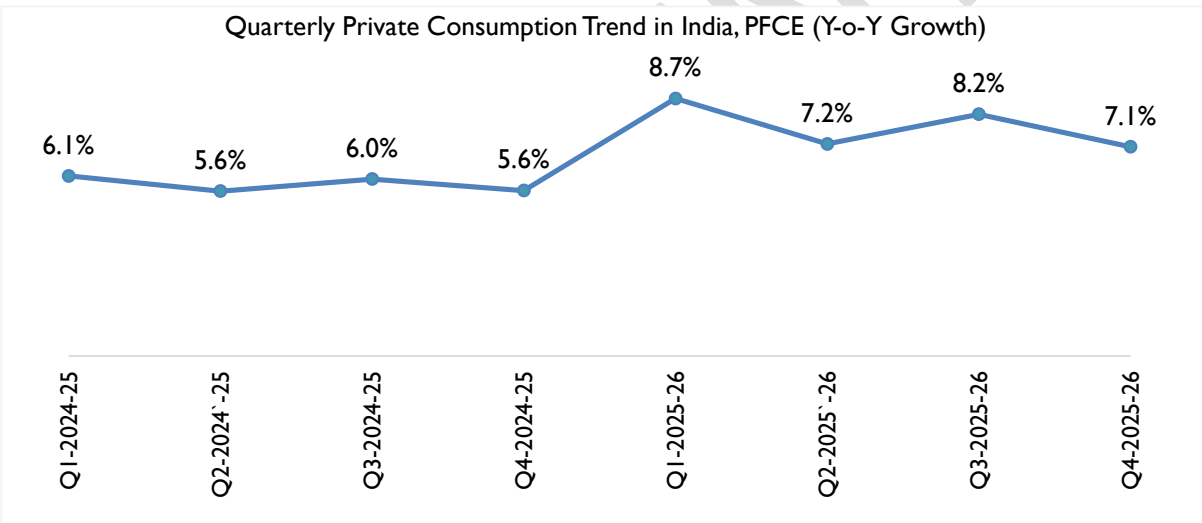
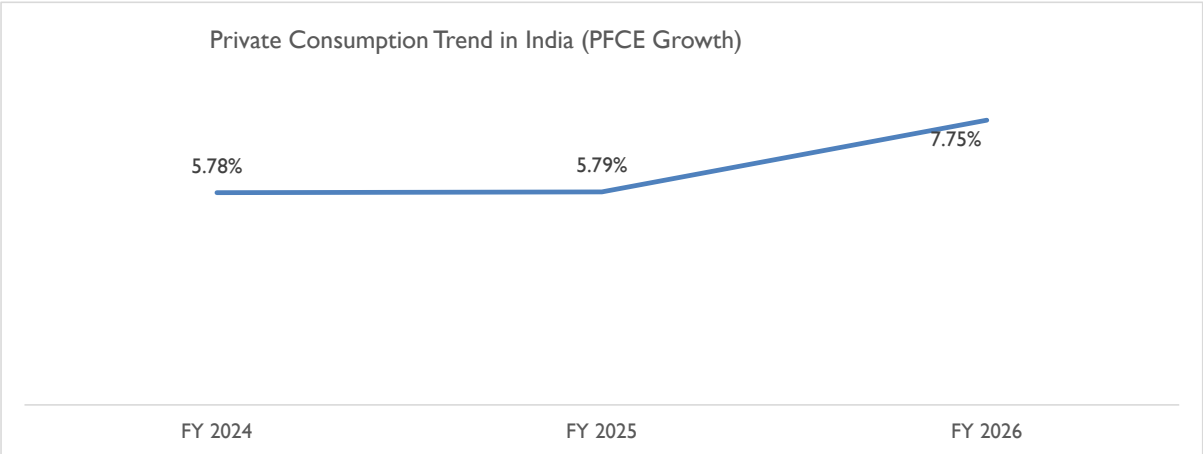
Source: Ministry of Statistics & Programme Implementation (MOSPI), CMIE Economics Outlook

On a quarterly basis, India's capital investment indicators reflect a healthy and improving investment environment, supported by sustained investment intensity and stronger capital formation in recent quarters. The Investment to GDP ratio remained consistently above 30% throughout the period, highlighting continued resilience in capital deployment. The ratio increased from 32.7% in Q1 FY 2024-25 to 34.7% in Q2, before moderating to 30.7% in Q3 and 30.9% in Q4. In FY 2025-26, the ratio improved again to 32.1% in Q1 and further strengthened to 34.8% in Q2, the highest level during the period, before remaining healthy at 30.8% in Q3 and 31.8% in Q4. This indicates that investment activity continued to remain robust despite normal quarterly variations.

GFCF (y-o-y) growth also points toward a positive investment trend, particularly in FY 2025-26. After remaining broadly stable during FY 2024-25, with growth ranging between 6.2% and 6.6%, GFCF growth accelerated meaningfully from 4.9% in Q1 FY 2025-26 to 8.4% in Q2 and 8.2% in Q3, before rising further to 10.8% in Q4. This strong improvement in the second half of FY 2025-26 suggests strengthening fixed capital formation and a

revival in investment momentum. Overall, the data indicates that India’s capital investment landscape remains on a positive trajectory, with sustained investment levels and improving GFCF growth reflecting stronger capital spending, better investment confidence, and continued support for economic growth.

Private Consumption Scenario



Sources: MOSPI, CMIE Economics Outlook

Private Final Consumption Expenditure (PFCE), a practical proxy for household spending, recorded growth in FY 2026 relative to FY 2025. PFCE recorded healthy growth in FY 2025-26 relative to FY 2024-25. However, quarterly PFCE growth moderated sequentially to 7.1% in Q4 FY 2025-26 from 8.2% in Q3 FY 2025-26.

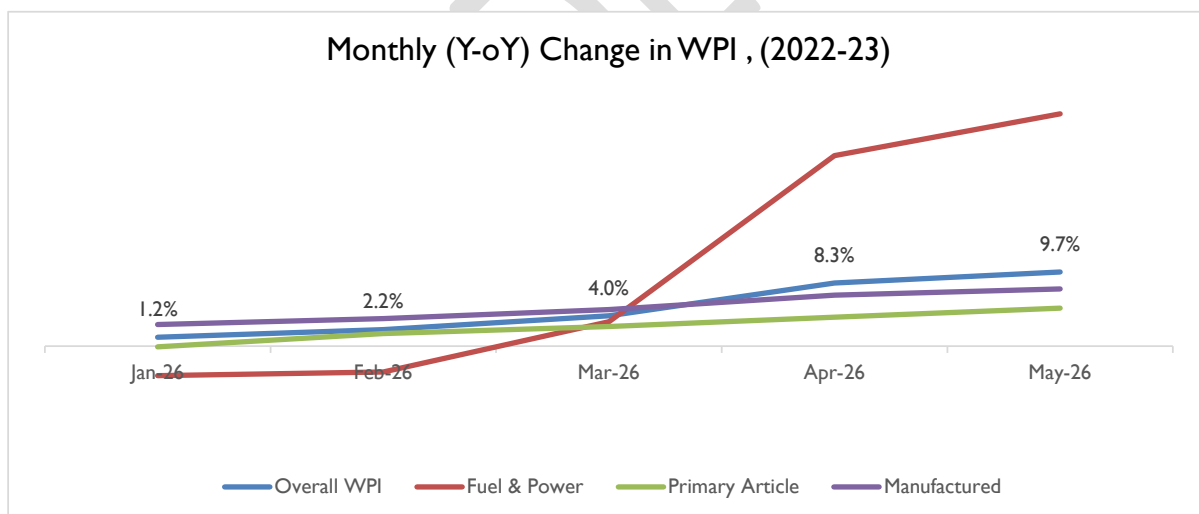
Rising private consumption expenditure is expected to support demand for jewellery, as higher disposable incomes and improved consumer sentiment typically lead to increased spending on discretionary and lifestyle products, including gold, diamond, and fashion jewellery.

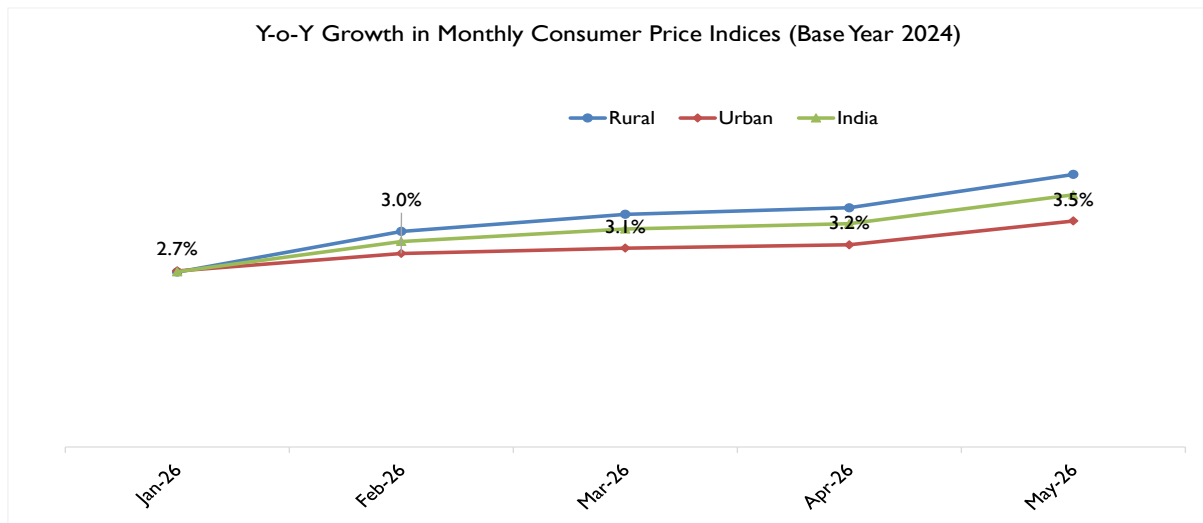
Inflation Scenario

The annual rate of inflation based on All India Wholesale Price Index (WPI) number is 3.88% (provisional) for the month of March 2026 (over March 2025). Positive rate of inflation in March 2026 is primarily due to increase in prices of crude petroleum & natural gas, other manufacturing, non-food articles, manufacture of basic metals and food articles etc.

This indicates strong price pressure in the jewellery category, which may impact consumer demand, pricing decisions, and margins for jewellery retailers. In the context of the jewellery retail sector, this inflationary trend is significant as India is highly dependent on imported gold. Any depreciation of the Indian Rupee against major foreign currencies may increase the landed cost of gold imports. As a result, jewellery retailers could face higher input costs, which may influence their pricing strategies and put pressure on profit margins.

All India Wholesale Price Index (WPI) inflation for May 2026 is 9.68 per cent on year-on-year (YoY) basis, compared to 8.26 per cent in April 2026. Across Major Groups, YoY inflation for Primary Articles, Fuel and Power, and Manufactured Products is 4.99 per cent, 30.33 per cent, and 7.48 per cent, respectively in May 2026, whereas it was 3.78 per cent, 24.89 per cent, and 6.68 per cent, respectively, in April 2026. The indices for Primary Articles, Fuel and Power, and Manufactured Products are 113.7, 113, and 107.8, respectively, in May 2026, whereas they were 112.6, 110.9, and 107, respectively, in April 2026.

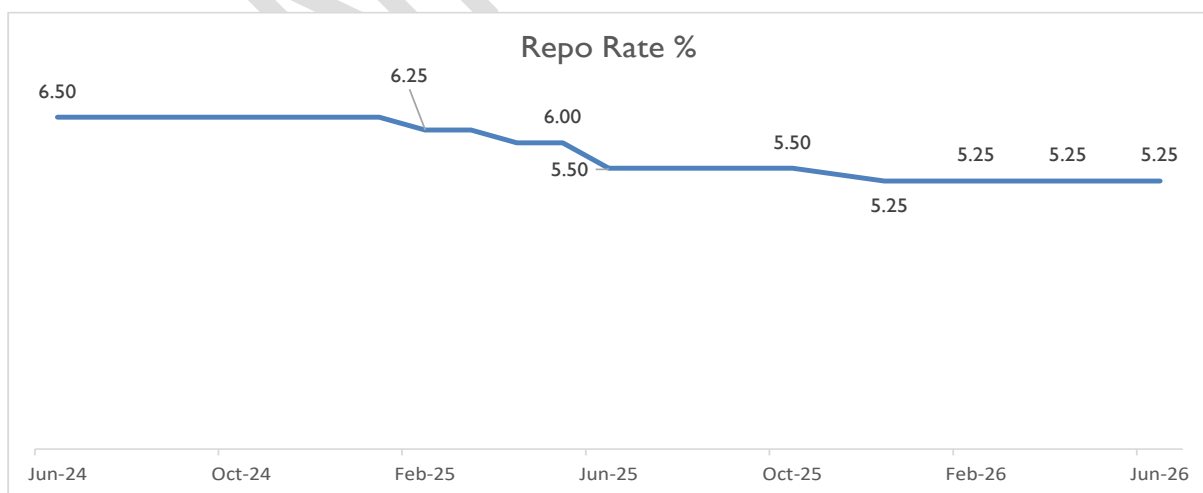




Source: MOSPI, Office of Economic Advisor

Year-on-year inflation rate based on All India Consumer Price Index (CPI) with base year 2024 for the month of May, 2026 over May, 2025 is 3.93%(Provisional). Corresponding inflation rates for rural and urban are 4.25% and 3.53%, respectively. As per the CPI release for May 2026, jewellery items recorded significant retail price inflation, with **silver jewellery inflation at 155.23%** and **gold/diamond/platinum jewellery inflation at 40.93%**. This indicates strong price pressure in the jewellery category, which may affect consumer demand and influence pricing decisions for jewellery retailers.

In its June 2026 Monetary Policy Committee meeting, the RBI kept the repo rate unchanged at **5.25%** and maintained a neutral stance, reflecting a cautious approach amid prevailing inflation and growth-related uncertainties.



Sources: RBI

Overview of the Impact of U.S. Tariffs on India's Gems and Jewellery Sector

India's gems and jewellery exports declined to a five-year low in FY2025-26, mainly due to the impact of US tariffs and duties on Indian shipments. Total gems and jewellery exports fell 3.3% year-on-year to USD 27.72 billion, compared with USD 28.7 billion in the previous financial year⁷. This was the lowest export level since FY2020-21, when pandemic-related lockdowns had disrupted trade.

The sharpest impact was seen in exports to the United States, which is India's top buyer of gems and jewellery. Shipments to the US fell 45% year-on-year to USD 5.09 billion. This decline happened after Washington imposed reciprocal tariffs and later added an additional 25% duty on Indian goods. As a result, Indian gems and jewellery became less competitive in the US market, affecting export volumes and overall sector performance.

The cut and polished diamond segment also witnessed significant weakness. Exports of cut and polished diamonds declined 8.5% year-on-year to USD 12.16 billion, marking the lowest level in more than two decades. This is important because cut and polished diamonds usually account for nearly half of India's overall gems and jewellery exports. India is also the world's largest diamond cutting and polishing hub, processing nearly nine out of every ten diamonds globally.

Despite the fall in US shipments, some other markets performed well. Exports to the United Arab Emirates, Hong Kong, Australia, and Canada showed strong growth, indicating that Indian exporters are trying to diversify beyond the US market. Free Trade Agreements with the UAE and Australia playing a pivotal role in supporting export diversification and sustaining growth momentum. The proposed implementation of FTAs with the UK (effective from July 2026) and EU in 2027 is expected to further support the growth of India's gem and jewellery exports. These diversification efforts are important for reducing dependence on one major export destination and building resilience against tariff-related disruptions.

On import front, India remains the world's second-largest gold consumer after China, with demand mainly driven by the jewellery industry. The value of gold imports remains elevated because of high gold prices. During FY 2026, India gold import value observed 24.09% y-o-y growth and stood at USD 71.98 billion against USD 58 billion in FY 2025 which represented 9.3% of India's total imports bill in FY 2026 against 8% in FY 2025. To ensure foreign exchange spending against essential like crude oil, fertiliser etc, away from the foreign exchange outflow on discretionary item like gold, the government announced hike in the custom duty on gold import from 6% to 15%⁸, effective from May 13, 2026. Increase in custom duty is likely to curb the gold import volume in the current fiscal which is expected to ease pressure on the trade balance and foreign exchange spending.

