CareEdge
ANALYTICS & ADVISORY
A subsidiary of CARE Ratings Ltd.

Industry Report on Gems & Jewellery Industry in India

September 26 2025

Table of Contents

Table of Contents

2

List of Tables

3

List of Charts

4

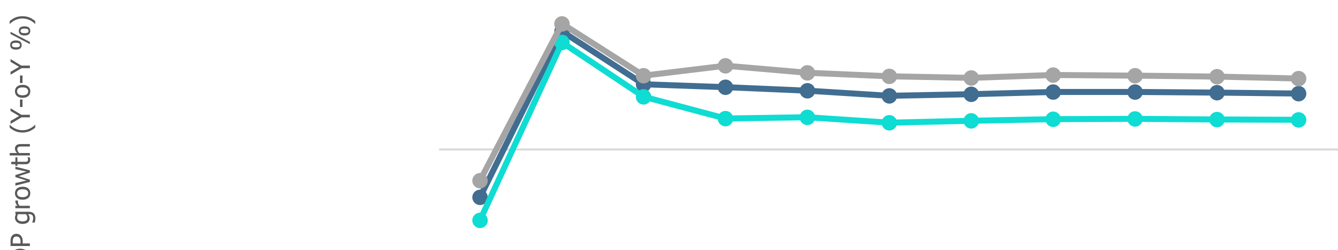
5

1 Economic Outlook

1.1 Global Economy

Global growth, which reached 3.5% in CY23, stabilized at 3.3% for CY24 and projected to decrease at 3.0% for CY25. Global trade is expected to be disrupted by new US tariffs and countermeasures from trading partners, leading to historically high tariff rates and negatively impacting economic growth projections. The global landscape is expected to change as countries rethink their priorities and policies in response to these new developments. Central banks priority will be to adjust policies, while smart fiscal planning and reforms are key to handling debt and reducing global inequalities.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



	CY20	CY21	CY22	CY23	CY24	CY25P	CY26P	CY27P	CY28P	CY29P	CY30P
World	-2.7%	6.6%	3.6%	3.5%	3.3%	3.0%	3.1%	3.2%	3.2%	3.2%	3.1%
Advanced Economies	-4.0%	6.0%	2.9%	1.7%	1.8%	1.5%	1.6%	1.7%	1.7%	1.7%	1.7%
Emerging Market and Developing Economies	-1.7%	7.0%	4.1%	4.7%	4.3%	4.1%	4.0%	4.2%	4.1%	4.1%	4.0%

Source: IMF – World Economic Outlook, July 2025; Notes: P-Projection, E-Estimated

Table 1: GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)										
	CY20	CY21	CY22	CY23	CY24	CY25P	CY26P	CY27P	CY28P	CY29P	CY30P
India	-5.8	9.7	7.6	9.2	6.5	6.4	6.4	6.5	6.5	6.5	6.5
China	2.3	8.6	3.1	5.4	5.0	4.8	4.2	4.2	4.1	3.7	3.4
Indonesia	-2.1	3.7	5.3	5.0	5.0	4.8	4.8	4.9	5.0	5.1	5.1
Saudi Arabia	-3.6	5.1	7.5	-0.8	1.3	3.6	3.9	3.6	3.2	3.2	3.3
Brazil	-3.3	4.8	3.0	3.2	3.4	2.3	2.1	2.2	2.3	2.4	2.5
Euro Area	-6.0	6.3	3.5	0.4	0.9	1.0	1.2	1.3	1.3	1.2	1.1
United States	-2.2	6.1	2.5	2.9	2.8	1.9	2.0	2.0	2.1	2.1	2.1
Middle East	-2.2	4.4	5.5	2.2	2.4	3.4	3.5	4.0	3.7	3.7	3.7
Latin America	-6.9	7.4	4.2	2.4	2.4	2.2	2.4	2.7	2.7	2.7	2.6

Source: IMF- World Economic Outlook Database (July 2025)
Note: P- Projections, E-Estimated; India's fiscal year (FY) aligns with the IMF's calendar year (CY). For instance, FY24 corresponds to CY23.

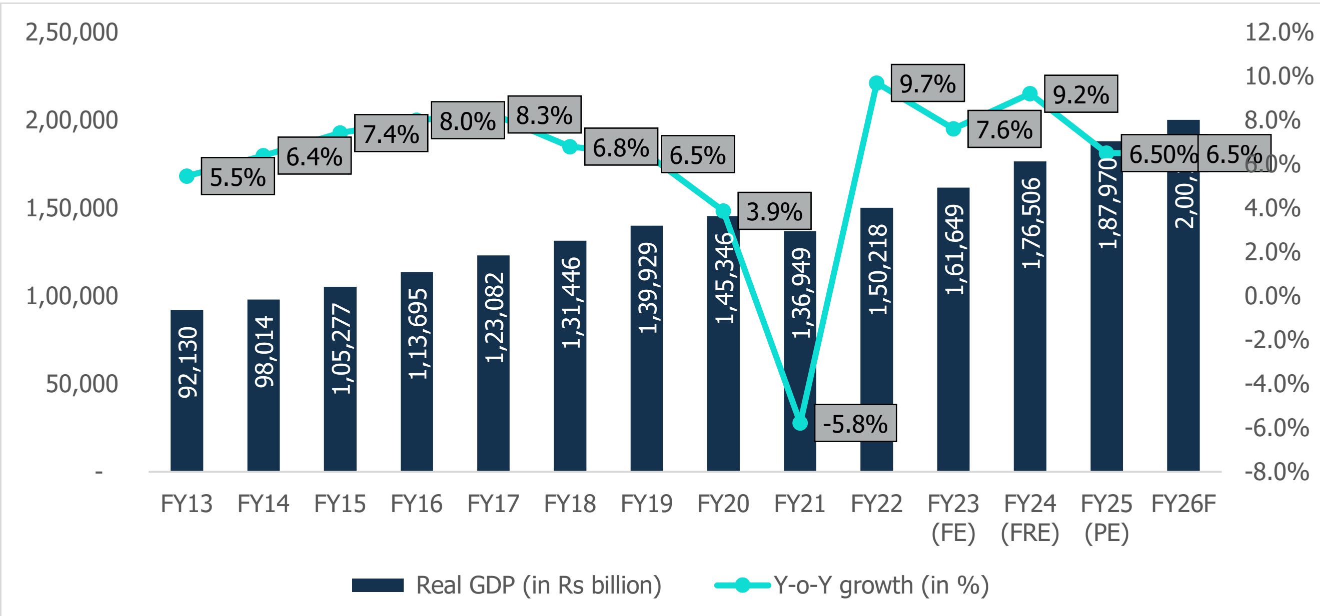
6

1.2 Indian Economic Outlook

1.2.1 GDP Growth and Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook

Chart 2: Trend in Real Indian GDP growth rate



Source: MOSPI, Reserve Bank of India;
Note: FE – Final Estimates, FRE- First Revised Estimates, PE – Provisional Estimates, F - Forecasted

India's real GDP grew by 9.2% in FY24 (Rs. 176,506 billion) which is the highest in the previous 12 years (excluding FY22, on account of end of pandemic) and as per provisional estimates, it grew at 6.5% in FY25 (Rs. 187,970 billion), driven by double digit growth particularly in the Manufacturing sector, Construction sector and Financial, Real Estate & Professional Services. This growth is also led by private consumption increasing by 7.6% and government spending increasing by 3.8% Y-o-Y. Real GDP growth is projected at 6.5% in FY26 as well, driven by strong rural demand, improving employment, and robust business activity.

GDP Growth Outlook (April 2025)

FY26 GDP Outlook: The RBI projects real GDP growth at 6.5% for 2025–26, driven by strong private consumption, steady investment, and resilient rural and urban demand. A favourable monsoon, robust services sector, and improving corporate balance sheets support this outlook.

However, risks from prolonged geopolitical tensions, global trade disruptions, and weather-related uncertainties remain. Taking these into account, the RBI has reaffirmed its growth projections.

Table 2: RBI's GDP Growth Outlook (Y-o-Y %)

FY26P (complete year)	Q1FY26P	Q2FY26P	Q3FY26P	Q4FY26P
6.5%	6.5%	6.7%	6.6%	6.3%

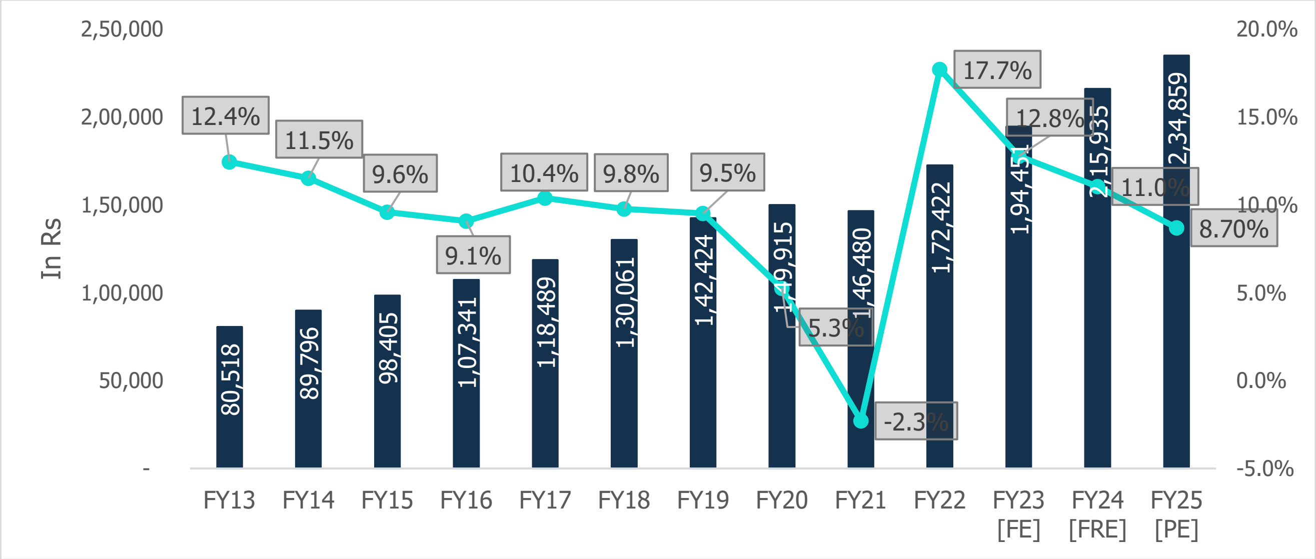
Source: Reserve Bank of India; Note: P-Projected

7

1.2.2 India's GDP Per Capita

India's per capita GDP has shown a consistent upward trend over the past decade, reflecting steady economic growth. Rising per capita income, driven by robust economic development, enhances consumer confidence and discretionary spending, reflecting a higher standard of living and overall prosperity. From FY13 to FY25, the per capita GDP is expected to increase from Rs 80,518 to Rs 234, 859, with an average growth rate of around 9.% annually. Key drivers of this growth include structural reforms, digitalization, rising domestic consumption, and increased foreign investment. However, there was a slight dip in FY20, primarily due to the economic impact of the COVID-19 pandemic. Despite this, the country has rebounded with strong growth rates in subsequent years, supported by economic recovery and continued expansion in various sectors.

Chart 3: Per capita GDP (current prices)



Source: MOSPI; Note: FE – Final Estimates, FRE- First Revised Estimates, PE- Provisional Estimates

1.2.3 Gross Value Added (GVA)

Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side whereas GDP represents consumption. India's recovery in FY25 was powered by a broad-based rebound across sectors. • The gap between GDP and GVA growth stood at 0.1 percentage point in FY25, with GDP growing at 6.5% and GVA at 6.4%, as per MoSPI's provisional estimates released in May 2025.