⁷ <https://giepc.org/solitaire/indias-gem-jewellery-exports-in-fy-2025-26-at-usd-27-72-billion-signals-structural-reset-towards-broad-based-growth-reducing-dependence-on-a-single-market/>

⁸ <https://www.gold.org/goldhub/gold-focus/2026/05/india-gold-market-update-import-tightening>

Key Growth/Demographic Drivers for India's Economic Growth

Government focus on infrastructure development

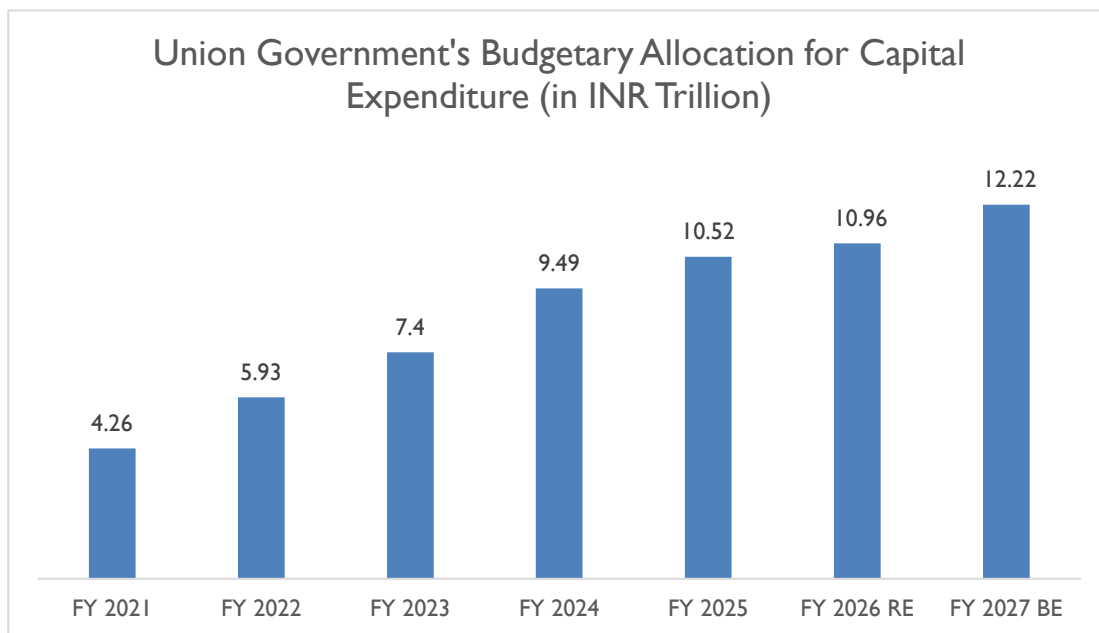
The infrastructure sector has received a strong boost in Budget FY'27, marked by a record INR 12.2 trn⁹ public capital expenditure allocation, reinforcing the government's focus on making assets more efficient and sustainable. The introduction of the landmark Infrastructure Risk Guarantee Fund aims to provide partial credit guarantees to lenders and revitalise private sector participation in large-scale projects. By lowering project risk premiums and easing borrowing costs, this mechanism is likely to help crowd in private capital and accelerate construction phase financing across the sector. The transport and logistics sector, in particular, will buoy infrastructure growth. Railways have received a substantial boost in allocation, which will help support the planned development of seven new high-speed rail corridors and a Dankuni-Surat DFC, which aims to cut logistics costs and improve national connectivity. Moreover, the rollout of 20 new National Waterways, new ship repair hubs and a scheme to double the share of coastal and inland water transport from 6.0% to 12.0% by 2047¹⁰ will together build a greener, more efficient multimodal freight network. Urban transformation continues through targeted development of Tier-2 and Tier-3 cities – with populations over 0.5mn – alongside the creation of City Economic Regions, each supported by multi-year, challenge-based financing to establish new growth hubs and reduce pressure on metros. A broader ecosystem of reforms strengthens medium-term sector prospects. The government aims to scale domestic construction and infrastructure equipment manufacturing, reducing import dependence and improving execution capability in tunnelling, metro construction and road building machinery. The monetisation of CPSE assets will be accelerated through dedicated REIT¹¹ structures, helping unlock liquidity for redevelopment and new project pipelines. Additional support flows through region-specific initiatives, such as industrial corridor expansion, and tourism development in cultural and Buddhist heritage zones will further reinforce construction demand.

Together, these measures will strengthen India's infrastructure ecosystem through higher public investment, improved risk mitigation tools and wider multimodal connectivity – creating a constructive environment for sustained growth in construction, logistics and urban development.

⁹<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2222521®=3&lang=1#:~:text=Reinforcing%20the%20role%20of%20public,productive%20capacity%20across%20the%20economy.>

¹⁰ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2221817®=3&lang=1>

¹¹ Real Estate Investment Trust



Union Budget, Government of India

Note: BE (Budget Estimates) and RE (Revised Estimates)

Development of Domestic Manufacturing Capability

The Government launched the 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 at attracting private investment into setting up manufacturing units and thereby strengthening domestic production capabilities. The overall incentive outlay earmarked for the PLI scheme is estimated to be INR 2 trillion.

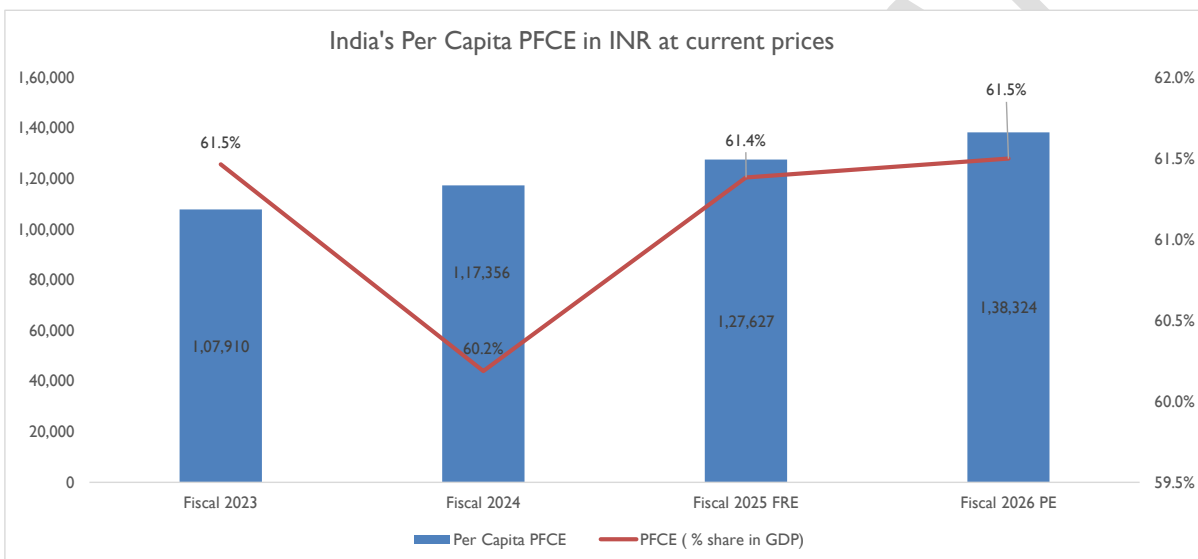
Strong Domestic Demand

Domestic demand has traditionally been one of the key drivers of the Indian economy. After a brief lull caused by the Covid-19 pandemic, domestic demand has been recovering steadily. Consumer confidence surveys by the Reserve Bank of India and other institutions indicate improvement in consumer sentiment, which is generally a precursor to stronger demand. India has a strong middle-class segment, which has been a major driver of domestic consumption. With rising earnings, expanding employment opportunities, increasing urbanisation, and better access to credit, the middle-class segment has witnessed higher purchasing power and increased spending capacity. This has supported greater expenditure on consumer durables, housing, healthcare, education, travel, digital services, and other discretionary categories.

Factors like fast paced urbanization and improving income scenario in rural markets are expected to accelerate domestic demand further. This revival is reflecting in the private final consumption expenditure (PFCE) metric. India's per capita Private Final Consumption Expenditure (PFCE) at current prices has shown a consistent upward trend, indicating steady improvement in household consumption levels over the years. Per capita PFCE increased

from INR 1,07,910 in Fiscal 2023 to INR 1,17,356 in Fiscal 2024, and further rose to INR 1,27,627 in Fiscal 2025 FRE. It is estimated to increase further to INR 1,38,324 in Fiscal 2026 PE, reflecting continued growth in consumer spending and improving consumption capacity.

PFCE as a share of GDP also remained healthy during the period, broadly staying above 60%. The share stood at 61.5% in Fiscal 2023, moderated to 60.2% in Fiscal 2024, before recovering to 61.4% in Fiscal 2025 FRE and further improving to 61.5% in Fiscal 2026 PE. This indicates that private consumption continues to remain a key driver of India's economic growth. Overall, the steady increase in per capita PFCE, along with a stable PFCE share in GDP, reflects resilient household demand and sustains consumption momentum in the economy.



Source: Ministry of Statistics & Programme Implementation (MOSPI)

FRE is First Revised Estimate; PE is Provisional Estimates

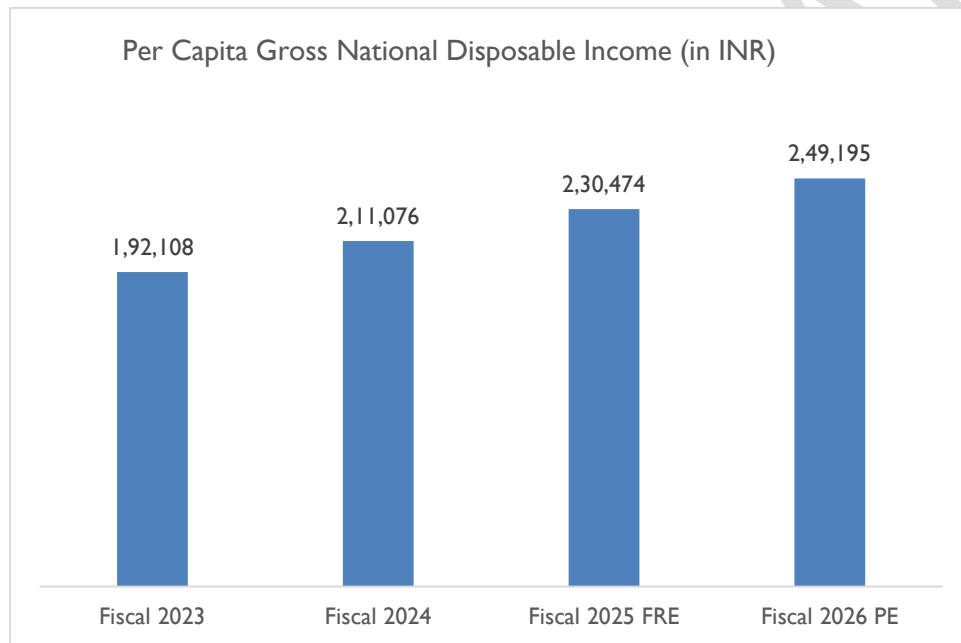
There are two factors driving this domestic demand: first, the large pool of consumers; and second, the improvement in purchasing power.

- The share of middle class increased from nearly 14% in 2005 to nearly 30% in 2021 and is expected to cross 60% by 2047¹². 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.
- Consumer-driven domestic demand is majorly fuelled by this growth in per capita income. As per National Statistics Office (NSO), India's per capita Gross National Disposable Income (GNDI) has shown a steady upward trend, reflecting improvement in overall income levels and disposable income capacity. Per capita GNDI increased from INR 1,92,108 in Fiscal 2023 to INR 2,11,076 in Fiscal 2024 and further rose to INR 2,30,474 in Fiscal 2025 FRE. It is estimated to increase further to INR 2,49,195 in Fiscal 2026 PE, indicating

¹² 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 are considered as middle-class households.

continued growth in income levels across the economy. The consistent rise in per capita GNDI highlights strengthening purchasing power and improving household income conditions, which can support consumption demand going forward. Overall, the trend reflects a positive income environment, with rising disposable income expected to contribute to sustained private consumption and broader economic growth.

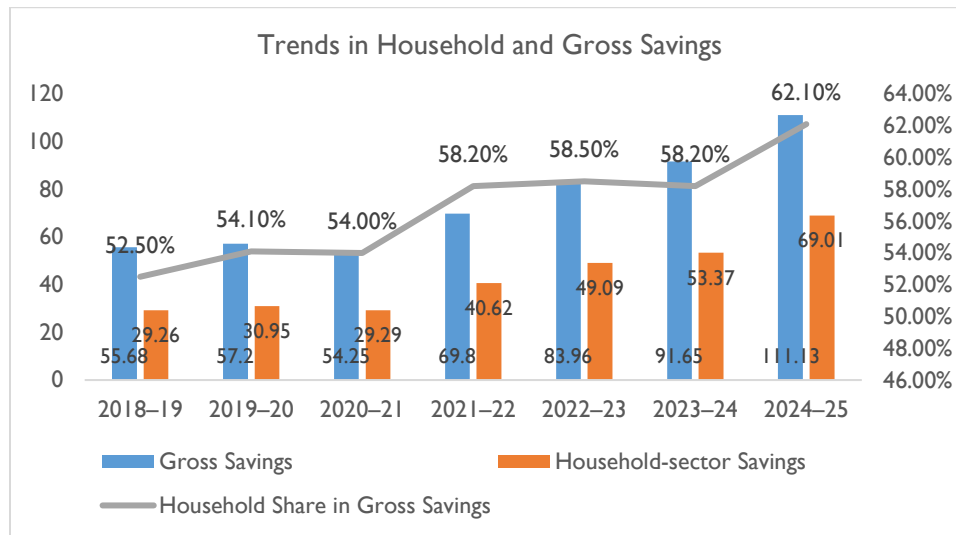
- The Indian jewellery market is witnessing a structural shift from unorganised to organised players, driven by increasing consumer preference for transparency, quality assurance, and standardized pricing. Branded jewellery retailers are growing at a faster pace than the overall market, supported by stronger consumer trust, design innovation, and expansion of retail networks.



Source: Ministry of Statistics & Programme Implementation (MOSPI)

FRE is First Revised Estimate; PE is Provisional Estimates

Trends in Household and Gross Savings



Source: MOSPI

India's gross savings rose from ₹55.68 lakh crore in 2018-19 to ₹91.65 lakh crore in 2023-24, indicating a strong upward trend despite a temporary fall during 2020-21. Household-sector savings also increased from ₹29.26 lakh crore to ₹53.37 lakh crore over the same period, showing that households remained the largest contributor to national savings.

The pandemic year 2020-21 saw a decline in both gross savings and household savings, but savings rebounded sharply in 2021-22 and continued rising through 2023-24. The household share in gross savings improved from 52.5% in 2018-19 to around 58% during 2021-22 to 2023-24, showing a stronger role of households in India's savings pool after the pandemic period.

MoSPI data suggests that India's savings base has expanded, with household savings forming a consistently dominant share of gross savings; this is important because household savings provide a key domestic resource for investment, capital formation and economic growth.

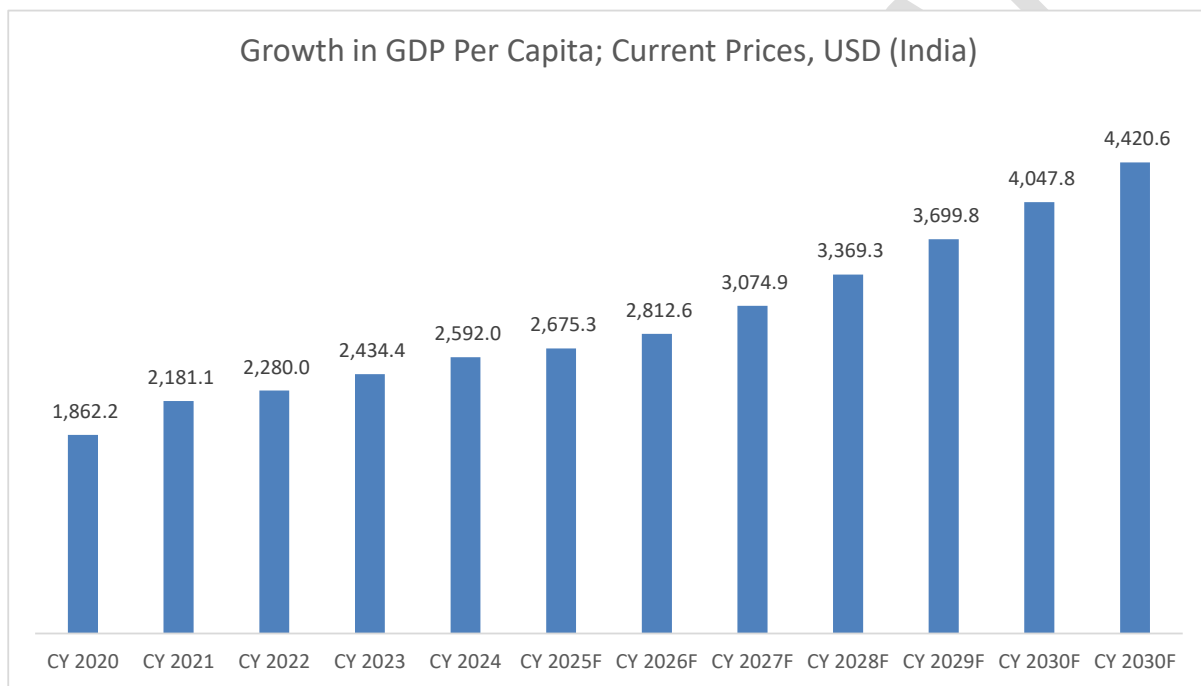
Overall, gross savings rose strongly from ₹55.68 lakh crore in 2018-19 to ₹111.13 lakh crore in 2024-25, while household savings increased from ₹29.26 lakh crore to about ₹69.01 lakh crore over the same broad period. The household sector remained the largest contributor to gross savings, with its share rising from around 52-54% before the pandemic to above 58% after 2021-22, and further to 62.1% in 2024-25.