The agriculture and allied sector grew by 4.6% in FY25 (up from 2.7% in FY24), contributing 14.4% to real GVA, supported by a good monsoon, better crop output, and strong allied activities. The industrial sector grew by 5.9% in FY25, down from 9.5% in FY24 due to weaker manufacturing, with FY24 growth driven by strong manufacturing sales, construction (9.4%), utilities, and supportive policies. The services sector grew by 6.4% in FY25, down from 8.6% in FY24, supported by public administration (8.9%), financial services (7.2%), and trade and transport (5.8%), contributing Rs 94.4 trillion to the economy.

Table 3: Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	FY19	FY20	FY21	FY22	FY23 (FE)	FY24 (FRE)	FY25 (PE)
Agriculture, Forestry & Fishing	**2.1**	**6.2**	**4.1**	**3.5**	**5.1**	**2.7**	**4.6**
Industry	**5.3**	**-1.4**	**-0.9**	**11.6**	**2.0**	**10.8**	**5.9**
Mining & Quarrying	-0.9	-3.0	-8.6	7.1	2.8	3.2	2.7

8

At constant Prices	FY19	FY20	FY21	FY22	FY23 (FE)	FY24 (FRE)	FY25 (PE)
Manufacturing	5.4	-3.0	2.9	11.1	-3.0	12.3	4.5
Electricity, Gas, Water Supply & Other Utility Services	7.9	2.3	-4.3	9.9	11.5	8.6	5.9
Construction	6.5	1.6	-5.7	14.8	10.0	10.4	9.4
Services	**7.2**	**6.4**	**-8.2**	**8.8**	**11.3**	**9.0**	**7.2**
Trade, Hotels, Transport, Communication & Broadcasting	7.2	6.0	-19.7	13.8	14.4	7.5	6.1
Financial, Real Estate & Professional Services	7.0	6.8	2.1	4.7	10.7	10.3	7.2
Public Administration, Defence and Other Services	7.5	6.6	-7.6	9.7	8.2	8.8	8.9
GVA at Basic Price	**5.8**	**3.9**	**-4.2**	**8.8**	**7.4**	**8.6**	**6.4**

Source: MOSPI; Note: FRE – First Revised Estimates, FE- Final Estimates, PE – Provisional Estimates

1.2.4 Trends in Per capita State Domestic Product (SDP)

State Domestic Product is the total value of goods and services produced, during any financial year, within the geographical boundaries of a state. The top 10 best performing states on per capita SDP include Delhi, Gujarat, Karnataka, and Tamil Nadu.

As of FY24, major states having a per capita SDP below national average include Andhra Pradesh, Rajasthan, Madhya Pradesh, and Uttar Pradesh growing y-o-y by 7.20%, 6.94%, 4.83%, and 6.42% respectively. Bihar is the poorest performing state with a per capita SDP of Rs. 32,174. It has consistently been performing the poorest since FY18, growing merely at a CAGR of 3.14% from FY18 to FY24.

Table 4: Per Capita State Domestic Product (SDP) for Key States (at constant prices, in Rs.)

State\UT	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Andhra Pradesh	1,03,177	1,08,853	1,10,587	1,10,971	1,21,762	1,26,690	1,35,806
Bihar	26,719	29,092	29,798	26,839	27,674	29,909	32,174
Gujarat	1,43,604	1,54,887	1,64,060	1,56,285	1,70,519	1,81,963	1,81,963
Karnataka	1,40,747	1,49,024	1,56,478	1,49,673	1,63,732	1,75,895	1,86,038
Madhya Pradesh	54,824	59,005	60,452	56,086	60,166	63,379	6,6441
Maharashtra	1,37,808	1,40,782	1,45,626	1,27,550	1,40,718	1,53,664	163,820
Rajasthan	73,529	73,975	76,840	73,447	79,507	84,935	90,831
Tamil Nadu	1,33,029	1,41,844	1,44,845	1,43,482	1,54,269	1,66,590	1,79,732
Uttar Pradesh	41,771	42,333	43,061	39,866	44,178	47,808	50,875
Delhi	2,52,960	2,57,597	2,60,559	2,28,162	2,44,024	2,58,941	2,73,687

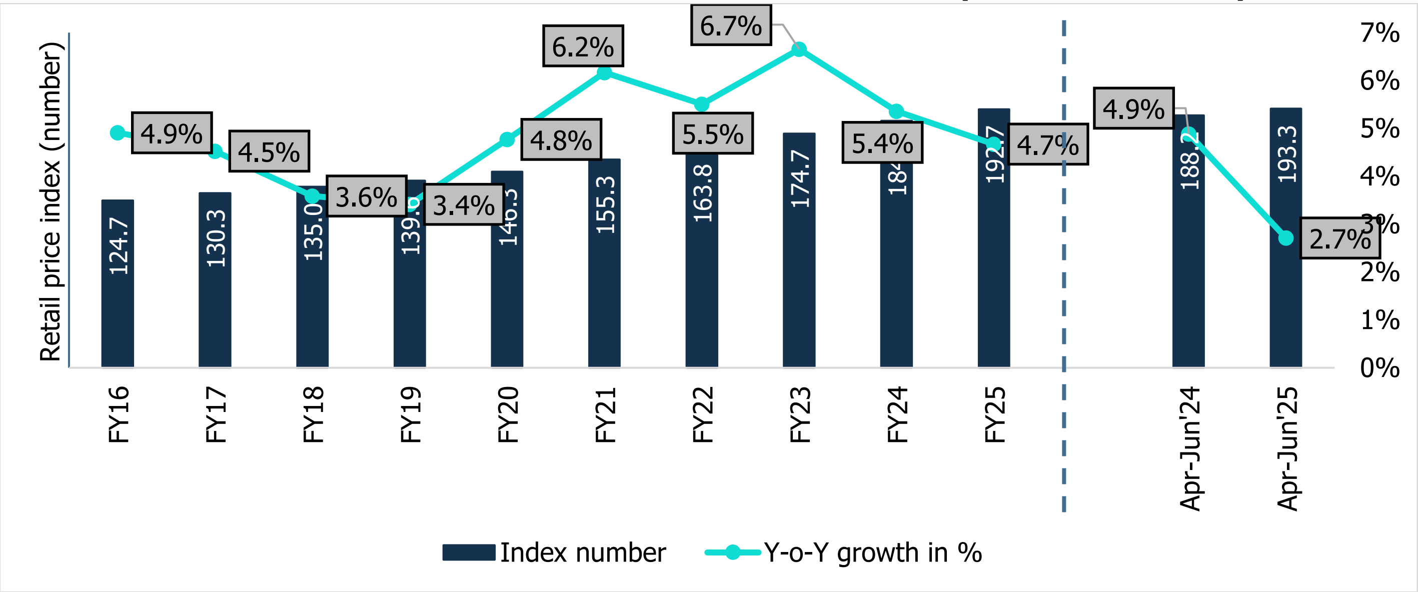
Source: MOSPI

9

1.2.5 Consumer Price Index

The Consumer Price Index (CPI) for the April–June 2025 quarter recorded a combined inflation rate of 2.1%, marking the lowest quarterly retail inflation in six years. The moderation was driven by continued declines in prices of pulses, vegetables, fruits, cereals & cereal products, meat and fish, sugar & confectionery, and spices.

Chart 4: Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100)

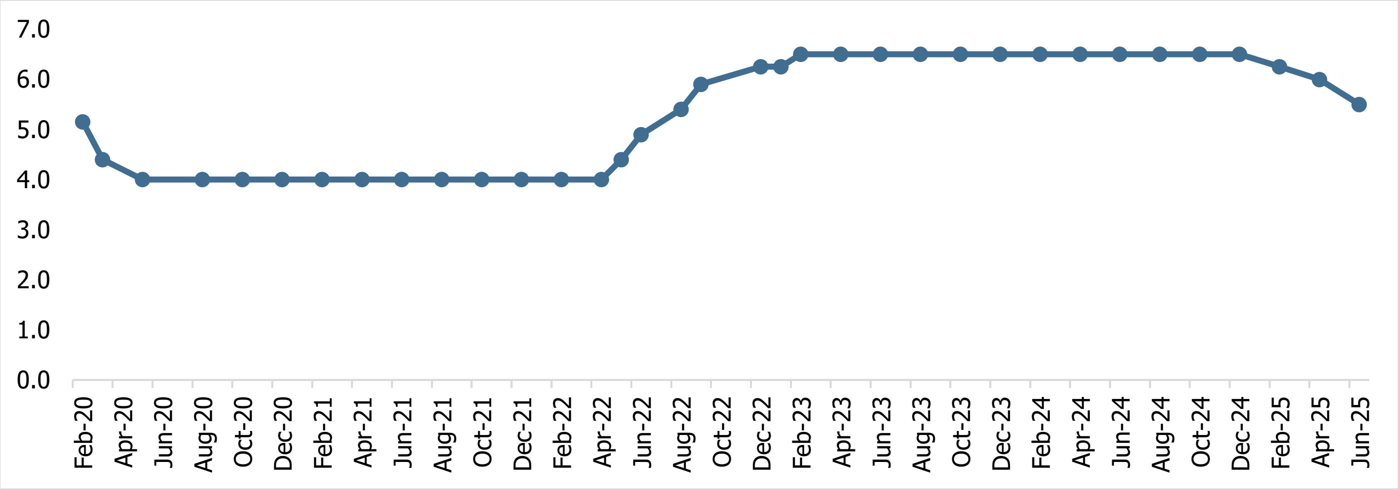


Source: MOSPI

The CPI is primarily factored in by RBI while preparing their bi-monthly monetory policy. At the bi-monthly meeting held in June 2025, RBI projected inflation at 3.7% for FY26 with inflation during Q1FY26 at 2.9%, Q2FY26 at 3.4% and Q3FY26 at 3.9% and Q4FY26 4.4%.

Considering the current inflation situation, RBI has cut the repo rate to 5.5% in the June 2025 meeting of the Monetary Policy Committee.

Chart 5: RBI historical Repo Rate



Source: RBI

10

Further, the central bank shifted its policy stance from 'accomodative' to 'neutral'. With a decline in food inflation, the headline inflation moderated to a six-year low to 3.2% in April 2025.

The economic growth outlook for India is expected to maintain momentum, supported by private consumption and continued growth in fixed capital formation. The uncertainty regarding the global outlook has reduced given the temporary tariff stay and optimism with trade negotiations. However, global growth and trade has been revised downward due to weakened sentiments and lower growth prospects.

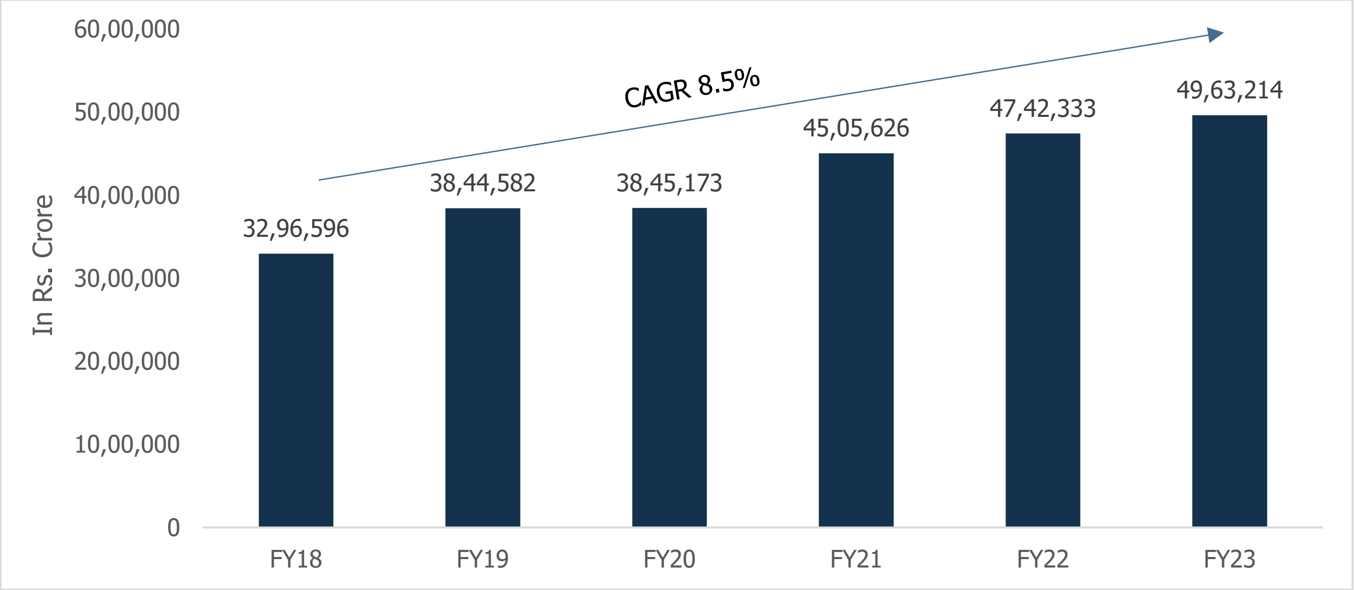
The RBI has adopted for a non-inflationary growth with the foundations of strong demand and supply with a good macroeconomic balance. The domestic growth and inflation curve require the policies to be supportive with the volatile trade conditions.

1.2.6 Trends in Household and Gross Savings

Household savings in India have grown steadily at a CAGR of 8.5% since FY18, with a slight dip in FY20 due to the pandemic. In FY23, total household savings reached Rs. 49,63,214 crore, growing by 4.7% year-on-year. Significant contributors to this growth include savings in physical assets (real estate, etc.), which increased by 17.4%, and gold and silver ornaments, which grew by 39%. The shift towards physical assets is driven by slow appreciation in monetary assets in a high-inflation environment.

This increase in savings has been supported by higher borrowing, particularly in housing, auto, and personal loans, leading to a 73.2% rise in financial liabilities to Rs. 15,57,190 crore. Additionally, growth in savings in mutual funds (11.5%) and life insurance funds (13.6%) indicates a shift towards newer financial instruments, with increased participation in equity and capital markets for higher returns.

Chart 6: Household Savings (at Current Prices)



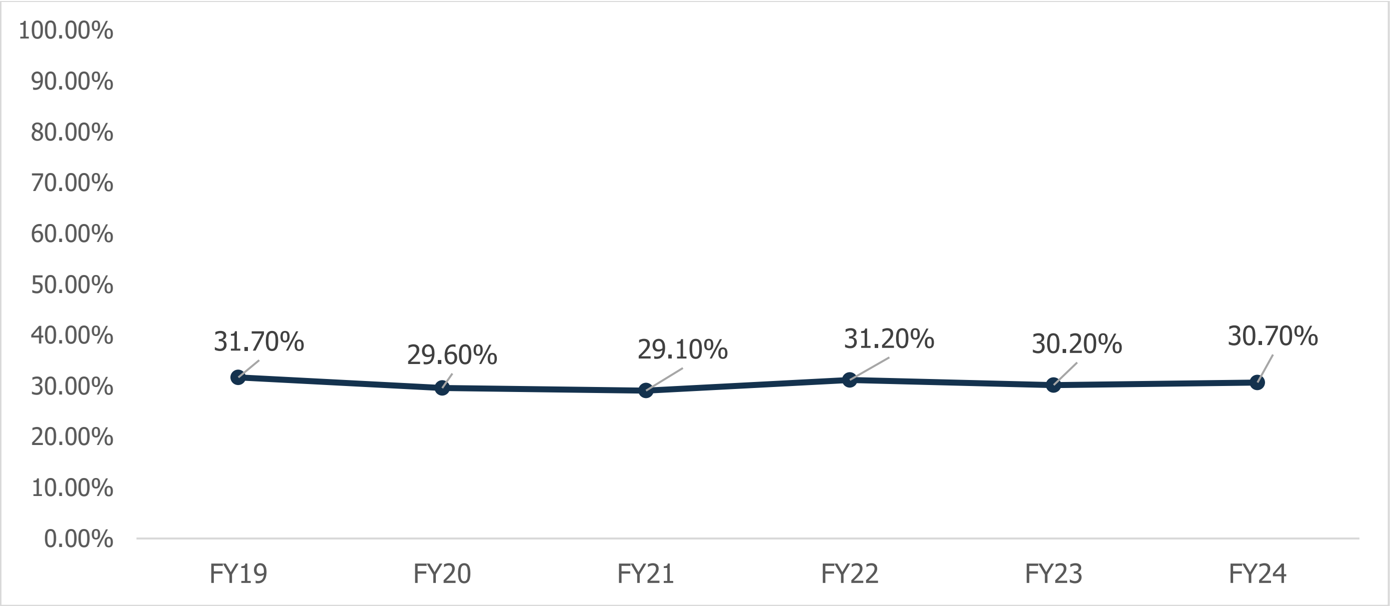
Source: MOSPI

Gross Savings as percentage of GDP, has seen a flat growth moving within a narrow range. Within the last five years, it was highest in FY19 at 31.7%. It declined to less than 30% during FY20 and FY21 on account of pandemic increasing again to 31.2% in FY22 before declining to 30.2% in FY23. The trend picked up marginally in FY24 to 30.70%.

As of FY23, Savings were Rs. 92,59,186 crores indicating a y-o-y growth of 13.6% while GDP was at Rs. 3,01,22,956 crore showing a growth of 12.0%.

11

Chart 7: Gross Savings (as % of GDP) (at current prices)



Source: MOSPI

1.2.7 Growth of the middle class in India and the rural economy in India

India's rural economy is becoming a significant driver of the Fast-Moving Consumer Goods (FMCG) sector's resurgence, signaling a promising turnaround in aggregate demand after a slow start to the 2024-25 financial year. The Reserve Bank of India (RBI) highlights that rising incomes and improved infrastructure are fueling increased rural consumption of FMCG products. This boost is supported by a rise in rural savings, marked by growing numbers of savings bank accounts and balances, and a reduction in inflationary pressures, which has allowed rural consumption to catch up with urban areas. Additionally, favorable monsoon conditions and improved sowing data are expected to sustain this growth, complemented by increased government spending on rural development and infrastructure.

The expansion of middle-income households in rural India is transforming the country's economic landscape. This growth is driven by rising incomes, increased discretionary spending, a shift towards online and omnichannel shopping, and advancements in payment and logistics infrastructure. There is also a notable dietary shift in rural areas from carb-based foods to more protein-rich diets. India's middle class, characterized by significant income variability, exhibits diverse spending patterns. Lower-middle-class households allocate much of their income to private healthcare, education, and essential consumer goods, such as motorbikes and basic appliances. In contrast, the upper-middle-class invests in luxury items, entertainment, property, and personal services, with a higher propensity to own assets like cars, computers, and air conditioners. Both segments of the middle class are substantial and emerging as key drivers of consumption and economic growth in India. Recent policies, including the Mahatma Gandhi National Rural Employment Guarantee Act, have increased rural incomes, enabling more rural households to enter the middle class. The growing, more inclusive, and politically engaged middle class reflects broader economic growth, although there is a risk of social strain if growth falters and quality job creation does not keep pace.

The forecasted above-normal southwest monsoon by the India Meteorological Department (IMD) is expected to boost kharif production and replenish reservoir levels, further enhancing rural consumption. Improvements in agriculture and rural spending are emerging as bright spots in demand conditions. The government's Budget measures, which focus on agriculture, infrastructure, and rural development, aim to increase incomes and revitalize the rural sector. These measures include transforming agricultural research, introducing new crop varieties, promoting natural farming, and enhancing digital infrastructure for agriculture. Successful implementation of these programs, coupled with proper fund allocation, is crucial for improving farm incomes and strengthening supply chains. A shift towards diversified, high-value

12

agricultural production, along with marketing and trade reforms, is needed to foster more inclusive, environmentally friendly, and climate-resilient agriculture.

Despite higher absolute incomes among the wealthy, the sheer size of India's middle class indicates it will become a major force in the economy, creating one of the world's largest markets. This burgeoning middle class, with its growing discretionary spending power, is poised to drive investment, generate employment, and spur further economic growth. Assuming effective reforms are implemented, and the middle class expands to over one billion people, its role will be pivotal in India's economic and social fabric, influencing a wide range of activities from consumption to employment and political change.

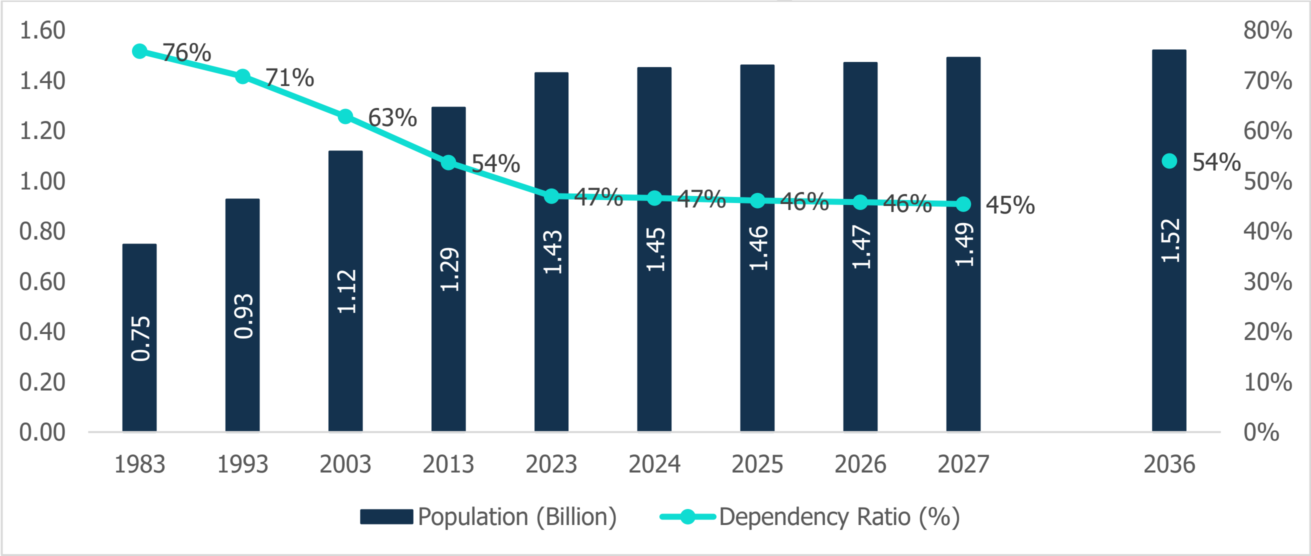
1.2.8 Overview on Key Demographic Parameters

- **Population growth and urbanisation**

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanisation. According to the world bank, India's population in 2022 surpassed 1.42 billion, slightly higher than China's population (1.41 billion) and became the most populous country in the world.

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are the population younger than 15 and older than 64. This ratio has been on a declining trend. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy. It was as high as 76% in 1983, which has reduced to 47% in 2023. However, this ratio is expected to rise again to 54% by 2036, driven by an increase in the elderly population as life expectancy improves.