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.

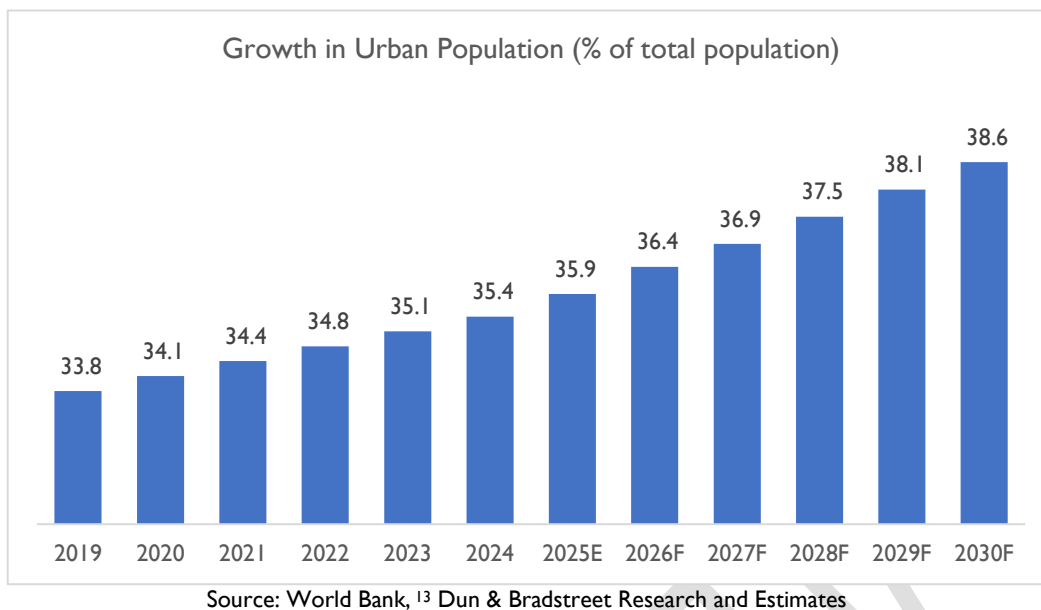
To achieve its vision of becoming the world's third-largest economy by 2027-28, India will need to implement transformative industrial and governmental policies. These policies will be crucial for sustaining the consistent growth of the nation's per capita GDP over the long term.



From CY 2024 to CY 2031, India's per capita GDP is projected to grow at a compound annual growth rate of 7.9%. 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. Urban dwellers accounted for over 469 million in 2021 and are projected to rise to over 558 million by 2031 and further exceed 600 million by 2036.



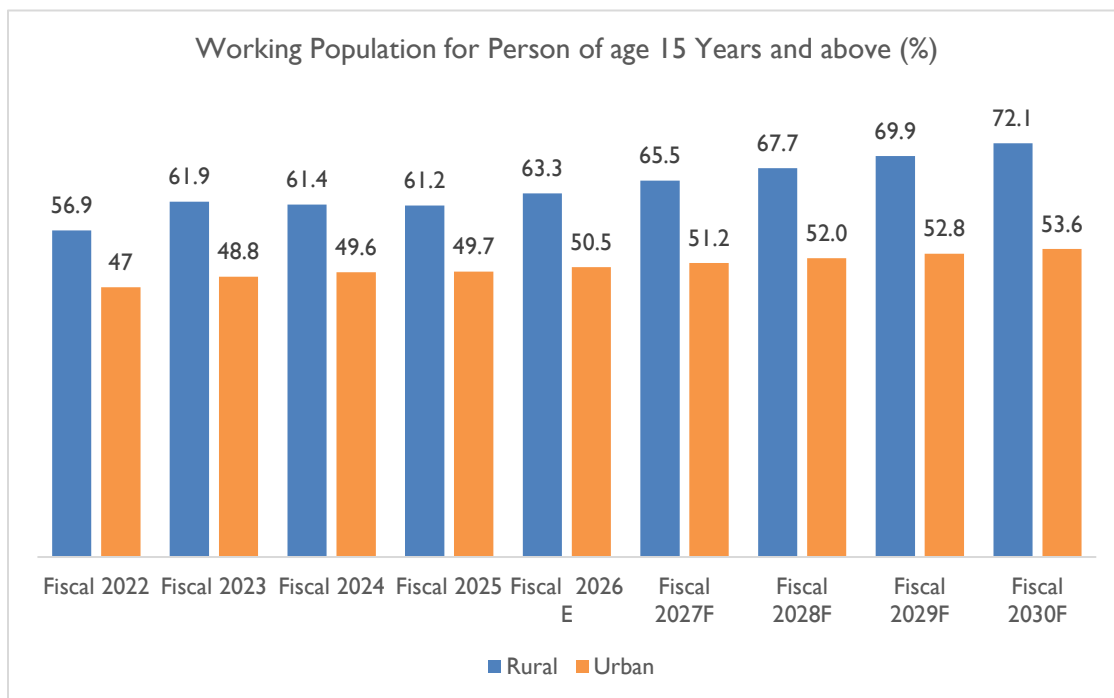
The share of urban population in total population has been rising steadily. In 2019, 33.81% of the total population was urban. By 2025, it had reached 35.9%, showing an increase over a span of five years of about 2.10%. The share of urban population is further forecasted to cross 38.6% by 2030. This 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 modernised, 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 requirements.

Rural vs. Urban Working Population by Age Group

As India continues to experience economic growth and development, the working population in both rural and urban areas is increasing. In the case of the urban population, this growth is reflected in the increase from a share of 47% in FY22 to 49.7% in FY25, whereas in rural areas, it grew from 56.9% in FY22 to 61.2% in FY25.

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.

¹³<https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?end=2022&locations=IN&skipRedirection=true&start=1960&view=chart>



Source: Periodic Labour Force Survey (PLFS) Annual Report, Dun & Bradstreet Research and Estimates

Note: 2025 refers to the period January 2025 – December 2025 and likewise for 2024, 2023 and 2022

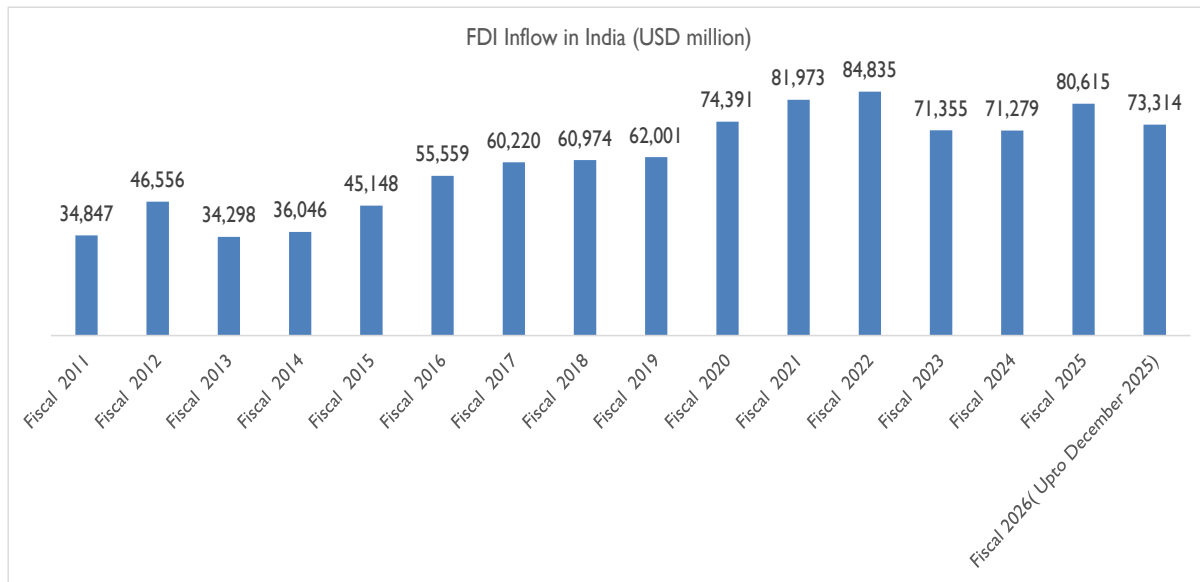
In urban areas, the working population is growing rapidly due to the proliferation of jobs in sectors like IT, finance, retail, and healthcare. Additionally, the development of infrastructure, such as improved transportation networks and housing, has made urban centers more accessible and desirable for 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 its urban counterpart can be attributed to the labour-intensive nature of the agricultural sector, which ensures a consistent demand for human labor despite advancements in mechanization, sustaining employment rates in rural areas.

Foreign Direct Investment Trend in India

FDI inflows in India observed a steady increase from FY 2013 to FY 2022 while it witnessed a decline of 15% in FY 2023 and a decline 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 inflows from April 2000 to December 2024. 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, along with sectoral measures and PLI schemes, supporting growth prospects in tier-2 and tier-3 cities. Further, tax compliance for startups and

foreign investors has been simplified and the Income Tax Act, 1961, was 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

Rupee-USD Exchange Rate Trends

The rupee remains under pressure against the US dollar (USD) despite intermittent relief from global and domestic factors. It recovered from its all-time low of ₹96.96 per USD in May to around ₹94.3 per USD, but it is still down about 6 per cent year-to-date. In the short term, the rupee is expected to remain volatile within a ₹94–₹96 per USD range, with occasional appreciation attempts towards ₹93–₹92.5 per USD under favourable conditions. However, this strength is likely to be temporary, with the broader trajectory pointing back towards ₹95–₹97 per USD levels as external pressures reassert themselves. Crude oil prices remain a key driver of currency movement because they influence India's import bill significantly. While oil prices have eased from peaks above USD 100 to around the USD 80 zone, they are expected to remain range-bound between USD 70 and USD 90, limiting meaningful relief to India's external account. Foreign portfolio investor flows have added another layer of pressure, while the RBI's FCNR(B) swap window, open from June to September, is expected to temporarily support inflows by attracting non-resident deposits.

Global 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.

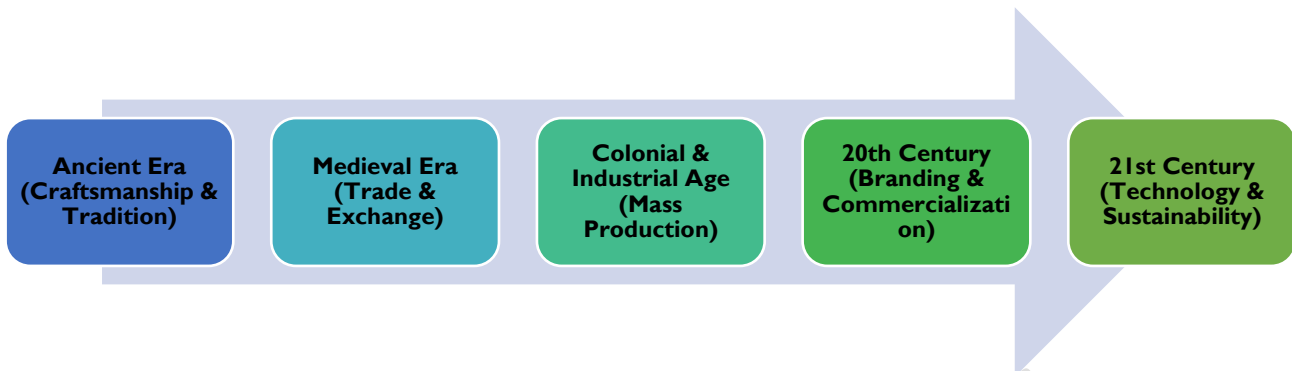
The global gems and Jewellery industry is a centuries-old sector that has transitioned from artisanal craftsmanship to a modern, technology-driven and highly organized market. It encompasses a wide range of products, including gold, silver, platinum, diamonds, coloured gemstones, and increasingly lab-grown 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 jewellery industry comprises multiple segments including sourcing, manufacturing, and retail, with the retail segment representing the primary consumer-facing (B2C) interface.

The jewellery industry operates as an integrated value chain spanning sourcing, manufacturing, wholesale/distribution, and retail. It begins with the sourcing of key inputs such as gold, diamonds, gemstones, and other precious metals, followed by manufacturing activities like designing, casting, stone-setting, polishing, hallmarking, and quality certification.

The manufacturing segment converts raw materials into finished jewellery through a mix of skilled craftsmanship, technology-led production, and design innovation. Products then move through wholesalers, distributors, or directly to branded retailers, depending on the business model.

The retail segment is the most visible and consumer-facing part of the industry, serving as the primary B2C interface where customers evaluate designs, purity, pricing, brand trust, certification, and after-sales services. Retailers influence purchase decisions through store experience, digital channels, seasonal promotions, wedding collections, exchange schemes, and transparent pricing based on prevailing metal rates and making charges.

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 continues to be supported by a combination of mine production and recycling activity. In recent years, mine production has remained relatively stable, with record output levels helping meet growing demand. However, structural challenges such as declining ore grades, rising operating costs, stricter environmental requirements, and longer project development timelines continue to constrain significant production growth. As a result, global supply expansion remains gradual despite ongoing investments in mining operations.

Recycling has become an increasingly important contributor to overall gold supply, particularly in a high-price environment. Elevated gold prices have encouraged higher recycling volumes from old jewellery, industrial

applications, and electronic waste. Urban mining and secondary recovery are gaining prominence as efficient sources of gold, helping supplement mine production and improve supply responsiveness during periods of strong demand.

The growing importance of recycling also reflects the industry's increasing focus on sustainability. Compared with primary mining, recycled gold generally requires lower energy consumption and results in reduced environmental impact, supporting circular economy principles and responsible resource utilization. As governments and industry participants place greater emphasis on sustainable sourcing, recycling is expected to play an increasingly strategic role in the global gold value chain.

Looking ahead, the balance between stable mine production and rising recycling activity is expected to support the long-term resilience of global gold supply. For gold-import-dependent economies with limited domestic reserves, strengthening refining infrastructure, improving collection systems, and formalizing recycling channels can enhance supply security while aligning with evolving sustainability objectives and global best practices.

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 amid challenges such as rising operating costs, geopolitical uncertainties, environmental regulations, and declining ore grades. Continued investment in mining projects, advancements in extraction technologies, and sustained demand from central banks, investors, and the jewellery sector have supported gradual growth in global gold output. As a result, mine production has remained a reliable source of supply, helping to meet growing global demand while supporting market stability.



Source: World Gold Council

Over the period from 2021 to 2025, global gold mine production recorded a steady upward trend, increasing from 3,568.9 tonnes in 2021 to a record 3,671.6 tonnes in 2025. Production rose to 3,624.8 tonnes in 2022,

3,644.4 tonnes in 2023, and 3,650.4 tonnes in 2024 before reaching its highest level in 2025. This consistent growth highlights the industry's ability to expand output despite structural challenges facing the mining sector.

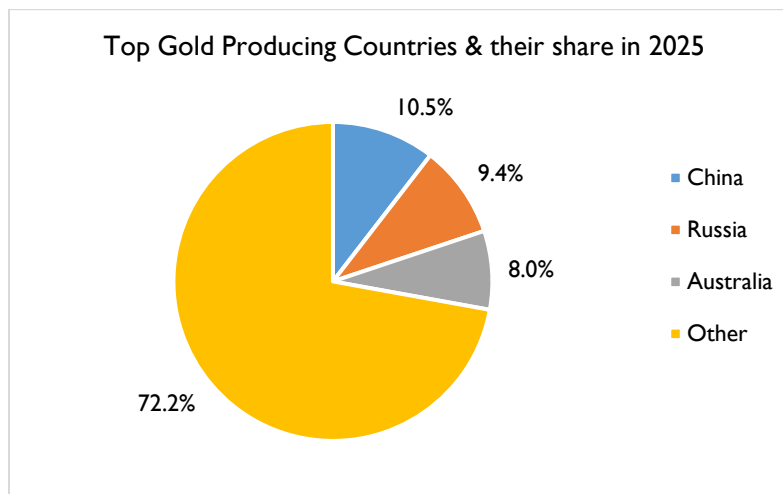
Several factors have contributed to this increase in production. Elevated gold prices have encouraged mining companies to optimize existing operations, improve recovery rates, and advance expansion projects. Major producing countries, including China, Russia, Australia, Canada, and the United States, continue to account for a significant share of global output, while increasing exploration and development activities in regions such as Africa and Latin America have provided additional supply support.