Chart 8: Trend in Population growth vis-à-vis dependency ratio in India (in Billion)

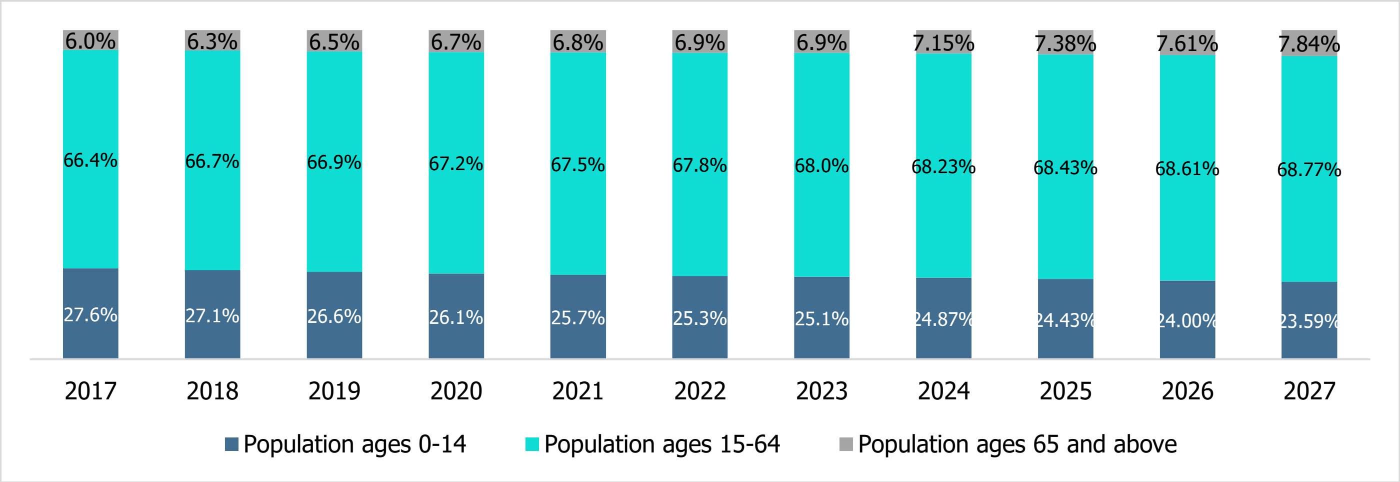


Source: World Bank Database, MOSPI

Despite a projected rise in the dependency ratio to 54% by 2036, India's young and growing workforce, especially in newly urbanised towns, will continue to drive income growth and consumer demand. This presents strong opportunities for sectors like consumer electronics, transportation, and railways. Rising employment, urbanisation, and government investment in rural development and digital infrastructure will further boost demand, while increased tech adoption supports long-term consumption growth across both urban and rural markets.

13

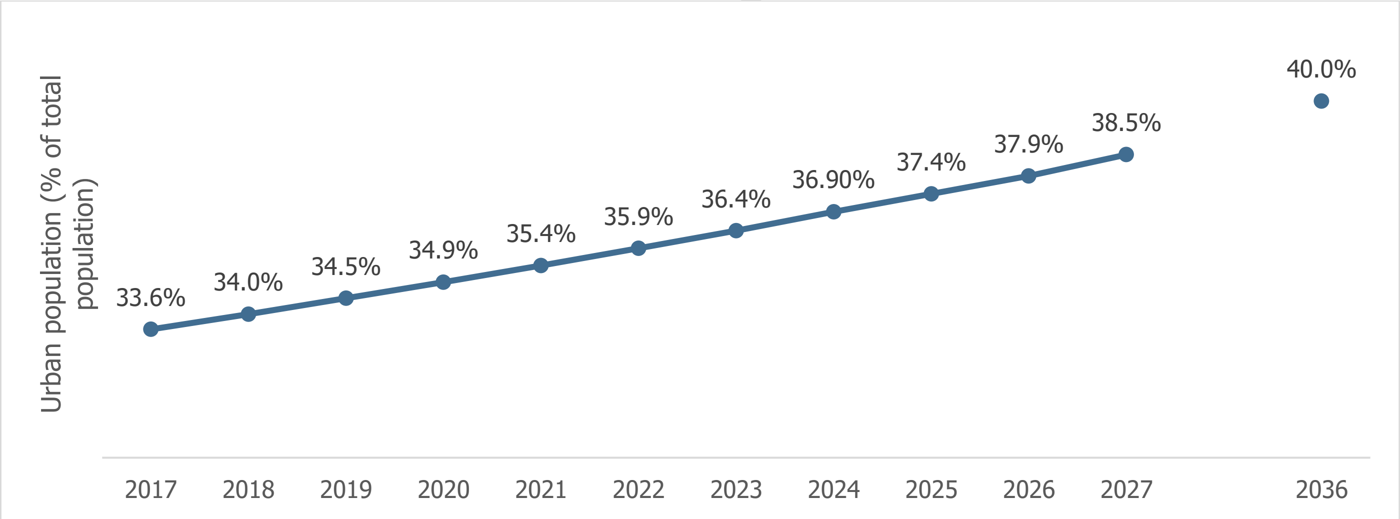
Chart 9: Age-Wise Break Up of Indian population (% of working-age population)



Source: World Bank Database

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 413 million (32% of total population) in 2013 to 519.5 million (36.4% of total population) in the year 2023. India is undergoing a significant urban transformation, with the urban population projected to rise to 40% by 2036. This shift is driven by factors such as improved living standards, increased employment opportunities in urban areas, and government initiatives aimed at urban development. This rapid urbanisation might necessitate substantial investments in infrastructure, housing, and transportation.

Chart 10: Urbanization Trend in India



Source: World Bank Database

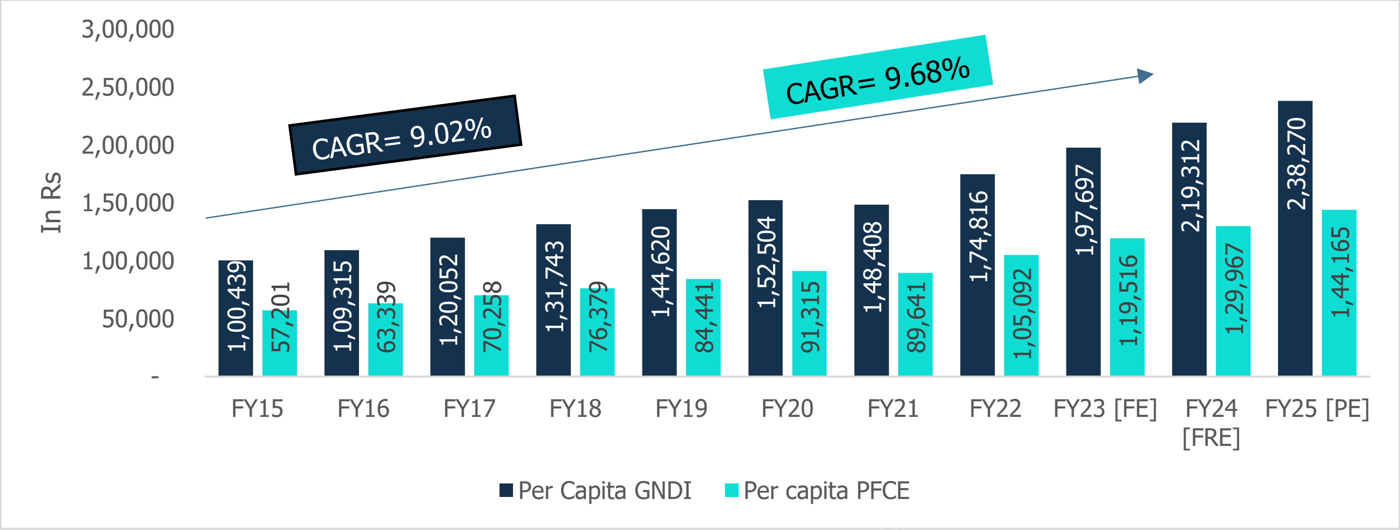
- **Increasing Disposable Income and Consumer Spending**

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY15 to FY25, per capita GNDI at current prices registered a CAGR of 9.02%. More disposable income drives more consumption, thereby driving economic growth.

14

With increase in disposable income, there has been a gradual change in consumer spending behaviour as well. Per capita Private Final Consumption Expenditure (PFCE) which is measure of consumer spending has also showcased significant growth from FY15 to FY25 at a CAGR of 9.68%.

Chart 11: Trend of Per Capita GNDI and Per Capita PFCE (Current Price)



Source: MOSPI; Note: FRE – First Revised Estimates, FE – Final Estimates, PE- Provisional Estimates

1.3 Concluding Remarks

Global economic growth faces headwinds from geopolitical tensions, volatile commodity prices, high interest rates, inflation, financial market volatility, climate change, and rising public debt. However, India's economy remains relatively strong, with an IMF forecast of 6.4% GDP growth in CY25 (FY26 according to the fiscal year), compared to the global projection of 3.0%. Key drivers include strong domestic demand, government capital expenditure and moderating inflation.

Public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about Rs. 11.21 lakh crores for FY26. The private sector's intent to invest is also showing improvement as per the data announced on new project investments and resilience shown by the import of capital goods. Additionally, improvement in rural demand owing to healthy sowing, improving reservoir levels, and progress in south-west monsoon along with government's thrust on capex and other policy support will aid the investment cycle in gaining further traction.

The impact of U.S. tariffs on India's export trade is anticipated to be minimal. The key sectors which will have a potential impact are engineering goods, electronics, gems and jewellery, pharmaceuticals, textiles, and automobiles, among others. The affected sectors represent a small fraction of India's total exports, with key industries such as steel industry affected by the 25% tariffs although the impact is expected to be minimal given the volume of goods exported is less, and textiles are potentially benefiting from reduced competition.

India's relatively lower tariff structure enhances its attractiveness as a trade partner, and ongoing negotiations with the U.S., along with efforts to diversify export markets, including the EU and ASEAN, are likely to mitigate potential adverse effects. As India progressively positions itself as a competitive manufacturing hub, particularly in textiles, pharmaceuticals, electronics, and auto components, it remains more competitive than countries like China, Taiwan, Bangladesh, and Vietnam. This strengthens India's position as a viable alternative in global trade, particularly in sectors where it holds a comparative advantage. India's expanding manufacturing capacity, coupled with its skilled workforce, makes it an appealing investment destination for global companies. Sectors such as electronics and textiles, including the relocation of Apple's iPhone production, are likely to attract greater U.S. interest as businesses seek lower-tariff alternatives.

On February 13, 2025, Prime Minister Narendra Modi and President Donald Trump discussed enhancing the U.S.-India trade relationship, with a target to increase bilateral trade from USD 200 billion to USD 500 billion by 2030. Negotiations for a multi-sector bilateral trade agreement (BTA) are expected to commence later this year, focusing on trade fairness, national security, and job creation.

Thus, while U.S. tariffs may have a limited impact on India's exports, ongoing trade negotiations and India's competitive manufacturing advantage position it well for continued growth in global trade.

16

2 Global Gems & Jewellery Industry

2.1 Overview of the Global Gems and Jewellery Industry

The global jewellery market is shaped by diverse economic trends, cultural practices, and shifting consumer preferences. The interest in gold chains and necklaces extends beyond weddings and unique events. People increasingly wear platinum and gold rings, delicate gold chains, bracelets, and anklets as everyday fashion accessories. These items are also commonly given as gifts for occasions like birthdays and anniversaries. This shifting consumption pattern is likely to drive market growth. Modern designs and emerging fashion trends are drawing in customers, and manufacturers are capitalising on these frequent changes by creating unique products to attract buyers. Coloured gemstones such as emeralds, sapphires, and opals are gaining prominence, adding vibrant touches and uniqueness to jewellery collections. While classic earring and necklace sets remain popular, artificial jewellery is exploring new avenues, with items like hair clips, headbands, anklets, and waist chains gaining popularity as ways to showcase personal style.

The global appetite for jewellery is anticipated to grow as more individuals seek luxury items. Jewellery offers various benefits, including enhancing certain body features, reflecting fashion trends and styles, and improving one's appearance or that of others. Its appeal as a status symbol among higher-income groups has accelerated its consumption. The rising demand for contemporary designs and the influx of new designers are further driving market expansion.

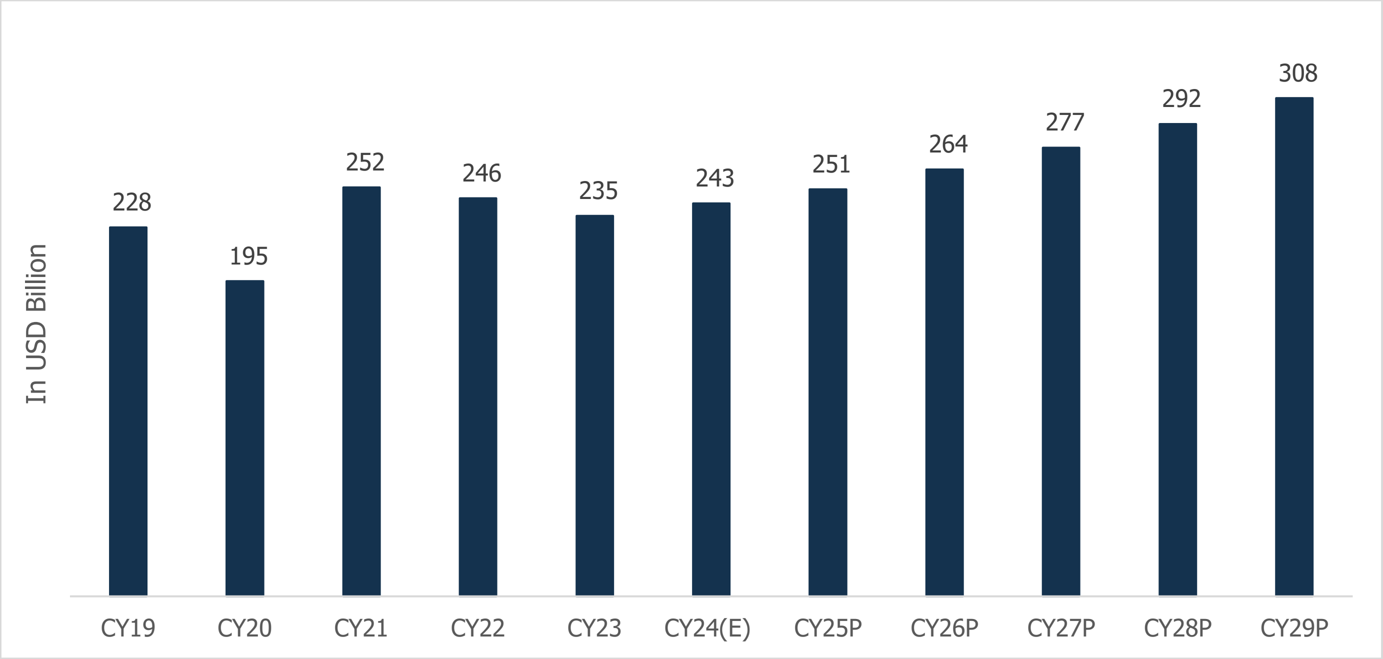
The global gold jewellery market is likely to grow due to increasing consumer disposable income and the appeal of gold as a long-term investment. Gold is considered a haven, and most investors turn to gold during market turmoil for safe investment. Between CY20 to CY24, the global gems and jewellery market rebounded, achieving a Compound Annual Growth Rate **(CAGR)** of 6%. The diamond-studded gold jewellery segment has also gained traction, particularly in developed markets like North America and China, where it holds a higher share due to consumer preference for branded and certified jewellery.

In CY24, around 3,700 tons of gold is mined globally, around 1400 tons of gold is recycled, and around 5,000 tons of gold is consumed for various purposes like jewellery fabrication, technology, investments, etc. Around 58% of the total gold demand comes from China and India. China is the largest country producing gold in the world, accounting for around 10% of total CY23 gold production. Africa, which includes various other countries, produces around 28%, whereas Asia produces 18% of the total newly mined gold. Central and South America produce around 15%, North America produces around 13%, and Australia and Russia produce around 8% of the total newly mined gold.

17

2.1.2 Market Size and Trend of the Global Gems and Jewellery Industry

Chart 12: Global Gems and Jewellery Market Size (CY19-CY29P)



Source: IMARC Group, CareEdge Research

In CY24, the global gems and jewellery industry was valued at around USD 243 billion, and there was a stagnant CAGR of 1.3% during CY19 to CY24. This is due to economic uncertainties, pandemic-related disruptions, and shifting consumer preferences toward essential spending. There has been a slight slowdown in CY23 compared to CY22 due to the economic slowdown caused by geopolitical tensions and regional conflicts. However, the gems and jewellery market is expected to reach USD 308 billion by CY29, driven by economic recovery, rising disposable incomes in emerging economies, and increased demand for innovative and ethically sourced jewellery options.

The global gems and jewellery market is expected to experience steady growth in the coming years, fuelled by emerging economies and rising disposable incomes. Although gold and diamond jewellery will continue to dominate the market, alternative materials are likely to see increased demand due to concerns over ethics and affordability. Additionally, the growth of e-commerce platforms and innovations in jewellery design technology are anticipated to drive significant expansion.

2.2 Overview of the Global Gold Demand and Industry Trends

Beyond its monetary value, gold carries deep emotional and cultural significance in many societies, making it a sought-after asset for various purposes. People across the world purchase gold for varied reasons, which are often shaped by local traditions, economic conditions, and broader global trends. Gold demand is influenced by a range of factors, including the state of the global economy, geopolitical developments, shifts in investor sentiment, and evolving industrial and technological uses.

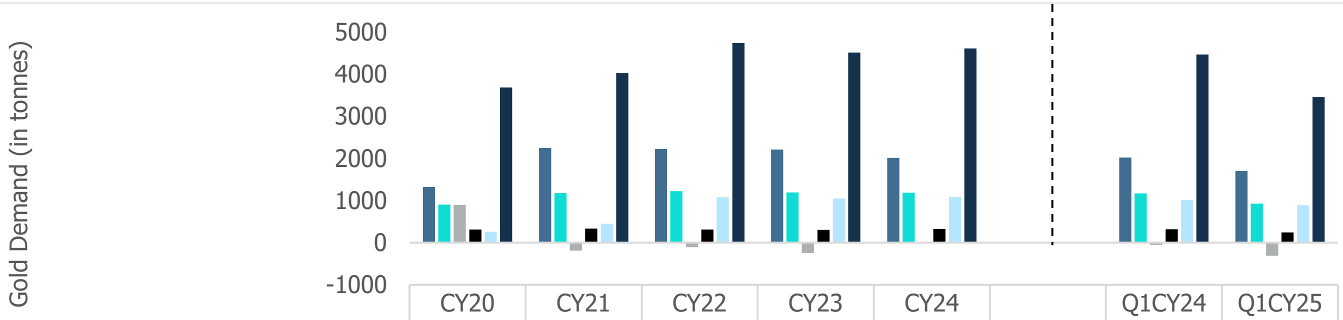
Gold's versatility contributes to its demand in several key sectors: it is highly prized in jewellery, used in advanced technology, and accumulated by central banks as part of their reserve strategies. Additionally, gold is a popular choice among individual and institutional investors looking for safe-haven assets. The relative importance of these sectors can shift depending on the phase of the global economic cycle, with certain areas of the market, such as investment demand during periods of financial instability or jewellery demand during cultural celebrations, taking centre stage at various times.

18

This diversity of demand across multiple industries and the self-adjusting nature of the gold market help stabilise its value, making gold a resilient and attractive asset. Whether for wealth preservation, industrial use, or cultural purposes, gold's broad range of applications ensures that it maintains its significance, offering both a hedge against economic uncertainty and a tangible store of value.

2.2.1 Category-wise Gold Demand

Chart 13: Category-wise Gold Demand



	CY20	CY21	CY22	CY23	CY24		Q1CY24	Q1CY25
Jewellery-Fabrication	1324	2247	2228	2206	2012		2023	1704
Investment-Bars and Coins	902	1180	1222	1190	1188		1167	928
Investment-ETFs	893	-189	-110	-244	-7		-55	-308
Technology-Electronics, Dentistry, industrial,etc	309	337	315	305	326		316	240
Central Banks	255	450	1080	1051	1086		1011	889
Total World demand for gold	3683	4026	4736	4508	4606		4464	3454

Source: WGC, CareEdge Research
Note: Jewellery Fabrication includes jewellery consumption and jewellery inventory

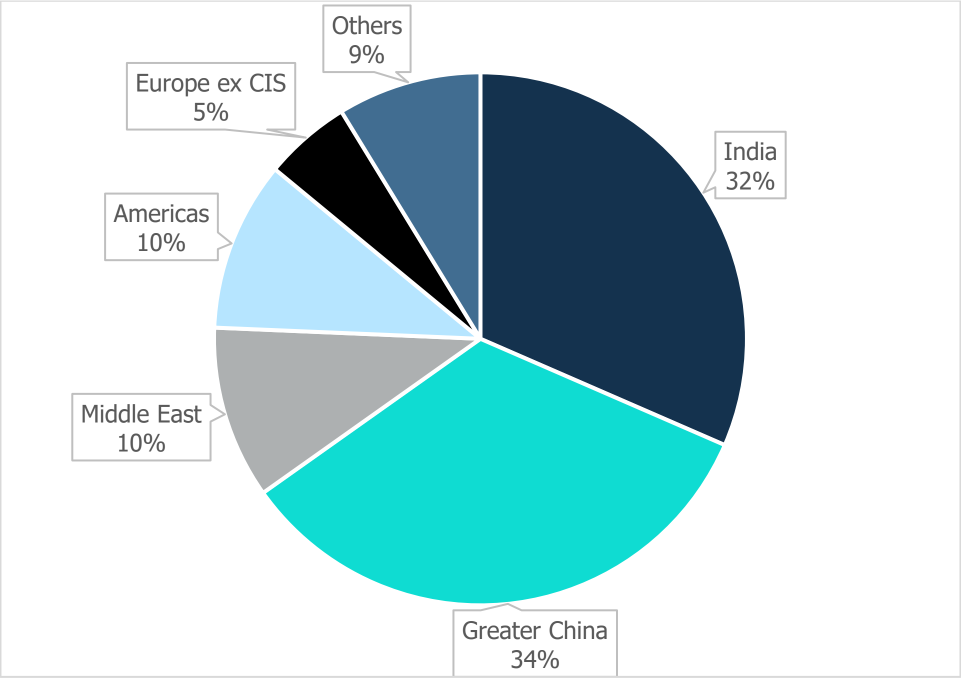
In CY24, the total demand for gold by global consumers was 4,606 tonnes, compared to 4,508 tonnes in CY23. For Q1CY25, the gold demand reduced from 3,454 tonnes to 4,464 tonnes. The majority share of global gold demand consists of gold jewellery, which is 44% for CY24 and around 49% for Q1CY25, followed by bars and coins, which account for 26% of total gold demand for CY24 and 27% in Q1CY25.

The global gold jewellery demand remained more or less stable for CY24; however, for Q1CY25, it showed a 22% y-o-y decline as compared to Q1CY24. One of the main reasons was the rally in gold prices, which curtailed the overall demand. The gold prices reached an all-time high of USD 3,208 per troy ounce in April 2025. Buying by the central bank remained stable at 1086 tonnes for CY24, and for Q1CY25 it was 889 tonnes.