Technological advancements in mining and ore-processing techniques have further enhanced operational efficiency, enabling producers to extract gold from lower-grade deposits more economically. At the same time, strong demand from central banks seeking to diversify reserves, coupled with continued investment and jewellery demand from key markets such as India and China, has reinforced the economic viability of gold mining operations worldwide.

In conclusion, the sustained increase in gold mine production between 2021 and 2025 demonstrates the industry's capacity to adapt to evolving market conditions while maintaining supply growth. Although future expansion may be constrained by declining ore grades, rising production costs, permitting challenges, and stricter environmental standards, ongoing technological innovation and continued exploration activity are expected to support a resilient production base. Overall, global gold mine supply is likely to remain stable over the long term, underpinning gold's critical role in financial markets, investment portfolios, jewellery consumption, and central bank reserves.

Top Three Producers

The global gold mining industry remained concentrated among a few leading producers in CY2025, with China, Russia, and Australia continuing to dominate worldwide mine production. Together, these three countries produced a combined **1,022.5 tonnes** of gold, accounting for approximately **27.8%** of the global mine output of **3,671.6 tonnes**. Although gold is mined across numerous countries, this concentration highlights the strategic importance of a limited number of jurisdictions in maintaining global gold supply.



Source: World Gold Council

Top Gold producing Countries	Gold Production (in Tonnes)
China	384.3
Russia	345.0
Australia	293.2

China (Annual Production: 384.3 tonnes in CY2025) retained its position as the world's largest gold producer, contributing approximately **10.5%** of global mine production. The country's leadership is supported by extensive gold reserves, continuous investments in modern mining technologies, and government initiatives aimed at strengthening domestic resource security. Despite challenges such as declining ore grades at mature mines, China has maintained stable production through improved operational efficiency and ongoing exploration activities. Strong domestic demand for gold, particularly from the jewellery and investment sectors, also enables the country to absorb a significant portion of its production internally.

Russia (Annual Production: 345.0 tonnes in CY2025) remained the second-largest gold producer globally, accounting for around **9.4%** of world production. The country's mining sector continues to benefit from vast mineral reserves, well-established mining infrastructure, and strong government support. Despite ongoing geopolitical uncertainties and international sanctions, Russia has sustained robust production levels by expanding domestic refining capabilities and prioritizing gold as a strategic asset for economic stability and reserve diversification.

Australia (Annual Production: 293.2 tonnes in CY2025) ranked third, contributing approximately **8.0%** of global gold production. Australia's mining industry benefits from high-quality gold deposits, advanced exploration and extraction technologies, and a transparent regulatory framework that supports long-term mining investment. While the sector continues to face increasing operating costs, labour shortages, and stricter environmental standards, Australia remains one of the world's most reliable gold exporters, with a substantial share of its production supplied to international markets.

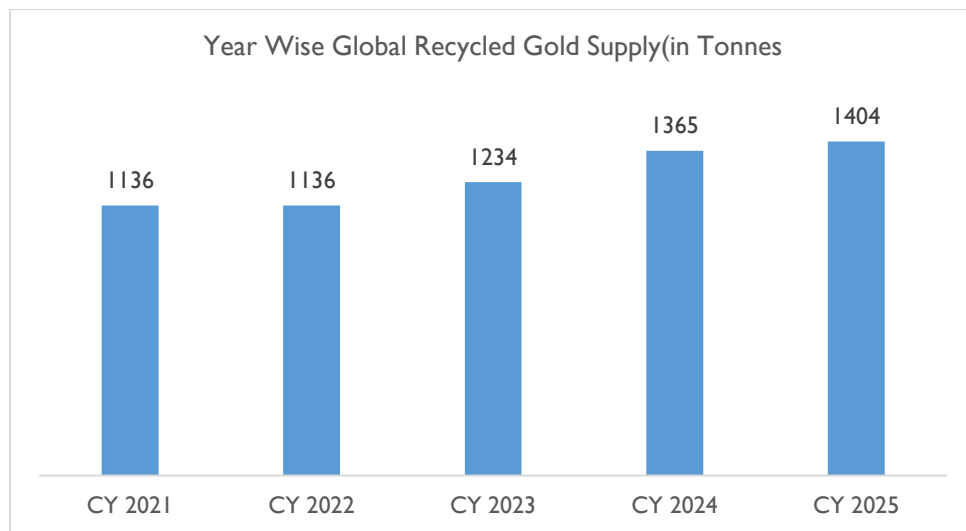
The '**Other**' category accounted for approximately **72.2%** of global gold production, reflecting the significant contribution of numerous producing countries such as Canada, the United States, Ghana, Kazakhstan, Mexico, Uzbekistan, Indonesia, Peru, South Africa, and several others. Collectively, these countries ensure a geographically diversified supply base, reducing dependence on a few major producers and enhancing the resilience of the global gold market against regional disruptions, geopolitical risks, and operational challenges.

Overall, the global gold production landscape in CY2025 remained well balanced, with leading producers maintaining stable output while a broad base of other mining nations continued to supply the majority of global production. This diversified production profile supports the long-term stability of gold availability for jewellery manufacturing, investment demand, industrial applications, and central bank purchases worldwide.

Global Gold Recycling Scenario

Recycled gold continues to play a vital role in supporting global gold supply and enhancing market flexibility. Recycling volumes are often influenced by gold price movements, economic conditions, and consumer sentiment. In periods of elevated gold prices and economic uncertainty, recycling activity tends to increase as households and investors monetize existing holdings. At the same time, growing emphasis on sustainability and responsible sourcing has strengthened the strategic importance of recycled gold within the global supply chain.

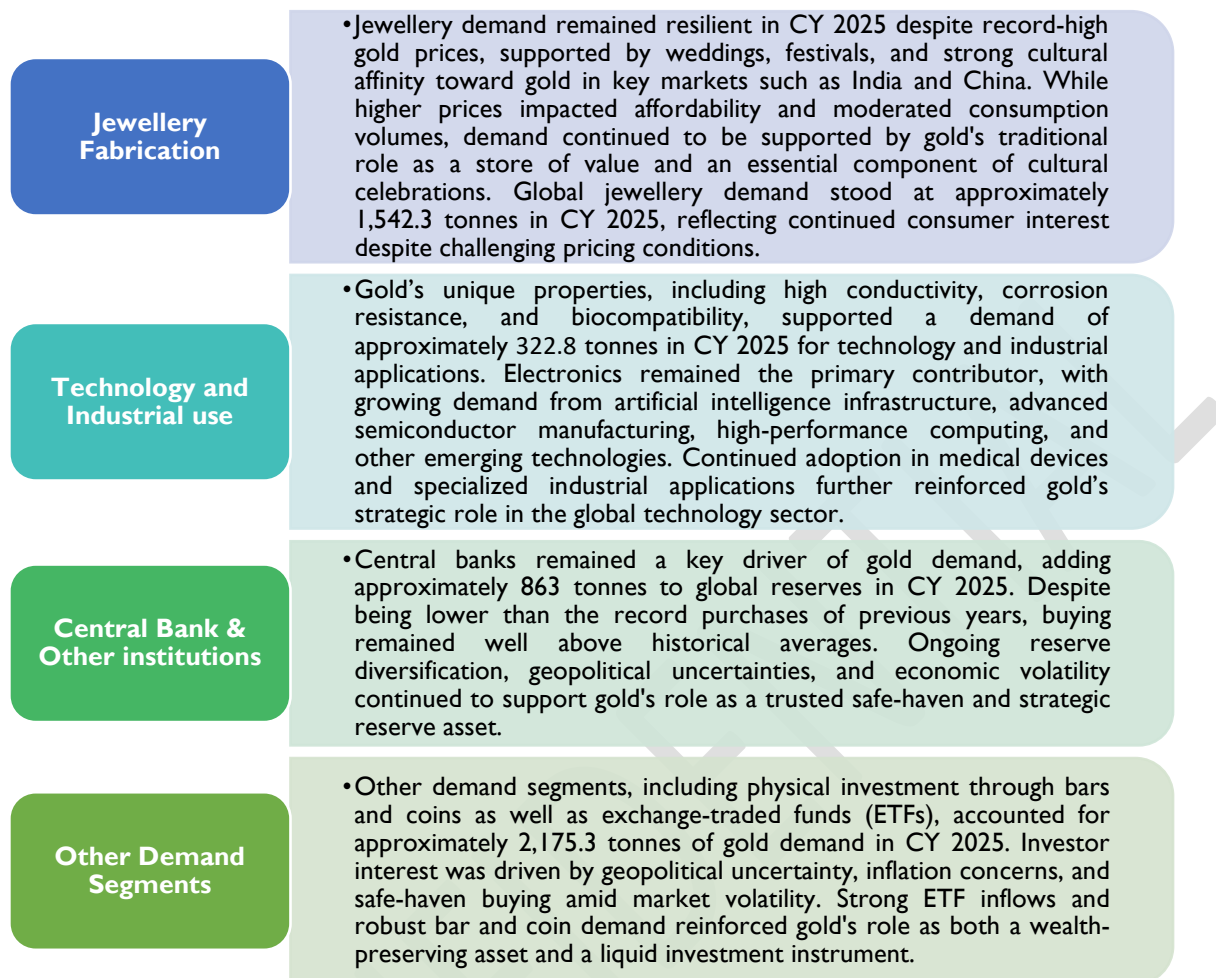
In the post-pandemic period, recycled gold supply demonstrated a steady upward trend. Following relatively subdued levels in 2021 and 2022, recycling volumes increased significantly in 2023 and continued to rise through 2025. This growth reflects a combination of record-high gold prices, improved collection mechanisms, and increasing acceptance of recycled gold as a sustainable source of supply.



Source: World Gold Council

- **CY 2021:** Global recycled gold supply stood at **1,136 tonnes**. Recycling activity remained relatively subdued as economies gradually recovered from the pandemic. Despite strong gold prices, many consumers preferred to retain gold holdings as a store of value amid ongoing economic uncertainty.
- **CY 2022:** Recycled gold supply remained stable at **1,136 tonnes**, indicating limited change from the previous year. Inflationary pressures, geopolitical tensions, and market volatility encouraged households and investors to continue holding gold rather than liquidating existing assets.
- **CY 2023:** Recycling activity increased to **1,234 tonnes**, supported by higher gold prices and improving collection infrastructure. The rise reflected greater market participation as investors and households sought to capitalize on favorable pricing conditions.
- **CY 2024:** Recycled gold supply increased further to **1,365 tonnes**, driven by persistently elevated gold prices and stronger monetization of existing gold holdings. Improved formalization of recycling channels and increased awareness of sustainable sourcing also contributed to higher volumes.
- **CY 2025:** Recycled gold supply reached **1,404 tonnes**, the highest level during the period under review. Record gold prices continued to incentivize recycling activity, while growing industry focus on sustainability, circular economy practices, and responsible sourcing further strengthened the role of recycled gold in the global supply chain.
- Overall, the steady increase in recycled gold supply between 2021 and 2025 highlights its growing importance as both a responsive source of supply and a key component of sustainable resource management. As environmental considerations gain prominence and gold prices remain supportive, recycled gold is expected to play an increasingly significant role in meeting global demand while reducing reliance on primary mining activities.

Global Gold Demand Scenario



Global Bullion Market

The global gold bullion market is currently characterized by elevated prices, strong investment demand, and continued official-sector buying. Total gold demand reached 1,231 tonnes in Q1 2026, while the value of demand increased to a record US\$193 billion, reflecting both higher prices and sustained investor interest. Physical bullion demand remains particularly strong, with global bar-and-coin demand rising 42% year-on-year to 474 tonnes in Q1 2026. High gold prices have reduced jewellery demand volumes, but investment-related demand has offset this weakness. The market also remained highly liquid in 2025, as World Gold Council estimated the average daily gold trading volumes at US\$361 billion in 2025.

Gold remains one of the largest and most established global asset classes, with approximately 220,000 tonnes of above-ground stock valued at around US\$31 trillion at end-2025. The bullion-related segment is substantial, with bars and coins accounting for around 21% of above-ground gold stocks. Central banks and official institutions hold around 18% of above-ground gold, reinforcing bullion's role as a strategic reserve asset. As per the World

Gold Council, the estimated investable gold market is valued at more than US\$15 trillion, including physical bars, coins, ETFs, OTC holdings, official reserves, and derivatives.

Demand Scenario:

Retail investment in physical bullion remains a major growth driver, supported by safe-haven demand, price momentum, and portfolio diversification needs. China has been the strongest contributor to bar-and-coin demand, with Q1 2026 demand increasing 67% year-on-year to 207 tonnes. Central banks continue to provide structural support to the market, adding 244 tonnes to global reserves in Q1 2026. A recent survey in 2026 conducted by the WGC's Central Bank Gold Reserves indicated that 89% of respondents expect global central-bank gold reserves to increase over the next 12 months. Physically backed gold ETFs remain an important institutional channel, although ETF flows are more volatile than bar-and-coin demand.

Major Bullion Markets and Hubs

London remains the primary global OTC bullion hub, supported by London Bullion Market Association clearing, vaulting infrastructure, and the Loco London market. As of May 2026, London vaults held 9,392 tonnes of gold, valued at approximately US\$1.4 trillion. China is currently one of the most important physical bullion markets, supported by record bar-and-coin demand and its position as a leading gold producer. India remains structurally significant due to its large physical gold market and the investment role played by gold jewellery and bullion. The United States and Europe remain major investment markets through bars, coins, ETFs, and institutional gold exposure.

The global bullion market is expected to remain supported by investment demand, geopolitical uncertainty, central-bank reserve diversification, and continued interest in physical gold. Central-bank demand is likely to remain a key structural driver, particularly as reserve managers continue to view gold as a diversification and crisis-risk asset. Physical bar-and-coin demand is expected to remain resilient, especially in Asian markets where gold has a strong investment and savings function. However, high prices may continue to constrain jewellery demand volumes and encourage a shift toward investment-oriented bullion products.

Overall, the market remains fundamentally supported, although short-term demand patterns may vary depending on price levels, interest-rate expectations, currency movements, and geopolitical developments.

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

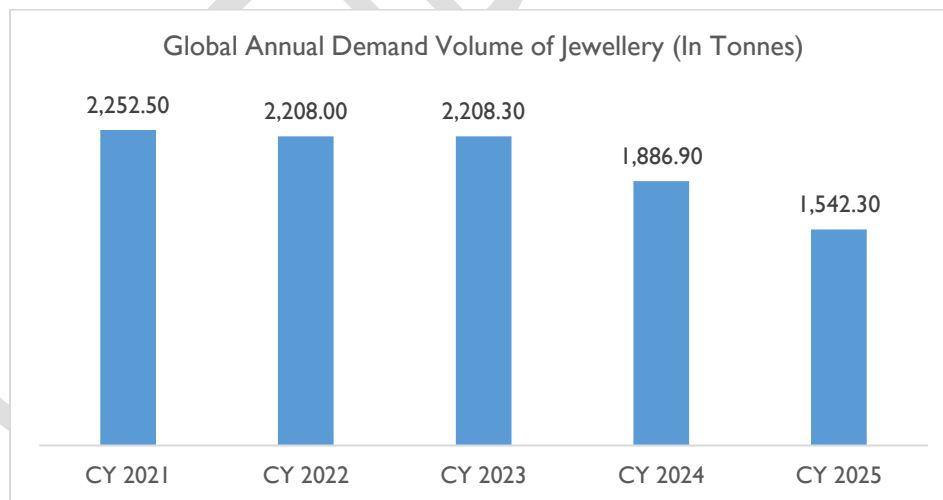
The global annual demand volume for jewellery has shown a mixed trend over CY 2021–CY 2025, reflecting changing macroeconomic conditions, gold price movements, and evolving consumer behaviour.

Demand rose strongly in CY 2021 to 2,252.5 tonnes, driven by a sharp recovery in consumer spending, reopening of retail markets, and pent-up demand following the earlier disruption period. This rebound marked one of the highest points in the five-year period.

From CY 2022 to CY 2023, demand stabilized at around 2,208 tonnes, indicating a phase of consolidation after the strong post-recovery surge. During this period, consistent cultural demand and investment interest in gold supported overall volumes, even as global economic uncertainty began to influence discretionary purchases.

However, a downward trend emerged from CY 2024 onwards. Demand declined to 1,886.9 tonnes in CY 2024 and further reduced to 1,542.3 tonnes in CY 2025. This contraction was primarily driven by sustained high gold prices, which impacted affordability and led to reduced jewellery purchases in several key markets. Despite this, underlying demand remained supported by gold's continued role as both an ornamental asset and a store of value.

Overall, CY 2021–CY 2025 reflects a transition from strong post-recovery demand and stability to a gradual correction, largely influenced by price pressures and shifting consumer purchasing patterns.