19

2.2.2 Region-wise Share of Gold Consumption in Volume Terms for Jewellery, Bars, and Coins

Chart 14: Region-Wise Share of Gold Jewellery, Bars, and Coins (CY24)



Source: WGC, CareEdge Research

Note: The Middle East includes Saudi Arabia, the UAE, Kuwait, Egypt, Iran, and others. Europe included France, Germany, Italy, Spain, the UK, Switzerland, Austria, and others. Greater China includes China, the P.R. Mainland, Hong Kong, and Taiwan Province of China. The Americas include the US, Canada, Mexico, and Brazil.

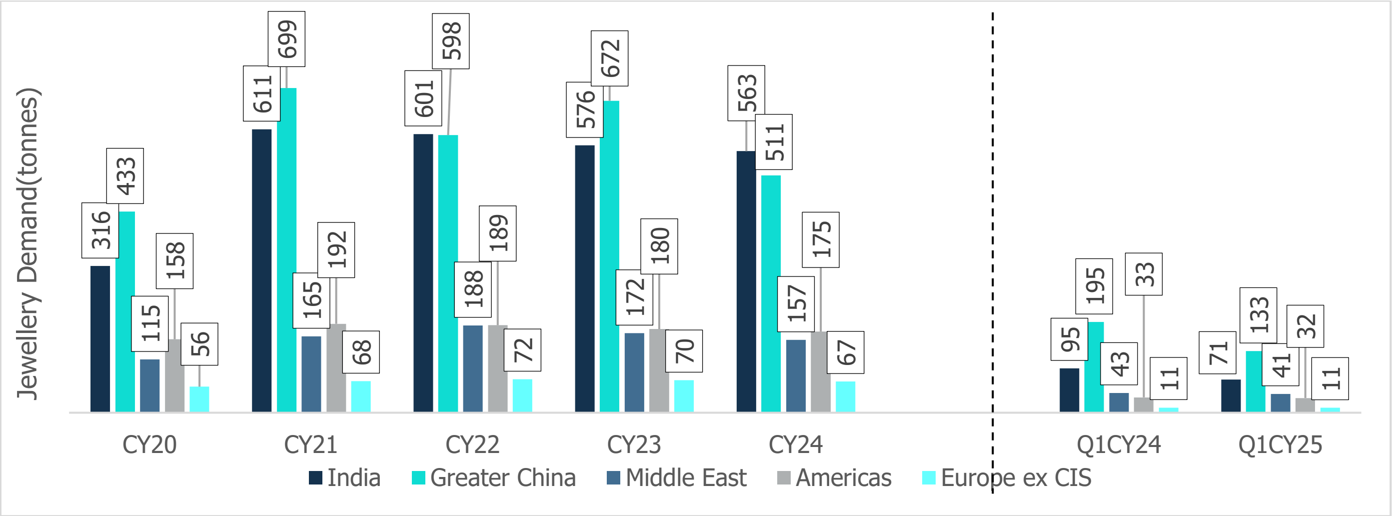
China consumes the maximum share of world jewellery, bars and coins, followed by India. China in total consumed around 857 tonnes of gold in the form of jewellery and bars & coins in CY24, followed by India with 803 tonnes. Other key regions after China and India are the Americas (263 tonnes), the Middle East (267 tonnes) and Europe (134 tonnes). In Q1CY24, the jewellery demand for China was 133 tonnes as compared to 196 tonnes, showing a decline of 32% y-o-y. Overall, all the regions have seen a y-o-y decline.

On the other hand, China's demand for bars and coins increased in Q1CY24 by around 12% y-o-y. Overall, China and its government have been increasing their gold reserves and using it as a haven. Other than China, India showed a decent growth of 7% y-o-y, and Europe saw an exponential growth of 79% y-o-y. America, on the other hand, saw a decline of 14% y-o-y.

20

2.2.3 Region-Wise Trend in Jewellery Demand - Volume Terms & Value Terms

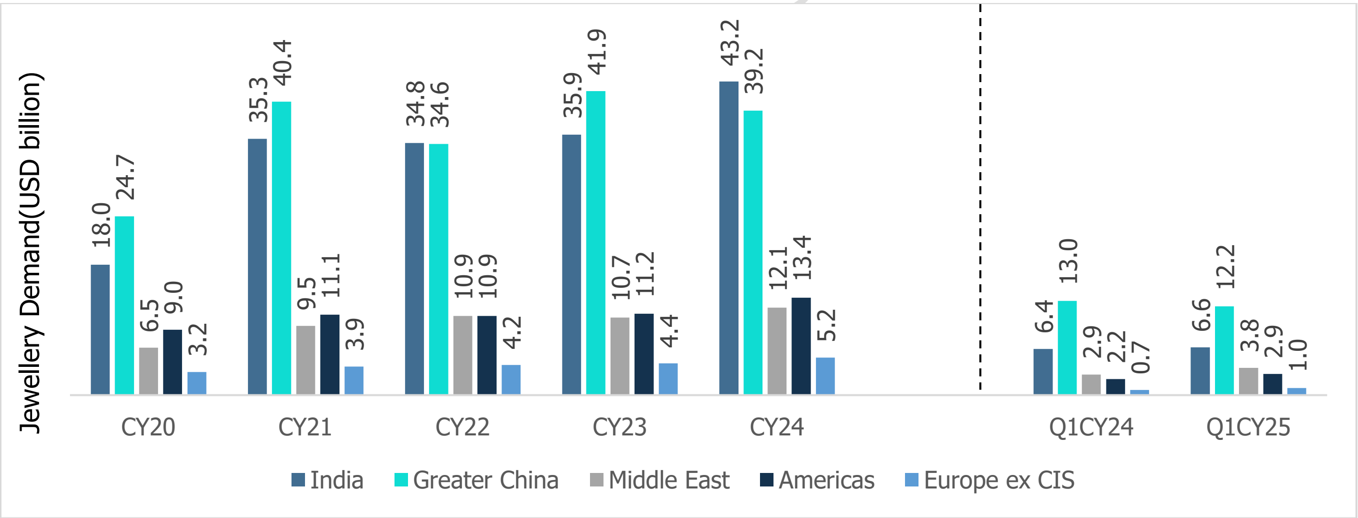
Chart 15: Region-Wise Trend in Jewellery Demand by Volume



Source: WGC, CareEdge Research

Note: The Middle East includes Saudi Arabia, the UAE, Kuwait, Egypt, Iran, and others. Europe included France, Germany, Italy, Spain, the UK, Switzerland, Austria, and others. Greater China includes China, the P.R. Mainland, Hong Kong, and Taiwan Province of China. The Americas include the US, Canada, Mexico, and Brazil.

Chart 16: Region-Wise Trend in Jewellery Demand by Value



Source: WGC, CareEdge Research

Note: The Middle East includes Saudi Arabia, the UAE, Kuwait, Egypt, Iran, and others. Europe included France, Germany, Italy, Spain, the UK, Switzerland, Austria, and others. Greater China includes China, the P.R. Mainland, Hong Kong, and Taiwan Province of China. The Americas include the US, Canada, Mexico, and Brazil.

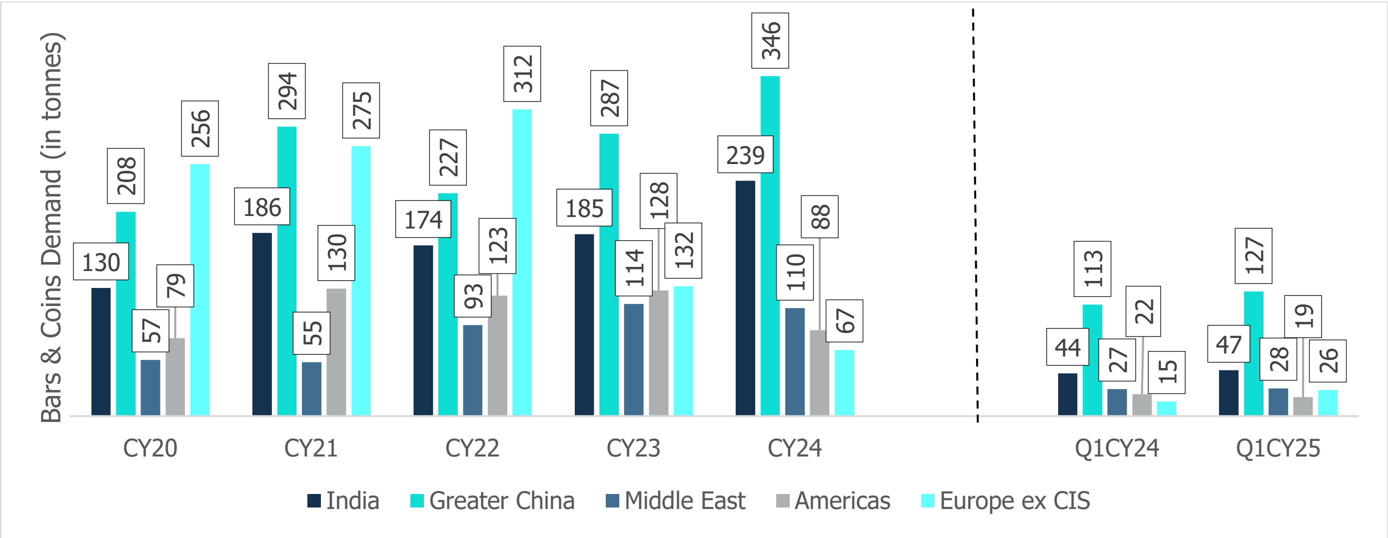
China has always been the largest consumer of gold jewellery; however, in CY24, India surpassed China. India in total consumed around USD 43 billion of gold in the form of jewellery in CY24, followed by China with USD 39 billion. Other key regions after India and China are the Middle East (USD 12 billion), the Americas (USD 13 billion), and Europe (USD 5 billion). In Q1CY25, the jewellery demand for China showed a decrease of 6% y-o-y to USD 12 billion, followed by India, for which gold jewellery demand reached USD 7 billion, showing y-o-y growth of 3%. Except for China, all other

21

regions showed a y-o-y increase value-wise in Q1CY25. Although the overall demand has reduced, the spending has increased due to higher gold prices.

2.2.4 Region-Wise Trend in Bars and Coins Demand - Volume Terms & Value Terms

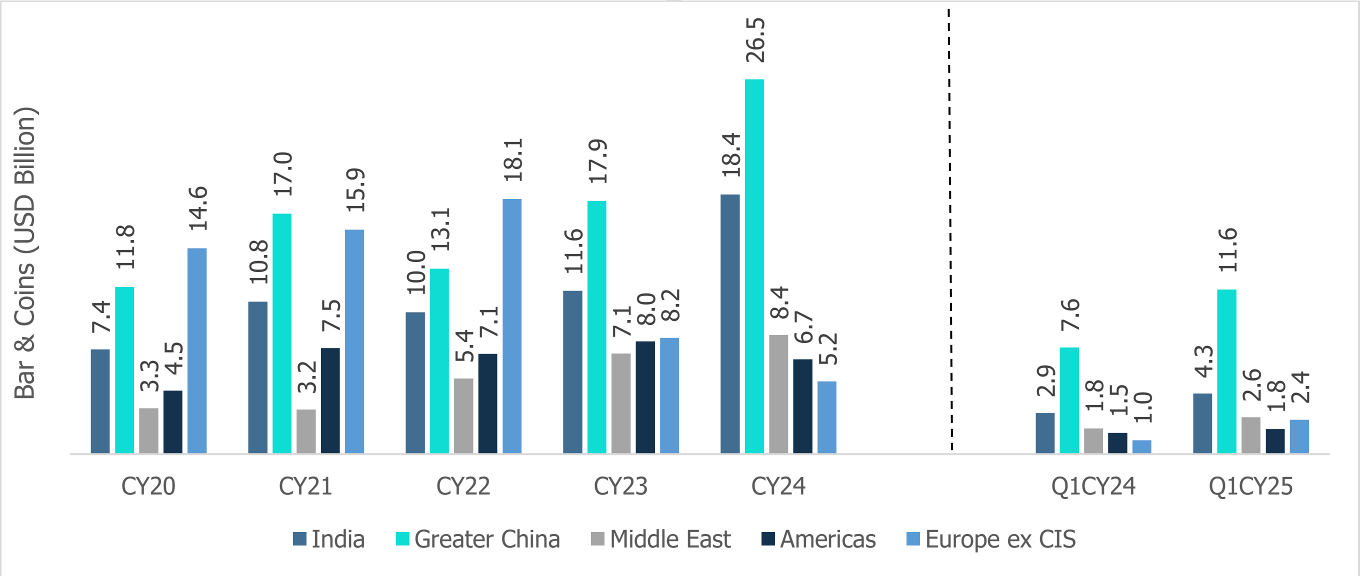
Chart 17: Region-Wise Trend in Bars & Coins Demand by Volume



Source: WGC, CareEdge Research

Note: The Middle East includes Saudi Arabia, the UAE, Kuwait, Egypt, Iran, and others. Europe included France, Germany, Italy, Spain, the UK, Switzerland, Austria, and others. Greater China includes China, the P.R. Mainland, Hong Kong, and Taiwan Province of China. The Americas include the US, Canada, Mexico, and Brazil.

Chart 18: Region-Wise Trend in Bars and Coins Demand by Value



Source: WGC, CareEdge Research

Note: The Middle East includes Saudi Arabia, the UAE, Kuwait, Egypt, Iran, and others. Europe included France, Germany, Italy, Spain, the UK, Switzerland, Austria, and others. Greater China includes China, the P.R. Mainland, Hong Kong, and Taiwan Province of China. The Americas include the US, Canada, Mexico, and Brazil.

22

China in total consumed around USD 27 billion of gold in the form of bars and coins in CY24, followed by India with USD 18 billion. Other key regions after China and India are the Middle East (USD 8 billion), the Americas (USD 7 billion) and Europe (USD 5 billion). In Q1CY25, the gold bars and coins demand for China showed an increase of 54% y-o-y to USD 12 billion, followed by India, for which gold bars and coins demand reached USD 4 billion, showing y-o-y growth of 48%.

2.3 Global Trade Scenario

2.3.1 Trend in Export Market for Precious Stones and the Jewellery Industry

2.3.1.1 Top Global Exporters of Jewellery (Share in %)

CY20		CY21		CY22		CY23	
India	12.10	India	11.90	India	12.60	India	11.50
China	10.30	China	11.90	China	10.60	Italy	10.90
France	9.95	Italy	10.30	Italy	10.20	China	10.20

Source: Industry Sources, CareEdge Research

2.3.1.2 Top Global Exporters of Precious Stones (Share in %)

CY20		CY21		CY22		CY23	
Thailand	14.20	Burma	15.00	Burma	32.80	Thailand	15.30
United States	10.20	Thailand	11.70	Thailand	9.45	United States	10.90
India	9.22	United States	8.54	Hong Kong	6.67	Hong Kong	9.79

Source: Industry Sources, CareEdge Research

2.3.2 Trend in Import Market for Precious Stones and the Jewellery Industry

2.3.2.1 Top Global Importers of Jewellery (Share in %)

CY20		CY21		CY22		CY23	
Hong Kong	18.60	Hong Kong	19.10	Hong Kong	18.50	Hong Kong	18.70
United States	13.10	United States	15.20	United States	12.30	United Arab Emirates	14.70
Switzerland	12.80	United Arab Emirates	10.40	United Arab Emirates	11.30	United States	11.90

Source: Industry Sources, CareEdge Research

2.3.2.2 Top Global Importers of Precious Stones (Share in %)

CY20		CY21		CY22		CY23	
Hongkong	24.60	Hongkong	22.20	China	35.30	Hong Kong	25.50
United States	19.10	China	17.70	United States	16.00	United States	19.60
Switzerland	10.10	United States	13.30	Hong Kong	12.00	China	10.50

Source: Industry Sources, CareEdge Research

2.4 Factors for gold price movement

- **Currency Fluctuation**
  When the value of a currency (especially the dollar) declines, investors often look to gold as a "safe haven" asset. This increases demand for gold, driving up prices. A weakening currency can also cause inflation, making gold more appealing as a hedge against rising prices. If inflation increases and a currency weakens, gold can function as a store

23

of value, which often pushes its price higher. Investors may use gold as a hedge against currency risk, particularly in times of economic instability or when there is significant fluctuation in a national currency. Countries with large foreign exchange reserves may buy or sell gold as part of their strategy to stabilise or diversify their currency holdings. Changes in these reserves due to currency fluctuations can influence global gold prices.

- **Key Consuming Nations**

  Gold production is heavily influenced by some of the world's major mining players, including China, South Africa, the United States, Australia, Russia, and Peru. The output from these countries plays a significant role in setting global gold prices, as the supply of gold impacts its market value. Over time, it has become increasingly challenging to extract gold because the more accessible reserves have already been mined. This means that miners now have to dig deeper, often in more remote or geologically complex areas, to access high-quality gold. This shift makes gold mining costlier and riskier. Deeper mining operations require advanced technology, more labour, and increased safety measures, all of which add to production costs.

- **Volatility & Performance of other assets**

  Gold often benefits from downturns in other financial markets, like stocks and currencies, because it is seen as a safe-haven asset. When stock markets experience negative price movements or when currency values drop, investor confidence tends to decline, and people look for ways to protect their wealth. Gold offers a stable alternative, so when these markets are down, demand for gold usually goes up. As more investors buy gold to shield themselves from the losses they might face in stocks or currency investments, demand for gold rises.

- **Inflation**

  Gold has long been considered a reliable store of value, especially when inflation rises or interest rates fall. As inflation climbs, the purchasing power of traditional currencies declines, eroding the value of money. In such cases, investors often turn to gold because, unlike fiat currencies, it retains its intrinsic value, providing a safeguard against the devaluation that inflation brings. This tendency to preserve wealth makes gold a favoured asset in inflationary times. Furthermore, low-interest environments often signal economic distress or a loose monetary policy, encouraging investors to seek stability in assets like gold. In times of economic uncertainty, gold acts as a hedge, with demand and, subsequently, its price rising as a result.

- **International gold prices are inversely correlated with the dollar index.**

  When the US dollar is strong, it holds more value against other global currencies. This makes it more expensive for people in other countries to buy gold, which is typically priced in dollars. A strong dollar means people need to spend more of their currency to buy the same amount of gold, which can discourage buying. As a result, demand for gold might drop, which can lead to a decrease in its price. On the other hand, when the US dollar weakens, gold becomes cheaper for international buyers who hold other currencies. They do not need as much of their local currency to buy gold, making it a more affordable and attractive purchase. This increase in affordability often leads to higher global demand, pushing up gold's price.

24

3 Indian Gems and Jewellery Industry

3.1 Overview of Indian Gems & Jewellery Industry

The Indian gems and jewellery industry is a significant pillar of the national economy, contributing approximately 7% to the country's GDP and around 15% of total merchandise exports. The sector is expected to grow steadily, driven by domestic consumption and international demand. India is the largest diamond-cutting and polishing hub globally, producing over 90% of the world's polished diamonds.

The industry comprises various segments, including gold jewellery, diamond jewellery, coloured gemstones, and diamond-studded gold jewellery, with gold jewellery dominating the market. Gold plays a vital cultural and religious role in India, symbolising prosperity and wealth, and is an essential part of weddings, festivals, and other ceremonies. The manufacturing base is geographically concentrated in key states like Maharashtra, Gujarat, and Tamil Nadu.

Organised players are gaining traction as the industry undergoes formalisation. Increasing consumer preference for branded jewellery, quality assurance, and contemporary designs is driving this transition. Government initiatives, such as mandatory hallmarking for gold jewellery, the Gold Monetisation Scheme, and easing gold import restrictions, are bolstering the formal sector.

In 2024, seven major trade fairs were organised by prominent councils such as the Gem and Jewellery Export Promotion Council (GJEPC), the All India Gem and Jewellery Domestic Council and others. These events were held across cities, including Jaipur, Mumbai, Bengaluru, Coimbatore, Delhi NCR, Hyderabad, and Kolkata, showcasing the dynamic Gems and Jewellery sector in India. Serving as vital platforms, these fairs promoted innovation, enhanced domestic and international trade, and fostered collaborations among industry stakeholders.

Domestic demand is fuelled by rising disposable incomes, urbanisation, and a growing preference for lightweight, modern designs, especially among younger consumers. On the export front, markets like the U.S., UAE, and Hong Kong continue to drive growth. Trade agreements and government support for export-oriented policies further strengthen India's position in the global market.

While the sector holds immense potential, it faces challenges such as gold price volatility, dependency on imports, and increasing competition from synthetic diamonds. Fluctuations in international demand and compliance with stringent regulatory norms also pose risks. However, these hurdles are being addressed through policy interventions, innovation, and diversification.

Technological advancements, while still emerging, are being explored to improve efficiency and build trust. Digital retail platforms and blockchain-based supply chain transparency tools are examples of these efforts. However, traditional factors such as India's skilled workforce, robust manufacturing infrastructure, and a deep-rooted cultural affinity for jewellery remain the primary growth drivers.

In conclusion, the Indian gems and jewellery industry continues to thrive, blending traditional strengths with evolving consumer preferences and gradual modernisation. Its ability to adapt to changes while leveraging its heritage ensures its sustained growth and competitiveness on the global stage.

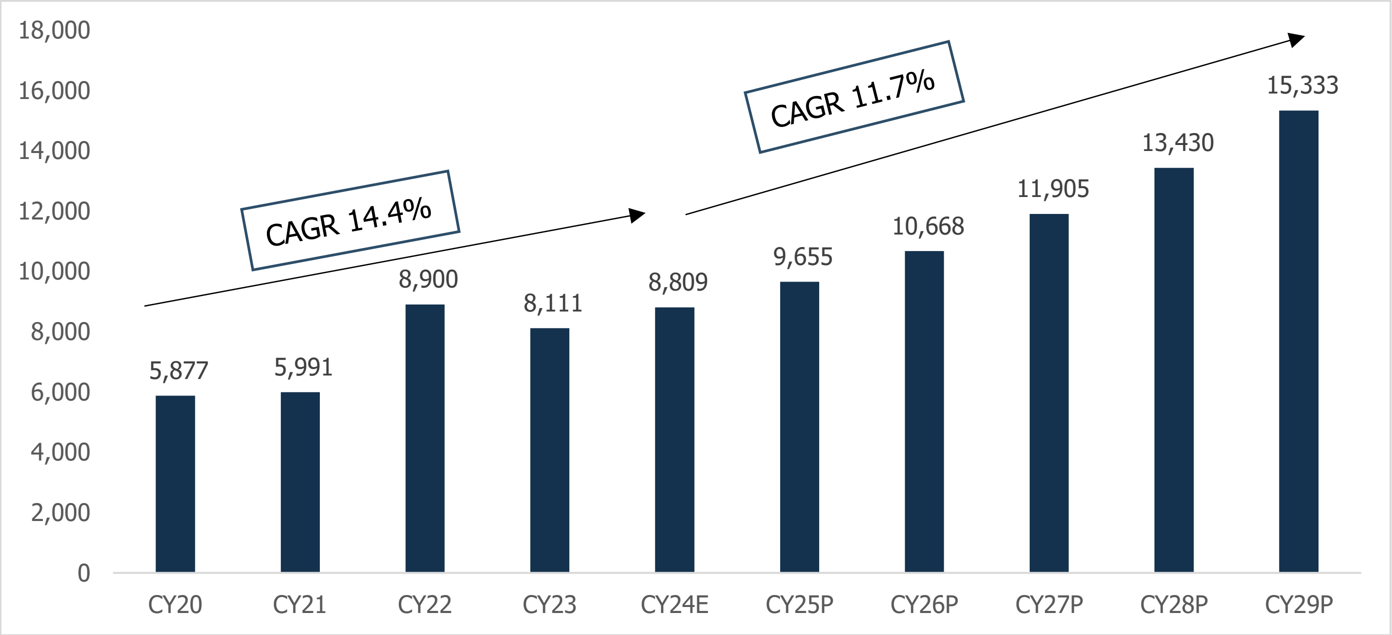
25

3.2 Indian Gems & Jewellery Industry Market Size

The Indian Gems and Jewellery (G&J) business has traditionally been fragmented, with consumers purchasing from family jewellers. The fragmented nature of this sector makes it difficult to quantify the number of jewellers in India.