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 2025**, the global gems and jewellery export market remained concentrated among a few leading economies. **Switzerland** retained its position as the world's largest exporter with exports valued at **USD 179.23(19%) billion**, reflecting its dominance in high-value luxury watches, jewellery, and precious metals trading. **Hong Kong, China** ranked second with exports of **USD 77.37 billion (8%)**, supported by its role as a major international trading and re-export hub for diamonds, gemstones, and jewellery products. The **United States** followed closely with **USD 71.63 billion (8%)**, driven by its strong luxury jewellery industry and branded product exports. **Canada** and **Japan** recorded exports of **USD 38.02 billion (4%)** and **USD 22.66 billion (2%)**, respectively, highlighting their established positions in the global gems and jewellery value chain.

The significant gap between Switzerland and the remaining exporters underscores the country's leadership in the global trade of high-value gems, jewellery, and luxury products. Meanwhile, Hong Kong continues to leverage its strategic geographic location and well-developed trading infrastructure to serve as a gateway for Asian markets. The presence of developed economies such as the United States, Canada, and Japan among the leading exporters reflects strong manufacturing capabilities, advanced retail networks, and robust international demand for premium jewellery products.

Growth Forecast

India's gems and jewellery sector continues to remain one of the country's key export-oriented industries and an important contributor to economic growth. The sector contributes around 7–9% of India's total merchandise exports and nearly 7% to the country's GDP, while also generating employment for approximately five million people. India's gems and jewellery market size stood at nearly USD 85 billion in January 2025 and is projected to reach around USD 130 billion by 2030, supported by rising disposable incomes, increasing urbanization, strong wedding-related demand, and growing penetration of organized retail.

Despite global economic uncertainties and softer international demand conditions, the Indian gems and jewellery industry have demonstrated resilience through policy support, product diversification, and expanding domestic consumption. The industry continues to benefit from several government initiatives including hallmarking reforms, reduced customs duties on precious metals and cut & polished diamonds, export promotion measures, and financial assistance for MSMEs engaged in jewellery manufacturing, design, and exhibitions. In addition, 100% FDI under the automatic route and ongoing infrastructure development across jewellery parks and export hubs continue to strengthen the sector's long-term growth prospects.

However, short-term export performance has remained under pressure in recent years. India's gems and jewellery exports declined to approximately USD 23.4 billion in FY2025 due to weaker demand from major international markets such as the U.S. and China, along with inventory corrections and pricing pressures in the global diamond industry. The cut and polished diamond segment in particular witnessed moderation, while segments such as gold jewellery, silver jewellery, branded jewellery, and lab-grown diamonds continued to show relatively better resilience. The growing consumer preference for lightweight, customized, and design-oriented jewellery is also gradually reshaping the industry landscape.

Looking ahead, the medium-term outlook for the sector remains positive. India's continued focus on strengthening international trade relations through agreements such as the UAE-India CEPA and the proposed India-UK Free Trade Agreement is expected to improve market access and enhance export competitiveness. Furthermore, rising adoption of lab-grown diamonds, increasing digitalization, expanding organized retail presence, and higher demand for branded jewellery are expected to create new growth opportunities for manufacturers and exporters over the next three to five years.

Overall, although global demand volatility and geopolitical uncertainties may continue to impact exports in the short term, the long-term outlook for India's gems and jewellery sector remains favorable. Strong domestic demand, supportive government policies, growing product innovation, and India's established position as a global jewellery manufacturing and processing hub are expected to support steady industry growth in the coming years.

Indian Gems & Jewellery Sector

Overview

The Indian Gems and Jewellery (G&J) industry continued to be a vital contributor to the nation's economy and export landscape in 2025. The sector contributes nearly 7% to India's GDP and accounts for approximately 15% of total merchandise exports, making it one of the country's most significant generators of foreign exchange. In addition, the industry supports the livelihoods of over 5 million people across mining, manufacturing, trading, and retail activities. During FY26, India's gems and jewellery exports reached around USD 27.72 billion (₹2.44 lakh crore). Recognizing the sector's strategic importance, the Government of India has prioritized it for export promotion and has outlined an ambitious target of USD 75 billion in exports by 2030.

Domestic demand remained robust, supported by strong wedding-related purchases, festive spending, and rising disposable incomes. Industry growth has also been reinforced by government initiatives such as mandatory BIS hallmarking, policy support for the lab-grown diamond segment, and reforms aimed at improving the overall ease of doing business. These measures are enhancing transparency, strengthening consumer trust, and encouraging greater formalization across the industry. Simultaneously, organized retail channels continue to expand their footprint, reflecting a broader shift toward branded and standardized jewellery offerings.

From an international trade perspective, gems and jewellery remained a key pillar of India's export basket. Trade statistics released by the Ministry of Commerce & Industry indicated encouraging export performance in FY26, underscoring the sector's resilience despite ongoing global economic and geopolitical uncertainties. Looking ahead, growth prospects are expected to benefit from supportive government policies, wider access to global markets, increasing digital and manufacturing technology adoption, and rising demand for design-driven and value-added jewellery products. Continued focus on hallmarking, innovation, skill enhancement, and export promotion is likely to further strengthen India's position as a leading global manufacturing and export hub for gems and jewellery.

India's G&J sector stands apart for its unique combination of centuries-old craftsmanship, cultural significance, and large-scale industrial capability. Globally recognized for its design expertise and extensive product range, the industry exports polished diamonds, gold and silver jewellery, coloured gemstones, medallions, and coins to markets across the world. India also maintains a dominant position in the global diamond-processing ecosystem,

handling a substantial share of the world's polished diamond supply through its well-established cutting, polishing, and value-addition capabilities.

An emerging trend within the gold jewellery segment is the growing acceptance of lower-karat jewellery, particularly 9K gold, in several international markets. Demand for such products is being driven by younger consumers seeking affordable, lightweight, and fashion-oriented jewellery. Countries such as the United Kingdom, markets in the Middle East, and parts of Southeast Asia are witnessing increasing adoption of 9K jewellery, where affordability and contemporary design appeal often outweigh the preference for high-purity investment-grade gold. In contrast, the Indian market continues to favor higher-purity gold, particularly 22K and 24K, reflecting deep-rooted cultural traditions and gold's enduring role as both an ornament and a store of wealth. Nevertheless, urbanization, evolving lifestyles, and growing fashion consciousness are gradually creating niche opportunities for lower-karat jewellery within select domestic consumer segments.

Despite its strong global reputation, the industry faces several structural and external challenges. Market participants continue to navigate fluctuations in international demand, volatility in gold and precious metal prices, and increasingly stringent requirements related to sourcing transparency, traceability, and regulatory compliance. Furthermore, the sector's dependence on imported gold and rough diamonds creates additional supply-side risks and makes efficient raw-material procurement a critical operational consideration.

Government intervention has played a significant role in enhancing the sector's competitiveness and modernization efforts. The Gem & Jewellery Export Promotion Council (GJEPC), established by the Ministry of Commerce in 1966, continues to support a large base of export-oriented enterprises through export facilitation, skill development, market promotion, and infrastructure initiatives. The development of Common Facility Centres in major industry clusters such as Surat and Mumbai is aimed at improving productivity, fostering formalization, and enhancing the global competitiveness of India's predominantly MSME-driven gems and jewellery value chain.

Overall, India's gems and jewellery industry remains one of the most respected and influential sectors in the global marketplace, distinguished by its craftsmanship, scale, and export excellence. While evolving consumer preferences, regulatory requirements, and changing global demand patterns continue to reshape the operating environment, sustained policy support, infrastructure development, and innovation-led growth are enabling the sector to adapt effectively and maintain its competitive edge in international markets.

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.

- **Gold Accessories:** Gold accessories form an important segment within the broader jewellery industry, comprising products such as chains, bangles, pendants, earrings, bracelets, and other fashion-oriented gold ornament categories. The segment is supported by rising consumer preference for daily wear jewellery, lightweight products, and customized designs across both domestic and export markets. While separate quantitative data for gold accessories is not specifically reported, the segment continues to benefit from growing organized retail penetration, changing fashion trends, and increasing demand for premium and branded jewellery products.
- **Cut & Polished Diamonds:** India holds the leading position worldwide, ranking first with exports valued at USD13.70 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 USD0.46 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 USD1.40 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 approximately 7% of India's GDP and employing over 4.5–5 million people Gem & Jewellery Export Promotion Council (GJEPC) across the value chain. The sector is widely recognised as one of India's most labour-intensive and export-oriented industries.

The Government of India has identified the sector as a key focus area for export promotion and value addition. Policy support includes skill development, technology upgradation, and infrastructure initiatives. The sector also benefits from 100% Foreign Direct Investment (FDI) under the automatic route DPIIT FDI Policy (Make in India), encouraging global participation across the value chain.

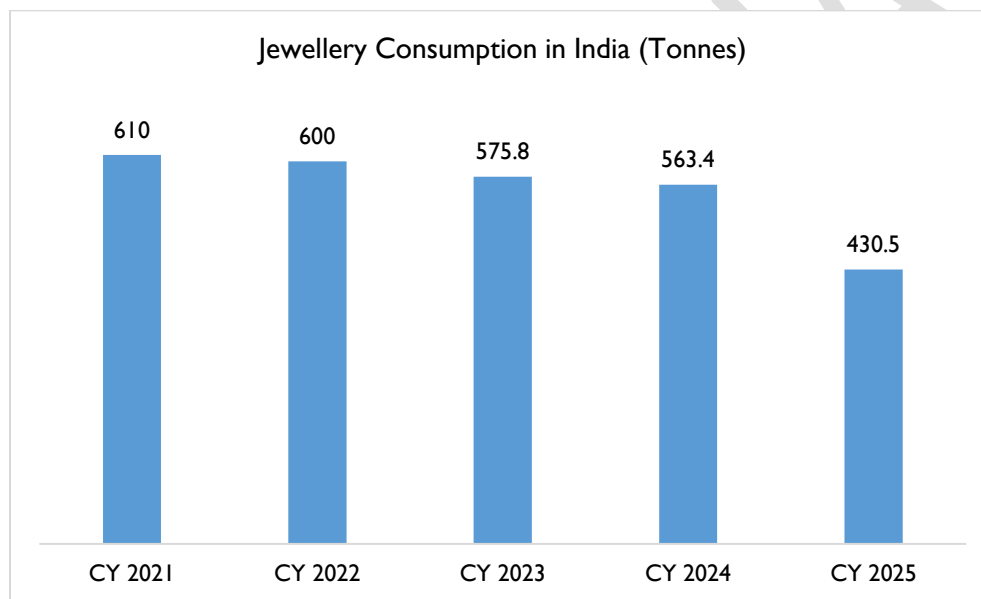
India is a dominant player in global diamond processing. According to GJEPC industry data, India processes approximately 90% of the world's rough diamonds by volume and contributes nearly 75% of global polished diamond output Gem & Jewellery Export Promotion Council (Statistics), reinforcing its leadership in the global supply chain.

In terms of trade performance, India's gems and jewellery exports stood at approximately USD **27.72 billion as per** provisional estimates compiled by GJEPC based on official trade data. Alongside exports, India remains one of the largest global consumers of gold, driven by cultural demand, weddings, festivals, and investment needs. This dual positioning as both a major consumption market and a global processing hub strengthens India's structural advantage in the jewellery value chain. With strong policy backing, a skilled workforce, and established global linkages, the sector continues to contribute significantly to foreign exchange earnings, employment generation, and export performance.

Gold Jewellery Demand Scenario in India

Annual Consumption Pattern

India's gold jewellery consumption has continued to witness moderation over the past few years due to elevated gold prices, affordability constraints, and changing consumer preferences. Gold jewellery demand declined from 610 tonnes in CY2022 to 575.8 tonnes in CY2023 and further to 563.4 tonnes in CY2024. According to the World Gold Council, India's gold jewellery consumption further declined to approximately 430.5 tonnes in CY2025, reflecting a year-on-year decline of nearly 24% compared to CY2024. The significant decline was primarily driven by record-high gold prices, which adversely impacted jewellery affordability across both urban and rural markets.



Source: World Gold Council

One of the major factors contributing to the decline in consumption has been the sustained rise in domestic and global gold prices throughout CY2025. Higher prices encouraged consumers to postpone discretionary purchases, shift toward lightweight jewellery, or exchange old jewellery instead of purchasing new heavy ornaments. Rural demand, which traditionally contributes significantly to India's gold consumption, remained particularly affected due to inflationary pressures and slower income growth.

At the same time, consumer behaviour in the Indian jewellery market is gradually evolving. Younger consumers are increasingly preferring lightweight, contemporary, and design-oriented jewellery over traditional heavy sets. In addition, investment-oriented products such as Gold ETFs, digital gold, and Sovereign Gold Bonds (SGBs) continue to attract investor interest, reducing dependence on physical jewellery purchases. Despite lower tonnage consumption, the value of jewellery demand remained strong due to the sharp rise in gold prices during the year.

Emerging Trend: Growing Acceptance of 9K Gold Jewellery in India and Global Markets

The global jewellery industry is witnessing a gradual shift toward affordable and lightweight gold jewellery products, leading to increasing acceptance of lower-karat gold categories such as 9K gold. Globally, 9K gold jewellery has already established a strong presence in markets such as the United Kingdom, Europe, Australia, and parts of the Middle East, where consumers prioritize affordability, durability, and contemporary fashion-oriented designs over high-purity gold content. The segment has gained popularity particularly among younger consumers seeking everyday wear jewellery and premium fashion accessories at relatively lower price points.

One of the key factors supporting the growth of the 9K gold market globally is the sustained increase in gold prices over the past few years. Rising prices have encouraged consumers to shift toward lower-karat jewellery products that offer a balance between affordability and aesthetic appeal. Compared to 18K or 22K jewellery, 9K gold contains a lower proportion of pure gold, making it significantly more cost-effective while also offering higher durability due to the presence of alloy metals. As a result, 9K gold jewellery is increasingly being positioned as an attractive option for daily wear, lightweight jewellery, and fashion-oriented collections.

In India, the jewellery market has traditionally been dominated by high-purity gold products such as 22K and 24K jewellery due to strong cultural and investment preferences associated with gold ownership. However, changing consumer behaviour, rising gold prices, urbanization, and increasing exposure to global fashion trends are gradually driving interest toward lightweight and lower-karat jewellery categories, including 14K and emerging 9K gold products. Younger consumers, particularly in urban markets, are increasingly prioritizing design, affordability, and practicality over gold purity alone, supporting the gradual acceptance of alternative gold jewellery categories.

The growing penetration of organized jewellery retailers, e-commerce platforms, and international jewellery brands in India is further contributing to awareness and adoption of lower-karat gold jewellery. Fashion jewellery collections, everyday wear products, personalized jewellery, and western-style ornaments are increasingly being launched using lower-karat gold compositions to cater to price-sensitive and trend-focused consumers. Although the Indian market for 9K gold jewellery remains at a nascent stage compared to international markets, the category is expected to witness gradual growth over the medium term as affordability becomes a more important purchasing factor.

Overall, while 22K jewellery is expected to continue dominating the Indian gold jewellery market, rising gold prices and evolving consumer preferences are likely to create incremental opportunities for 9K gold jewellery in specific urban and fashion-oriented segments. Globally, the segment is expected to continue benefiting from increasing consumer demand for affordable luxury, lightweight jewellery, and contemporary design-led products.

Macroeconomic conditions and global uncertainties also influenced demand patterns in CY2025. High gold import prices, currency fluctuations, and geopolitical tensions contributed to elevated domestic gold prices, thereby limiting large-volume jewellery purchases. However, cultural and festive demand continued to provide support to the market, particularly during weddings and major Indian festivals, although consumers increasingly preferred smaller-ticket purchases and lightweight products.

Overall, the decline in jewellery consumption volumes highlights a structural shift in India's gold jewellery market toward value-driven demand rather than volume-driven demand. While tonnage consumption has moderated significantly, the overall market value has remained resilient due to rising gold prices and continued cultural importance of gold in Indian households. Going forward, India is expected to remain one of the world's largest gold jewellery markets, though growth is likely to be driven by premiumization, lightweight jewellery, and higher-value purchases rather than rising consumption volumes.

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.

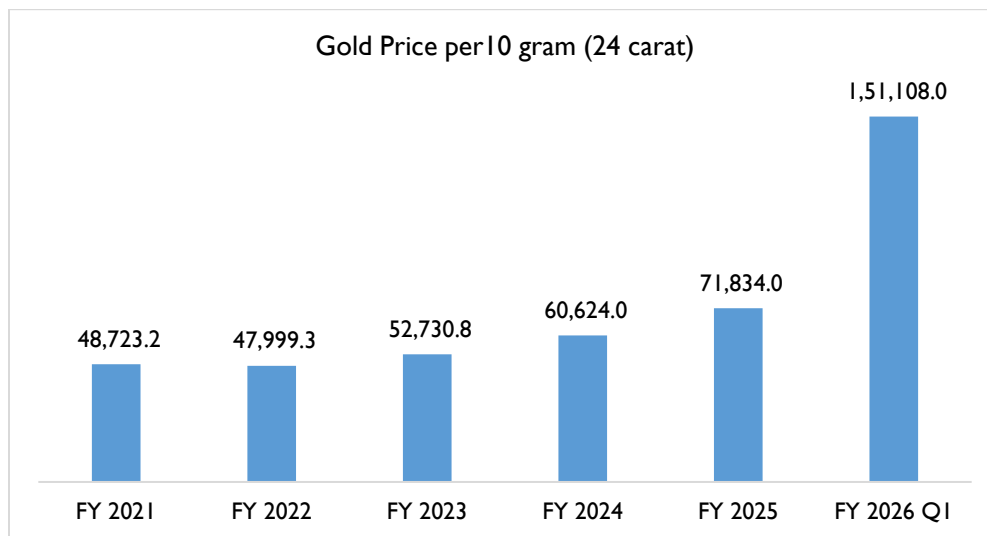
Period of Low Demand

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 strong upward trajectory over the past five years, rising from an average of INR 48,723.2 per 10 grams in FY2021 to INR 71,834.0 per 10 grams in FY2025. The trend reflects sustained year-on-year growth, supported by global economic uncertainty, inflationary pressures, geopolitical tensions, and strong domestic demand during festivals and wedding seasons. Gold has continued to serve as both a preferred investment avenue and a traditional store of value for Indian households, particularly during periods of market volatility. The latest available data for FY2026 (i.e Q1) indicates that average gold prices crossed INR 1.5 lakh per 10 grams, highlighting the significant appreciation witnessed in the domestic gold market. In addition, consumers in India typically exhibit 'buy-on-price-correction' behaviour, wherein purchases tend to increase during periods of temporary price declines or stabilization, reflecting both price sensitivity and a strong long-term affinity towards gold.



Source: Reserve Bank of India

Note: FY2026 represents the latest available Q1 2026 average gold price and is not directly comparable with the annual average prices reported for FY2021–FY2025.

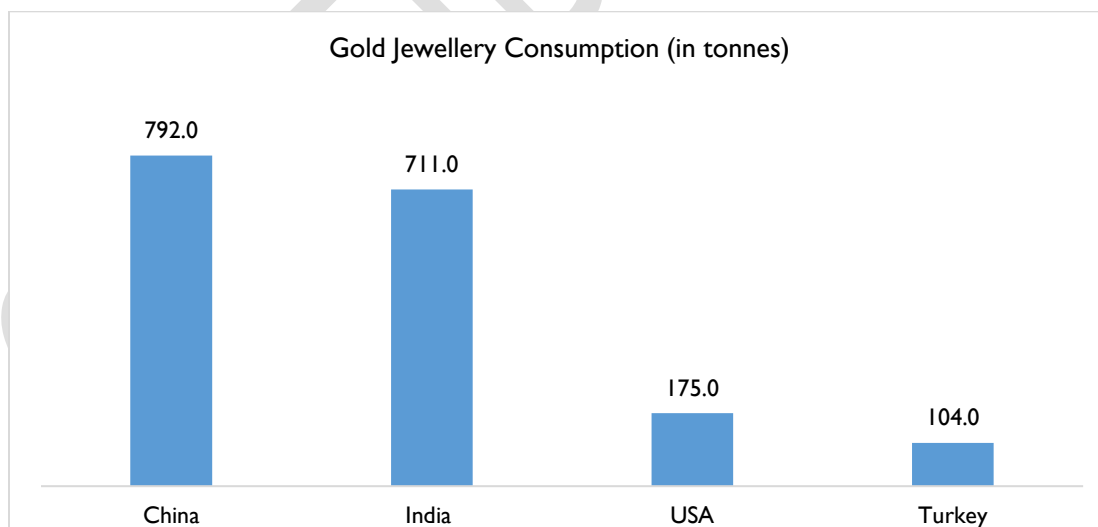
Annual movement pattern of gold prices (reference: price of 10 gm of 24 carat gold is considered)

- **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.
- **FY 2026:** The average gold price reached **INR 1,51,108.0** per 10 grams, reflecting a sharp increase from FY2025, driven by heightened safe-haven demand, geopolitical tensions, and strong investment interest in gold.

Gold Consumption in India v/s Major Markets

In CY 2025, India became the second largest consumer of gold Jewellery globally, with demand reaching 711 tonnes, following China after its the top position. This decline was was not due to weak consumer preference for gold but because record prices converted demand from volume-led jewellery purchases into value-led and investment-led buying, making India's physical jewellery demand more vulnerable than markets where investment or institutional buying played a larger role. China was the major consumer of gold in 2025 mainly because its demand was driven less by jewellery alone and more by investment-led buying, especially bars, coins and gold ETFs. The World Gold Council reported that global gold demand in 2025 was strongly supported by ETF inflows, bar-and-coin purchases and safe-haven buying, while China was one of the key markets behind this investment trend.

Beyond China and India, the global Jewellery market is much smaller. The United States, the third-largest consumer, accounted for only 175 tonnes in CY 2025, reflecting steady but comparatively modest demand driven more by fashion and luxury markets than by cultural compulsion. Turkey followed with approximately 104 tonnes, and Iran, Russia and Saudi Arabia with 73 tonnes, 72 tonnes and 62 tonnes respectively. Iran and Russia consumed more gold mainly because gold acted as a hedge against sanctions, inflation, currency weakness and financial restrictions, while Saudi Arabia's demand was led by cultural jewellery buying, gifting traditions and strong consumer purchasing power.



Source: World Gold Council

Consumption of Gold Across Major Economies

Country	Consumption Pattern
China	China stood as the largest consumer of gold Jewellery in CY 2025, with demand reaching 792 tonnes. It combined large cultural demand, strong household investment appetite, safe-haven buying, ETF inflows, and record bar-and-coin purchases, making its total demand more resilient than jewellery-heavy markets such as India
India	India, traditionally the largest market, recorded 711 tonnes consumption in CY 2025. Economic challenges, subdued consumer sentiment, and high gold prices reduced demand, yet the market remains significant, with gold being purchased as investment contributing to the second largest share.
United States	The United States ranked third, with 175 tonnes of demand little 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.
Turkey	Turkey consumed 104 tonnes in CY 2025. 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.

Indian Bullion Market

The domestic bullion market is currently operating in a high-price environment, with India Bullion and Jewellers Association's indicative retail selling rate for fine gold 999 at ₹14,218 per gram on 24 June 2026, excluding GST and making charges. Gold also remains a major import item for India, with the Department of Commerce's Trade Intelligence and Analytics portal listing gold among India's top import commodities, along with petroleum products and electronic goods. The market is therefore highly sensitive to international gold prices, USD/INR movements, customs duty changes, domestic demand cycles and policy measures affecting bullion imports

India's bullion ecosystem includes importers, banks, refineries, bullion dealers, jewellers, exporters, commodity exchanges, assaying and hallmarking centres, and retail investors. BIS requires manufacturers, wholesalers, distributors and retailers selling hallmarked gold or silver articles to register with BIS, while jewellers with turnover up to ₹40 lakh are outside the mandatory hallmarking threshold. IBJA is a key industry body in the

domestic bullion trade and publishes daily gold and silver rates, which it describes as India's benchmark rates. IBJA-IGM Benchmark Price Private Limited aims to provide a transparent domestic gold price benchmark through twice-daily fixings for 995 purity gold in Indian rupees. The India International Bullion Exchange is India's first international bullion exchange and provides a regulated platform for bullion trading and imports.

Domestic bullion price discovery is supported by IBJA benchmark rates, exchange-traded commodity derivatives and the IIBX spot market infrastructure. National Stock Exchange offers gold futures and options products, including gold, gold mini, gold guinea, gold 1g and gold 10g contracts, with prices quoted in rupees. NSE identifies jewellers, bullion traders, exporters, importers, retail investors and commodity trading firms as participants who can use gold derivatives for hedging and price-risk management. India International Bullion Exchange has also introduced regulated spot-market infrastructure in Gujarat International Finance Tec-City International Financial Services Centre (GIFT IFSC), including bullion depository receipts and approved import channels for qualified participants.

Gold continues to be an important reserve asset for India's central bank, with RBI reporting the value of gold in India's foreign exchange reserves at US\$115.395 billion at end-March 2026. RBI's half-yearly report states that India's total foreign exchange reserves declined from US\$700.09 billion at end-September 2025 to US\$691.11 billion at end-March 2026, while gold remained a significant reserve component. Sovereign Gold Bonds also form part of India's broader non-physical gold investment ecosystem, with RBI describing SGBs as government securities denominated in grams of gold and issued by RBI on behalf of the Government of India.

Regulatory Framework for Gold Bullion

The Indian bullion and jewellery market is increasingly formalised through hallmarking, GST invoicing, exchange-based trading, regulated import channels and benchmark price publication. BIS is the national standards body of India and is responsible for implementing hallmarking, conformity assessment and consumer empowerment initiatives. IIBX is regulated within the GIFT IFSC framework, while IFSCA's 2025 bullion-market measures are aimed at improving price discovery, streamlining operations, broadening participation and strengthening governance. These regulatory developments are gradually shifting India's bullion market from a predominantly informal physical market toward a more transparent, standardised and institutionally integrated ecosystem.

The Indian bullion market is expected to remain fundamentally supported by household savings behaviour, jewellery demand, investment demand, institutional reserve allocation and export manufacturing requirements. However, high prices, import-duty changes and constrained gold availability may continue to affect jewellery volumes, exporter margins and working-capital cycles. Formal channels such as IBJA benchmarks, BIS hallmarking, IIBX imports and exchange-traded derivatives are likely to play a larger role in improving transparency and market efficiency. Overall, India's bullion market remains large, policy-sensitive and strategically important, with the next

phase of growth likely to be shaped by formalisation, regulated import access, price-risk management and value-added jewellery exports.

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 of around 9% and 8%. 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 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.
- **Evolving Consumer Preferences and Brand Consciousness:** Consumer preferences in India's jewellery market are increasingly shifting towards lightweight, design-led, and daily wear jewellery, particularly among younger and urban demographics. Rising urban disposable incomes are supporting higher discretionary spending on lifestyle and fashion-oriented jewellery products. In addition, growing brand consciousness among consumers is driving preference towards organized and branded jewellery players, supported by factors such as quality assurance, product transparency, certified purity, contemporary designs, and enhanced shopping experiences.

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 46 lakh weddings would take place between November and December 2025, generating close to INR 6.5 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). Jewellery demand in India continues to be significantly driven by weddings and festive occasions, providing structural stability to the sector. However, gold price volatility also plays a role, as 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), with consumers shifting towards lighter or lower-purity designs and recycling 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 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 jewelleries 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 system has been significantly strengthened under BIS to improve transparency and consumer trust. Hallmarking became mandatory in phases from June 2021, with the 6-digit HUID system made compulsory from April 2023 for traceability through the BIS Care app.

The programme has expanded steadily, with coverage reaching about 380 districts as of 2025–26, and cumulative hallmarked gold jewellery crossing 60 crore items, reflecting strong industry compliance and widespread adoption.

The hallmarking ecosystem has also expanded with a rising number of registered jewellers and assaying & hallmarking centres, improving nationwide accessibility and enforcement.

Recent developments include the extension of BIS standards to lower karat segments such as 9K gold, along with the introduction of silver hallmarking under the HUID system, indicating a broader move towards a fully standardised precious metals certification framework in 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:

During CY 2025, the gold price volatility in India was largely driven by a strong and sustained rally in both global and domestic markets. Domestic prices rose sharply through the year, supported by geopolitical uncertainty, a weakening US dollar, and robust investment flows, resulting in significant divergence in demand. By the end of CY 2025, domestic gold prices were around **₹135,900 per 10 grams**, reflecting the elevated price environment. This high and rising price trajectory constrained jewellery demand while reinforcing gold's appeal as an investment asset.

In FY2026, volatility intensified markedly, as highlighted by WGC data showing sharp price increases combined with intermittent corrections. Domestic gold prices rose by **20% quarter-on-quarter and 81% year-on-year in Q1 2026**, reaching a record quarterly average of **₹151,108 per 10 grams**. Prices also touched record highs before correcting by nearly 15%, underscoring the magnitude of short-term fluctuations. These movements were driven by global economic uncertainty, INR depreciation, and strong safe-haven demand, all of which amplified volatility in India's gold market.

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. Due to the geopolitical tensions and resulting logistics delay, the Directorate General of Foreign Trade (DGFT) has by default extended the FY 2025-26 TRQ licenses from March 31, 2026 to June 30, 2026.

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 organized 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.

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.

Temporary halting of mining operations, restricted movement of raw materials led to shutdown of manufacturing facilities and delays in shipments.. 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.

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.

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 labour shortages, supply chain disruptions and operational halts.

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 pressure from disruption caused by COVID 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 mobilize 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.

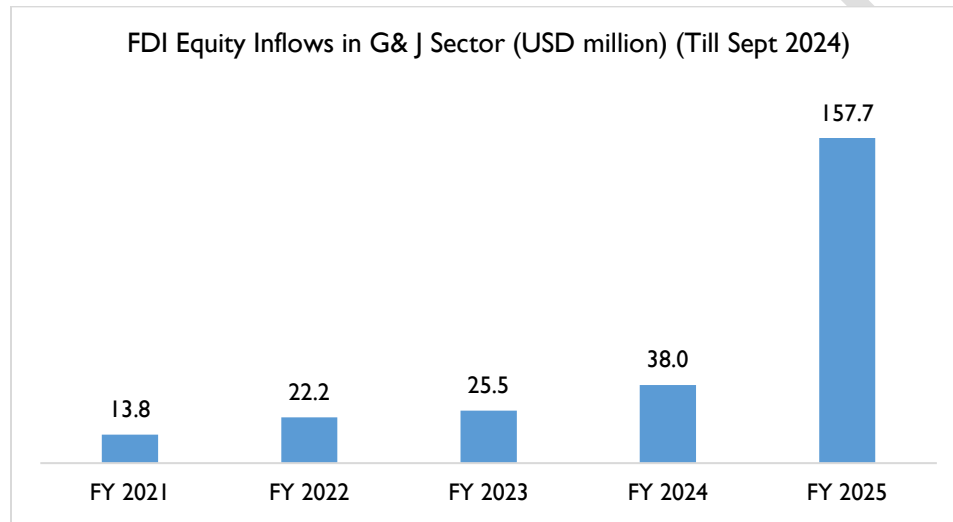
Recent regulatory developments have further strengthened governance and transparency in India's gems and jewellery sector. The Government expanded the scope of mandatory BIS hallmarking through the Hallmarking of Gold Jewellery and Gold Artefacts (Amendment) Order, 2026, increasing coverage to 380 districts nationwide and reinforcing quality assurance and consumer protection. Additionally, the Ministry of Finance discontinued the medium- and long-term deposit components of the Gold Monetization Scheme from March 2025 following a review of scheme performance, while retaining the option of short-term deposits through banks. The Reserve Bank of India has also introduced a revised regulatory framework for gold- and silver-backed lending, effective April 2026, aimed at improving transparency, risk management, and access to formal credit. Collectively, these measures support greater formalization, regulatory oversight, and financial stability within the gold ecosystem.

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 Monetization Scheme

The Gold Monetization Scheme (GMS), launched by the Government of India in 2015, aims to mobilize 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 mobilized 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, Stock Holding 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 formalization 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 standardized 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. Hallmarking regulations have also enhanced transparency and consumer confidence, benefiting organized players in the jewellery market. For the industry, mandatory hallmarking raises the level of trust, aligns India with international quality norms, and drives consolidation by encouraging compliance-oriented jewellers. In March 2026, the Government expanded mandatory hallmarking to seven additional districts, increasing nationwide coverage to 380 districts. This further strengthens consumer protection, quality assurance, and traceability in the gold jewellery market.

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 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 export performance has shown sharp volatility over the past six years, reflecting changing global demand conditions and fluctuations in re-export activity.

Gold exports started at USD 257.17 million in FY 2021 and then dropped sharply to just USD 6.23 million in FY 2022, indicating a steep disruption in trade flows and weakened international movement of bullion. This was followed by a strong recovery to USD 145.86 million in FY 2023 as global trade normalized and demand conditions improved. However, FY 2024 again saw a dip to USD 98.25 million, suggesting intermittent pressure from pricing volatility and uneven export momentum. The trend reversed strongly in FY 2025, with exports surging to USD 916.78 million, marking a significant spike driven by improved global demand and stronger re-export activity. In FY 2026, exports moderated to USD 242.55 million, indicating that the FY 2025 surge was not fully sustained but still remained higher than most earlier years.

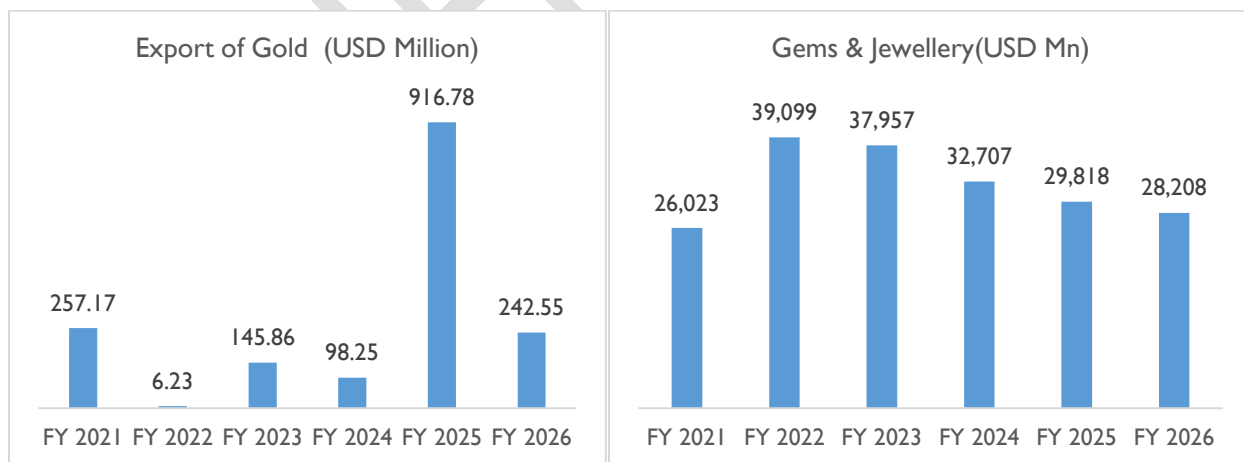
Prevailing geopolitical tensions and global trade uncertainty in 2025 increased volatility in India's external trade environment. Gold imports remained an important pressure point because the Ministry of Commerce's Trade Intelligence and Analytics portal lists **gold among India's top import commodities**.

On the import side, India's overall imports rose during April–February 2024–25, with Press Information Bureau stating that imports increased by **5.7% to US\$656.7 billion**, driven by **gold, electronics and petroleum**; however, in February 2025, oil and gold imports dropped significantly, contributing to a decline in overall imports and narrowing the trade deficit for that month. This indicates that geopolitical uncertainty and price movements made gold imports more volatile, affecting India's import bill and trade balance.

On the export side, gems and jewellery showed mixed trends. PIB reported that **gems & jewellery exports increased by 15.95% in January 2025**, from **US\$2.59 billion in January 2024 to US\$3.00 billion in January 2025**, indicating resilience in that month despite global uncertainty. However, PIB's March 2025 trade outlook also identified **gems & jewellery among weak export sectors** during April–February 2024–25, alongside petroleum products, engineering goods and chemicals, reflecting pressure from weak global demand.

During 2025–26, government trade releases show some recovery in gems & jewellery exports: exports rose **10.74% in April 2025, 28.95% in July 2025, and 15.57% in August 2025** on a year-on-year basis. This suggests that while geopolitical tensions created uncertainty and demand pressure in parts of 2025, India's gems and jewellery exports also benefited from periodic demand recovery and broader merchandise export growth.

Overall, gold exports appear highly cyclical, with sharp year-on-year swings rather than a steady growth path, largely influenced by global pricing trends, trade routing activity, and short-term demand shifts.



Source: Directorate General of Foreign Trade

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In contrast, India's gems and jewellery exports show a more structurally large but gradually weakening trend over the same period. Exports rose strongly from USD 26,023 million in FY 2021 to a peak of USD 39,099 million

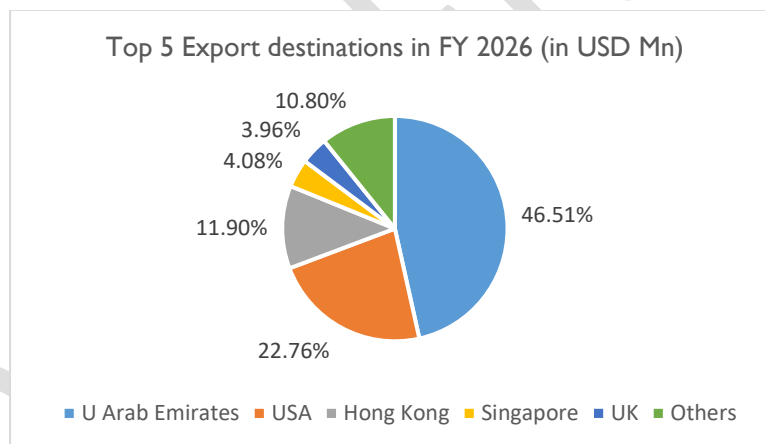
¹⁴ HSN Code for Gold (INCL GOLD PLTD WTH PLTNM) UNWROUGHT OR IN SEMI MNFCTRD FORMS/IN PWDR FORM- 7108

in FY 2022, supported by post-pandemic recovery, strong pent-up demand in key markets such as the US and Europe, and higher luxury consumption. However, this peak was followed by a consistent decline: USD 37,957 million in FY 2023, USD 32,707 million in FY 2024, USD 29,818 million in FY 2025, and further down to USD 28,208 million in FY 2026.

This sustained downward movement reflects weakening discretionary spending in major importing economies, inflation-led pressure on luxury consumption, and reduced demand for polished diamonds and studded jewellery products. At the same time, increasing competition from other global jewellery manufacturing hubs and periodic supply chain constraints have also weighed on export performance.

Taken together, the two segments present a clear divergence. Gold exports remain highly volatile but show occasional sharp rebounds driven by global trade cycles, while gems and jewellery exports, despite their much larger base, are experiencing a gradual multi-year contraction. This highlights a shift in external demand dynamics, where bullion trade is more event-driven, whereas jewellery exports are facing sustained structural headwinds in the global luxury consumption cycle.

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



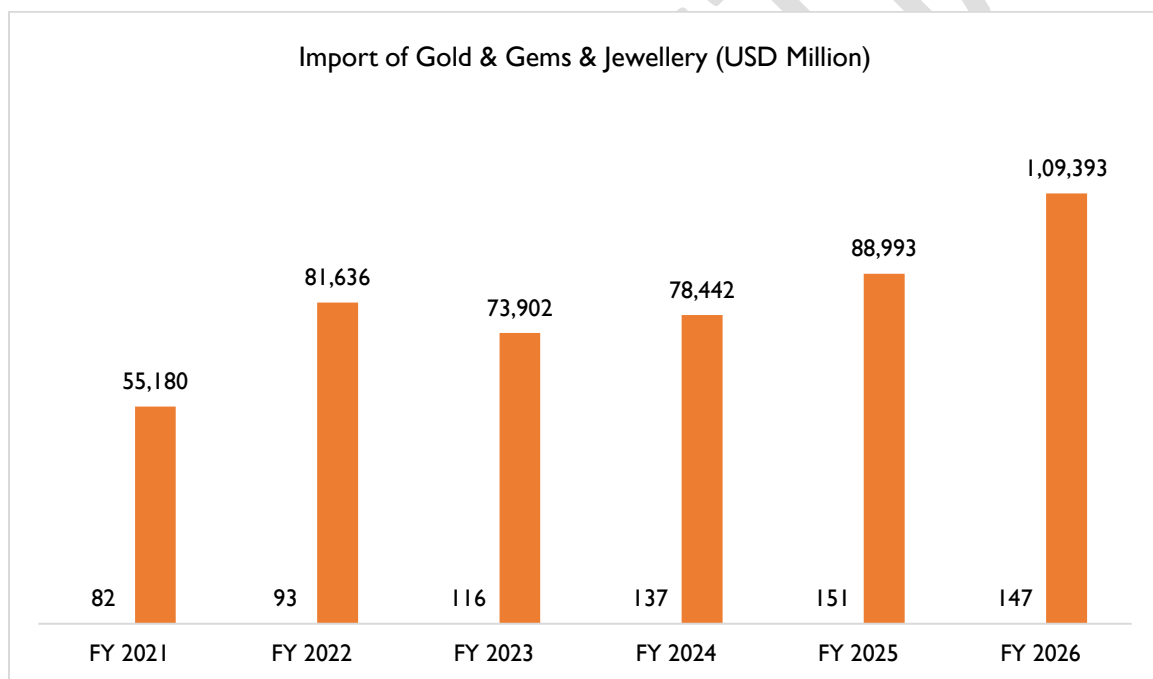
The export destination profile for FY2026 indicates a high concentration of exports in the United Arab Emirates (UAE), which accounted for USD 5,708.82 million, representing 46% of total exports among the top destinations. The UAE's dominant share highlights its role as India's primary trading hub for gems and jewellery, supported by strong bilateral trade relations, favourable tariff arrangements, and its position as a major global re-export centre for precious metals and jewellery products.

The United States emerged as the second-largest export destination with exports valued at USD 2,793.19 million, accounting for 23% of the total. Together, the UAE and the US absorbed nearly 69% of exports among the top destinations, underscoring India's significant dependence on these two markets. Continued demand from these economies reflects strong consumer spending on jewellery and sustained trade linkages with Indian manufacturers and exporters.

Hong Kong ranked third with exports of USD 1,460.16 million (12% share), reinforcing its importance as a gateway to East Asian markets and the global diamond trade. Meanwhile, Singapore and the United Kingdom accounted for relatively smaller shares of 4% each, with export values of USD 500.9 million and USD 485.96 million, respectively. These markets continue to provide diversification opportunities, although their contribution remains modest compared to the leading destinations.

The 'Others' category, valued at USD 1,325.41 million (11% share), demonstrates the sector's presence across a broad range of international markets. While export diversification exists, the concentration of nearly half of exports in the UAE suggests a degree of market dependence. Going forward, expanding market penetration in Europe, East Asia, and emerging economies could help reduce concentration risk, enhance export resilience, and support sustainable growth in India's gems and jewellery exports.

Import Scenario



Source: Directorate General of Foreign Trade

India's gold imports show a generally upward but mildly fluctuating trend over FY 2021 to FY 2026. Imports increased from 82 in FY 2021 to a peak of 151 in FY 2025, reflecting stronger domestic demand, rising investment interest in bullion, and improved consumption conditions in the post-pandemic period. FY 2023 and FY 2024 also show steady growth, indicating consistent import requirement despite global price volatility. However, FY 2026 records a slight moderation to 147, suggesting some cooling after the previous year's peak but still maintaining elevated levels compared to the early years of the period. Overall, gold imports reflect sustained domestic demand with short-term cyclical movements driven by price sensitivity and investment cycles.

In contrast, gems and jewellery imports exhibit a much sharper expansion in scale, rising from 55,180 in FY 2021 to 1,09,393 in FY 2026, almost doubling over the six-year period. The trajectory shows a strong jump in FY 2022, a temporary correction in FY 2023, followed by consistent growth from FY 2024 onwards, culminating in a significant surge in FY 2026. This pattern indicates strengthening domestic consumption, higher demand for finished jewellery and inputs, and increased integration with global supply chains. The sharp rise in the later years also suggests improved retail demand conditions and rising preference for branded and premium jewellery in the Indian market. Overall, gems and jewellery imports show strong structural growth, while gold imports reflect steady but more cyclical demand behaviour.

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).
- **Changes in import duty on gold** may also impact pricing dynamics and consumer demand in the jewellery sector, as higher import duties can increase domestic gold prices and influence purchasing behaviour, particularly in price-sensitive segments. Conversely, duty rationalisation may support affordability and demand growth across the organised jewellery market.

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.

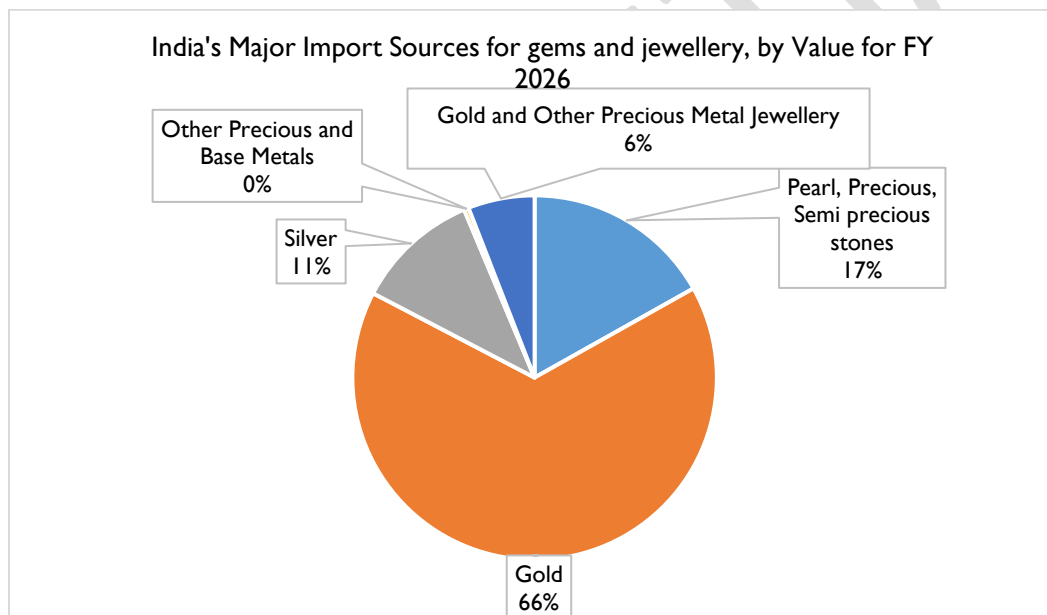
Regulation on Customs Duty for Gold and Silver Jewellery

The Government of India reduced the import duty on gold and silver from 15% to 6% in July 2024, comprising a Basic Customs Duty (BCD) of 5% and an Agriculture Infrastructure and Development Cess (AIDC) of 1%. The customs duty on imported jewellery, including articles of gold and silver, was also reduced from 25% to 20%, lowering the overall cost of imported jewellery in the domestic market.

However, in May 2026, the Government revised the duty structure and increased the effective import duty on gold and silver to 15%, comprising a 10% Basic Customs Duty (BCD) and a 5% Agriculture Infrastructure and Development Cess (AIDC). The increase was introduced to curb imports, reduce pressure on foreign exchange reserves, and support the Indian rupee. As a result, imported gold and silver, as well as jewellery manufactured using imported precious metals, are expected to become costlier in the domestic market.

Import Pattern

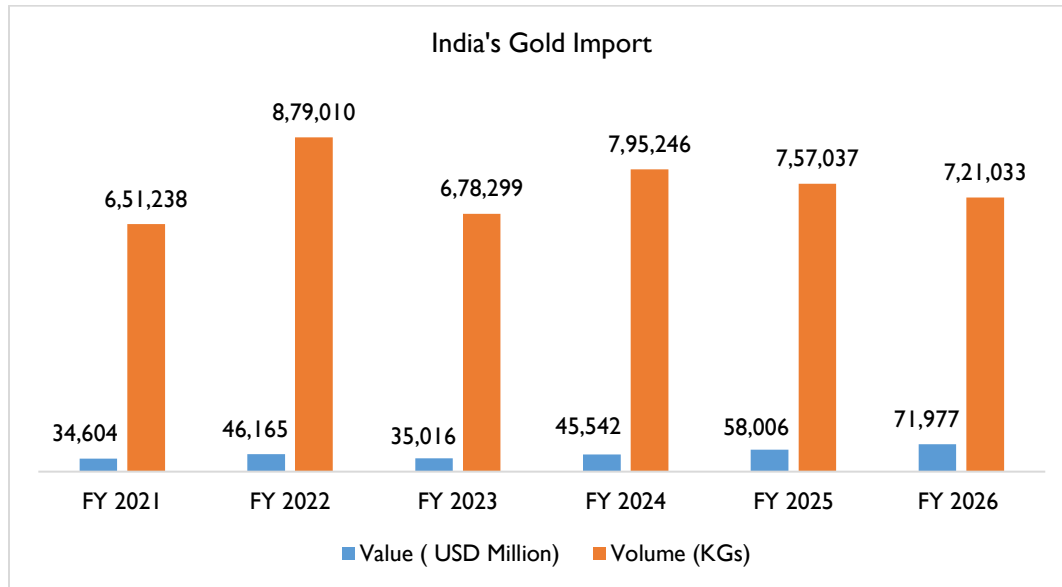
Gold plays a dual role in India's trade: it is both a consumption commodity and a critical raw material for the gems & jewellery sector. Since jewellery manufacturing is one of India's largest export-oriented industries, gold imports feed directly into the production of finished ornaments, studded jewellery, 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 trade continues to be supported by substantial imports of precious metals and stones. During the period under review, imports of Gold stood at USD 71.98 billion, Pearls, Precious & Semi-Precious Stones at USD 18.45 billion, Silver at USD 12.05 billion, Gold and Other Precious Metal Jewellery at USD 6.46 billion, and Other Precious & Base Metals at USD 0.46 billion. The heavy reliance on imported raw materials, particularly gold, silver, and precious stones, underscores how import growth translates into export value addition. Imported bullion is refined, crafted, and re-exported as finished jewellery, while imported rough diamonds and other precious stones are cut, polished, and processed in India before being exported to global markets.

The import of gold worth USD 71.98 billion highlights its importance as the primary raw material for India's jewellery industry, while imports of pearls, precious and semi-precious stones worth USD 18.45 billion reinforce the country's position as a major global processing and manufacturing hub. The continued inflow of these raw materials supports the production of high-value jewellery and gem products, enabling India to maintain its presence in international markets through value-added exports.



Source: Directorate General of Foreign Trade

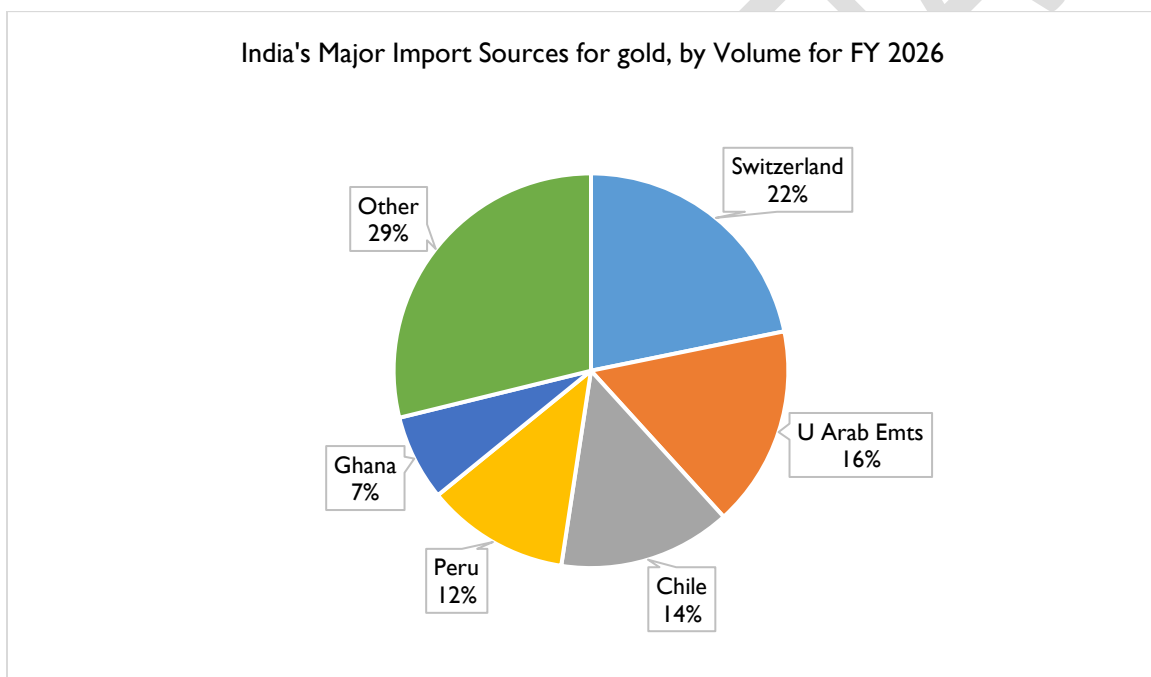
Gold import value has shown significant fluctuations over the six-year period. In FY 2021, imports stood at USD 34,604 million, rising sharply in FY 2022 to USD 46,165 million, driven by higher prices and recovery in demand after the pandemic. However, in FY 2023, the value dropped back to USD 35,016 million, reflecting both softer demand and some price corrections. A recovery followed in FY 2024, with imports valued at USD 45,542 million, before increasing to USD 58,006 million in FY 2025 and further surging to a six-year high of USD 71,977 million in FY 2026. The sharp rise in FY 2026 highlights the impact of elevated international gold prices and continued demand from both the jewellery and investment segments, even as import volumes declined.

The volume of gold imports tells a slightly different story. In FY 2021, India imported 6,51,238 kg of gold, which peaked at 8,79,010 kg in FY 2022, reflecting pent-up demand and restocking after COVID-19 disruptions. Volumes then fell significantly in FY 2023 to 6,78,299 kg, mainly due to price pressures and subdued demand. FY 2024 saw a rebound to 7,95,246 kg, but in FY 2025, volumes slipped again to 7,57,037 kg. The decline continued in FY 2026, with imports falling to 7,21,033 kg, indicating that high gold prices constrained physical demand despite record import values.

The divergence between value and volume trends is particularly evident in FY 2026. While import value reached an all-time high of USD 71,977.29 million, import volume declined by nearly 4.8% compared to FY 2025. This

suggests that India imported less gold by weight but incurred significantly higher expenditure due to elevated global bullion prices. The trend highlights the growing influence of price movements on the overall import bill.

India's gold import trend reflects a shift toward value-driven rather than volume-driven growth. The record import expenditure in FY 2026 despite lower volumes demonstrates the resilience of gold demand across jewellery, investment, and industrial applications. Gold continues to play a dual role in the Indian economy, serving both as a preferred investment and consumption asset and as a critical raw material for the gems and jewellery industry. In FY 2026, Switzerland was the largest source of gold imports by volume with 1,57,164 kg (22%), followed by the United Arab Emirates (1,18,714 kg-16%), Chile (1,02,033 kg-14%), Peru (84,540 kg-12%), and Ghana (50,728 kg-7%), while other countries collectively accounted for 2,07,854 kg (22%) of imports.

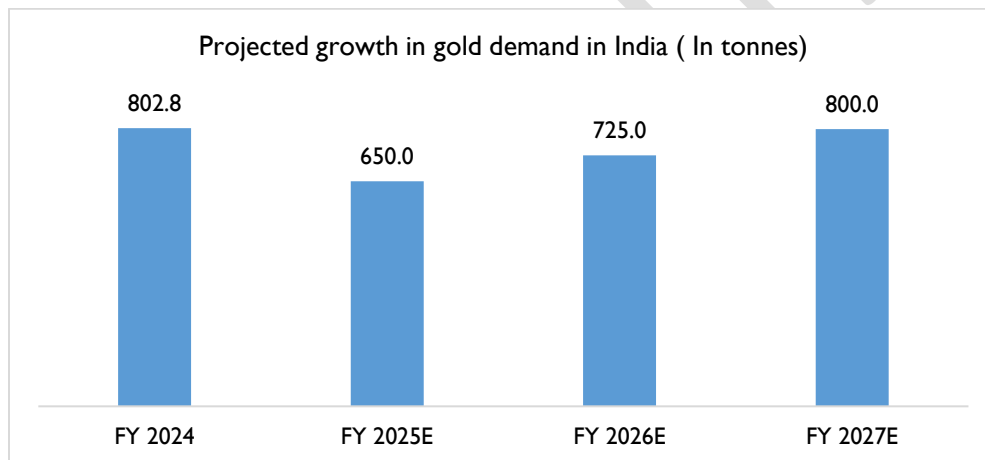


Source: Directorate General of Foreign Trade

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-honored family-owned regional jewellers and a rising tide of organized, branded retailers. These branded players are gaining ground thanks to rising urbanization, consumer preference for certified (hallmarked) jewellery, and growing trust in quality standards. Jewellery retail businesses typically operate through a combination of company-owned and franchise stores, with revenue primarily generated from the sale of jewellery products and associated making charges.

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 Authorized 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 organized segment is expected to grow disproportionately fast from 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 and Saurashtra

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 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. Western India, particularly Gujarat, represents a key jewellery consumption market due to its strong cultural affinity towards gold, with demand supported by weddings, festivals, and gold's traditional role as a store of value and investment.

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.

The Saurashtra region, comprising major cities such as Rajkot, Jamnagar, Bhavnagar, Junagadh, and Porbandar, Morbi etc represent a significant market for gems and jewellery consumption in Gujarat. The region has a strong socio-economic base supported by trading communities, small and medium enterprises (SMEs), agriculture-linked businesses, and artisan-driven industries, which collectively contribute to steady consumer spending on gold and jewellery products. Gold jewellery holds deep cultural, traditional, and investment significance across the region and continues to witness strong demand during weddings, festivals, religious occasions, and family celebrations.

Rajkot, in particular, is recognized as one of the prominent jewellery manufacturing and design hubs in Gujarat, known for its craftsmanship in traditional, lightweight, and contemporary jewellery designs. The city also has a well-established network of local jewellers, wholesalers, and skilled artisans catering to both regional and national markets. Consumers in the Saurashtra region are increasingly showing preference for certified and branded jewellery products, driven by rising awareness regarding quality and hallmarking standards. Additionally,

increasing urbanization, improving income levels, evolving lifestyle preferences, and growing exposure to modern retail formats are supporting demand for customized, diamond-studded, and modern jewellery collections across the region.

Retail Channels

Traditional/Unorganized Retailers: Unorganized 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 customized 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 personalized service. Their share, while gradually shrinking, still accounts for a majority of gold jewellery sales in rural India.

Organized 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. Organized 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 formalization 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-1 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 personalized 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 organized 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, customizable, 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 personalization factor and community-driven engagement make this channel unique. While currently niche compared to large organized 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 specialize 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. Organised players are increasingly adopting omnichannel strategies, integrating physical store

s with online platforms to enhance customer reach and engagement.

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 9K, 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 Formalization 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 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.

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 unorganized 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 customized 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, organized retailers. The competitive landscape comprises national organised players, regional brands, and a large unorganised segment.

Organized 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, unorganized market to a more structured and branded ecosystem. Organized 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 organized 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 unorganized jewellers still dominating in terms of numbers, especially in rural and semi-urban regions. These traditional players thrive on personalized 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 organized formats. High working capital requirements and trust-based customer relationships act as key entry barriers in the organized jewellery retail segment, making it challenging for new entrants to establish scale and gain consumer confidence.

Organized 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, standardize 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 organized 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 unorganized players towards organized 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 formalization,

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. Revenue is primarily generated through retail sales, with margins derived from making charges and product mix.

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.

To ensure that its product portfolio remains aligned with prevailing market trends and customer preferences, a team from the Company regularly visits jewellery exhibitions, trade fairs and industry events conducted at various locations across India. These visits enable the Company to identify emerging designs, product trends and new collections, which are later evaluated for inclusion in the Company's inventory. The approach of sourcing designs through Industry events and expos assists it in maintaining a diverse and contemporary product portfolio while leveraging the manufacturing capabilities of its vendor network.

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 have optional customization.

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

AEVUM Collection: Arjun Jewellers has expanded its portfolio through AEVUM, a trademarked jewellery brand offering jewellery crafted in gold, silver, diamonds, precious stones, and watches. The brand focuses on contemporary designs and lifestyle-oriented collections, catering to consumers seeking modern and premium jewellery options. The company has established a store exclusively featuring the collection in Mavdi, Rajkot spanning an area of 244 sq.mt.

The Company, in order to cater customization requests of jewellery, it coordinates with its network of third-party vendors and manufacturers to source products that meet the customer's specifications, subject to availability and feasibility.

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, in Saurashtra, Gujarat. The Company also partners with an array of retail entities from traditional storefronts to catalog.

End Consumers Bridal and Fashion Jewellery Clients: Their extensive and diverse collections encompassing bridal rings, necklaces, earrings, bracelets, pendants, and 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. The company primarily caters to retail (B2C) customers, with demand driven by weddings, festivals, and investment purchases.

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/9k gold, and even platinum. With various unique designs including necklaces, earrings, bridal rings, bracelets, and pendants the brand caters to diverse tastes.

Immersive, Innovative Retail Experience: The flagship 795 sq mt 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 section for pieces over 100 g.

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. The company competes with both organised regional players and local jewellers, with differentiation based on trust, design, and customer relationships.

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.

Cluster-Based Store Expansion Strategy: The Company follows a cluster-based store expansion approach, wherein new stores are opened and operated within the same or nearby districts where existing stores are already present. This strategy enables stronger brand visibility, operational efficiencies, better supply chain management, enhanced customer engagement, and improved market penetration while leveraging established regional market knowledge.

Notable Jewellers in Saurashtra Region

Sr. No.	Name of Company	Headquarter/Based in	No. of Stores in Saurashtra
1	Arjun Jewellers Ltd ¹⁵ .	Rajkot, Gujarat	4
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 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 our own chain of retail stores. Our 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.

The Company has built their presence in Saurashtra retail jewellery market by expanding retail footprint across multiple cities in the region including Rajkot, Morbi and Jamnagar, three of the region's most important commercial hubs.

In terms of store presence, Arjun Jewellers with 4 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

¹⁵ The Company commenced the operation of its 4th showroom at Twin Tower, Rajkot on June 19, 2026, however the store did not contribute any revenue during the period under the review. The Company also proposed to commence the operation of its 5th showroom at Ravapar Chokadi, Morbi in the coming months.

	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 2026

Particulars	units	Arjun Jewellers Limited ¹⁶	Motisons Jewellers Limited	Thangamayil Jewellery Limited	Radhika Jeweltech Limited	Senco Gold Limited	Tribhovan das Bhimji Zaveri Limited
Number of Stores	No. of Stores	3	4	66	2	201	37
Revenue from operations	₹ in million	5,954.57	4,895.45	84,993.30	6,391.40	84,300.30	32,029.53
EBITDA	₹ in million	445.76	866.87	5,623.20	1038.83	9690.13	3,608.52
EBITDA Margins	in %	7.49%	17.71%	6.62%	16.25%	11.49%	11.27%
PAT	₹ in million	272.01	637.08	3,516.50	747.90	5,743.19	2,023.06
PAT Margins	in %	4.57%	13.01%	4.14%	11.70%	6.81%	6.32%
Working capital Days	in Days	99	409	86	257	206	175
Debt-Equity Ratio	in number	1.44	0.08	0.58	0.15	0.93	0.94
Return on Equity	in %	57.18%	13.96%	27.93%	20.76%	25.62%	27.06%
Return on Capital Employed	in %	25.67%	16.98%	23.94%	22.58%	19.90%	20.87%

¹⁶ The Company commenced the operation of its 4th showroom at Twin Tower, Rajkot on June 19, 2026, however the store did not contribute any revenue during the period under the review. The Company also proposed to commence the operation of its 5th showroom at Ravapar Chokadi, Morbi in the coming months.

Particulars	units	Arjun Jewellers Limited ¹⁶	Motisons Jewellers Limited	Thangamayil Jewellery Limited	Radhika Jeweltech Limited	Senco Gold Limited	Tribhovan das Bhimji Zaveri Limited
Inventory turnover ratio	in number	3.73	0.74	3.07	1.22	1.57	1.62

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
EBITDA	₹ in million	244.43	694.54	2,189.60	892.24	3676.31	1,729.45
EBITDA Margins	in %	6.38%	15.03%	4.46%	15.18%	5.81%	6.60%
PAT	₹ in million	150.69	431.71	1,187.10	601.18	1,593.09	683.88
PAT Margins	in %	3.93%	9.34%	2.42%	10.23%	2.52%	2.61%
Working capital Days	in Days	92	387	123	221	202	176
Debt-Equity Ratio	in number	2.65	0.17	0.68	0.13	0.90	1.07
Return on Equity	in %	78.23%	11.64%	14.88%	20.46%	9.55%	10.87%

Particulars	units	Arjun Jewellers Limited	Motisons Jewellers Limited	Thangamayil Jewellery Limited	Radhika Jeweltech Limited	Senco Gold Limited	Tribhovan das Bhimji Zaveri Limited
Return on Capital Employed	in %	23.95%	14.07%	10.85%	24.02%	9.47%	11.19%
Inventory turnover ratio	in number	3.23	0.84	2.83	1.45	1.90	1.69

For Fiscal 2024

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	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
EBITDA	₹ in million	119.91	630.52	2,123.60	700.93	3,755.10	1,393.40
EBITDA Margins	in %	4.28%	15.13%	5.55%	12.88%	7.16%	6.06%
PAT	₹ in million	61.70	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	93	389	81	204	187	166

Particulars	units	Arjun Jewellers Limited	Motisons Jewellers Limited	Thangamayil Jewellery Limited	Radhika Jeweltech Limited	Senco Gold Limited	Tribhovan 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 %	86.27%	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	1.64

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.

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

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 as per the Restated Financial Information.
3. EBITDA means earnings before interest, taxes, depreciation and amortization, and has been computed by adding back finance costs, depreciation and amortization expense to the profit/(loss) before exceptional items and tax for the year and deducting other income.
4. EBITDA margin is calculated as EBITDA as a percentage of revenue from operations.
5. PAT represents total profit for the year on restated basis for the year.
6. PAT margin is calculated as PAT as a percentage of revenue from operations.
7. Working Capital Days have been calculated as the net working capital (being current assets less current liabilities) divided by revenue from operations for the relevant period multiplied by the number of days in such period.
8. 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.
9. 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.
10. 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.
11. 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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