However, the industry has seen structural transformation in the recent decade, with more G&J players moving up the value chain with a greater focus on branded jewellery. Moreover, consumers are more predisposed to branded jewellery, particularly in metro & tier I cities, given the rising media and Western influences and willingness to pay a premium price.

Chart 19: Indian Gems & Jewellery Industry Market Size (CY20-CY29P)



Source: IMARC Group, CareEdge Research

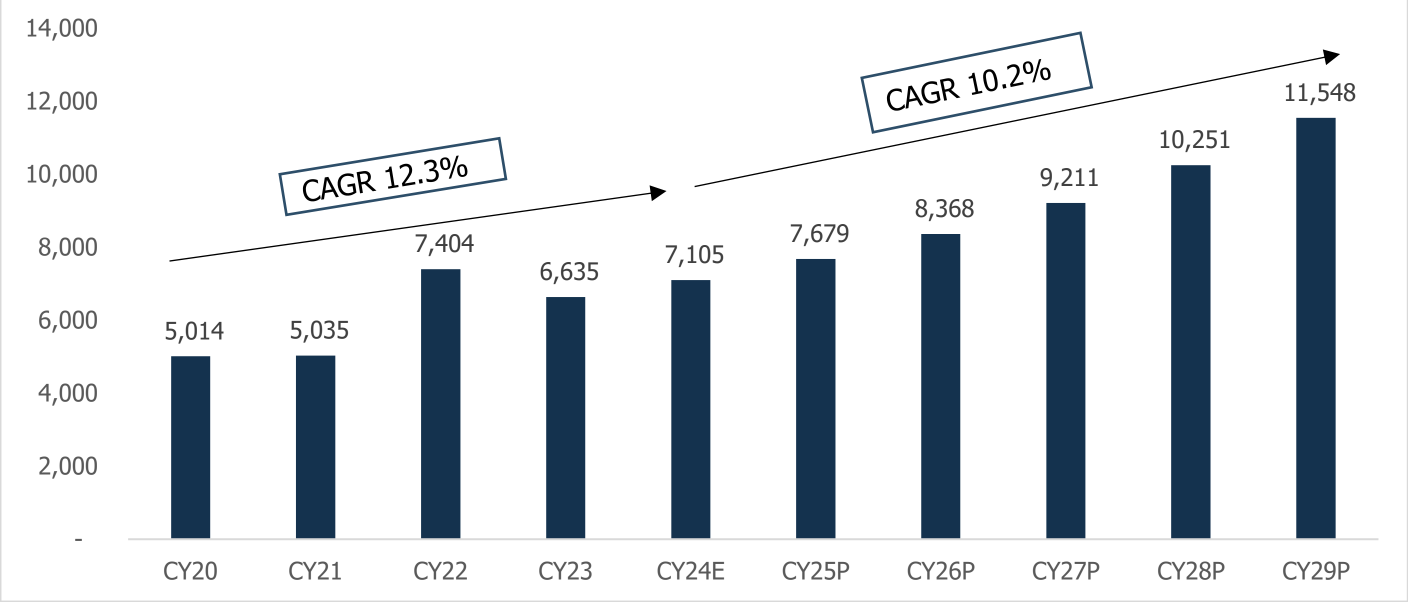
In CY24, the domestic gems and jewellery industry was valued at around Rs. 8,809 billion, with a CAGR of 14.4% during CY20–CY24. Further, the gems and jewellery market is expected to grow at a CAGR of 11.7% between CY24 and CY29. The long-term demand prospects for the sector are supported by a growing working population, higher disposable income, easier access to credit, and improved living standards. To cater to the changing consumer preferences and design trends, larger stores are offering more variety and a diverse range of jewellery. This continuous adaptation to consumer trends and behaviour is likely to further support the shift towards the organised jewellery segment.

3.3 Indian gold jewellery industry market size (CY20-CY29)

The Indian jewellery market is traditionally dominated by gold jewellery. Gold jewellery purchases in India are not just limited to consumption, as is the case with fashion jewellery. They have a strong saving significance. This is more evident in rural communities where access, literacy, and acceptance of other financial savings instruments are low. These factors have resulted in gold being a major savings asset class. Cultural differences, religious & trust concerns, and other elements that influence jewellery purchases have all contributed to gold jewellery's significance.

26

Chart 20: Indian Gold Jewellery Industry Market Size (CY20-CY29P)

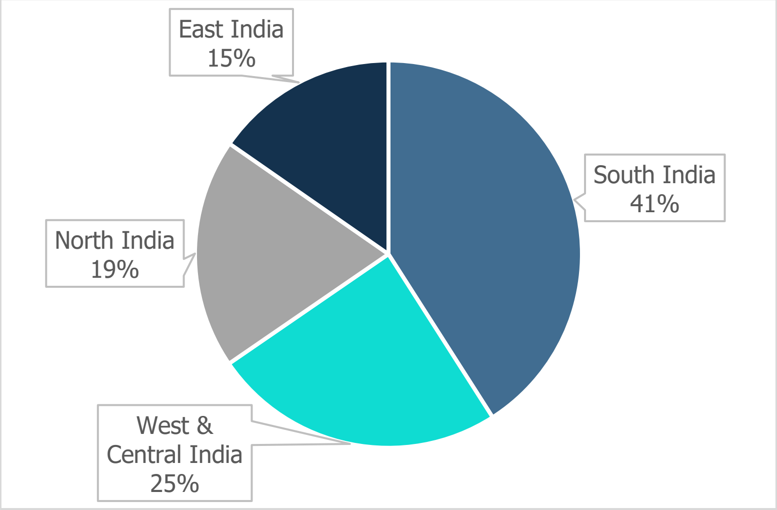


Source: IMARC Group, CareEdge Research

In CY23, the domestic gold jewellery industry was valued at around Rs. 6,635 billion. However, in CY23, the demand for gold jewellery remained subdued in terms of volume and declined by about 2%, while the gold price registered a ~7% increase compared to its previous year.

In CY24, the Indian jewellery market is estimated to be Rs. 7,105 billion. Furthermore, the market is expected to grow at a compounded annual growth rate (CAGR) of 10.2% between CY24 and CY29 to Rs 11,548 billion. In India, the surge in demand for gold jewellery can be attributed to the growing middle-class population and their increasing disposable income levels. As more individuals experience higher income levels, they are more capable of affording luxury items like gold jewellery. These growing middle-class individuals view gold jewellery as a status symbol, a reflection of their improved lifestyle, and a worthwhile investment. The trend is especially prominent in urban areas where economic growth has enhanced financial independence and purchasing power.

Chart 21: Indian Gold Jewellery Industry Breakup by Region (% Share) in CY24



Source: IMARC Group, CareEdge Research

Jewellery preferences vary significantly across different age groups, reflecting the evolving interests, lifestyles, and values of Indian women. Every demographic has diverse needs and perspectives, from senior women who value traditional motifs to young brides who choose modern patterns. Furthermore, according to a report by the World Gold Council, recent interactions between Metals Focus and retailers have highlighted a significant increase in demand for lightweight jewellery, especially in the daily wear segment. For instance, it is now common to find chains or Mangalsutras weighing just 5-8 grams, a development that would have been unlikely five years ago. This surge in demand can be attributed to the rising per capita income, increased expenditure on jewellery, a higher number of weddings in India, and the influence of social media. These demographic shifts have significantly impacted gold jewellery purchases in recent years.

Regional demographics play a crucial role in influencing purchase decisions. In South India, the tradition of investing heavily in gold jewellery is deeply ingrained, with families often prioritising substantial, intricate designs that reflect both wealth and cultural heritage. The emphasis on gold as an investment also drives higher expenditure in this region.

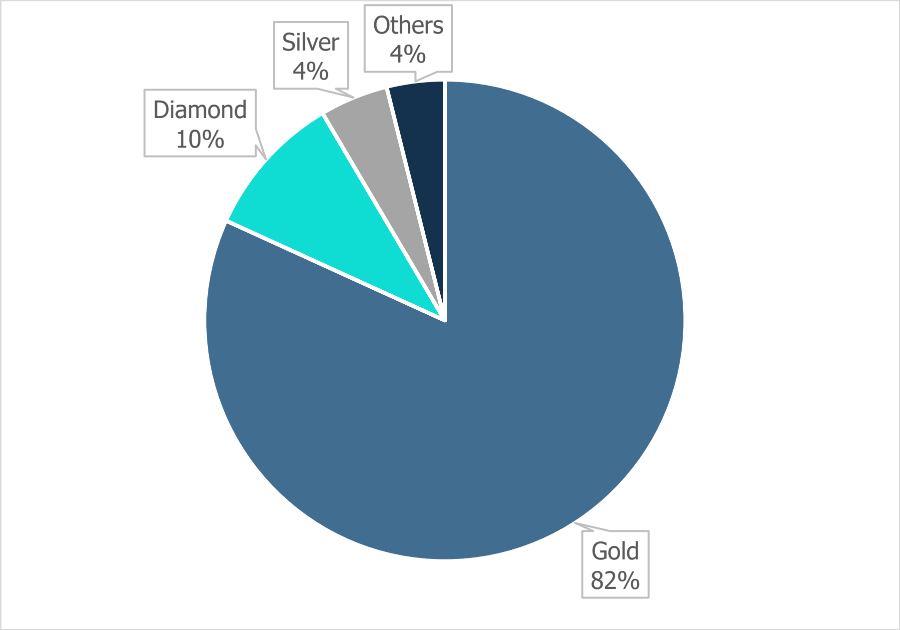
In contrast, Maharashtra sees continuous spending on jewellery, driven by strong replacement demand. Women in this region often buy new pieces or upgrade existing ones, reflecting both cultural practices and evolving fashion trends. The state's inclination towards nath (nose rings) and kamarband (waistbands) also influences the jewellery market.

In North India, the preference for heavy gold jewellery remains strong, but there is a growing trend towards more versatile, lightweight designs that cater to modern lifestyles. Meanwhile, in Eastern India, especially Bengal, traditional motifs inspired by nature dominate jewellery designs, reflecting the region's rich cultural heritage.

3.4 Indicative Share of Indian Gems and Jewellery Industry

India's gems and jewellery market is one of the largest and most vibrant in the world, deeply embedded in the country's cultural and economic life. The market can be divided by material type, with gold, diamonds, gemstones, and other materials each playing a significant role in its diversity and value.

Chart 22: Gems and Jewellery Market Breakup- By Material Type (CY24)



Source: IMARC Group, CareEdge Research

In 2024, gold was the dominant material in India's gems and jewellery market, making up 82% of the total market share. It was followed by diamonds (10%), silver (4%), and other materials (4%).

Gold: Gold remains the foundation of India's jewellery market, due to its cultural and historical importance. It is highly prized for weddings and festivals, and as an investment, often seen as a symbol of wealth and social status. Although demand fluctuates with market prices and economic factors, gold jewellery continues to be in strong demand, thanks to its deep ties to tradition. There has also been a growing interest in lighter, more modern gold jewellery designs, particularly among younger consumers, adding a contemporary layer to the traditional market.

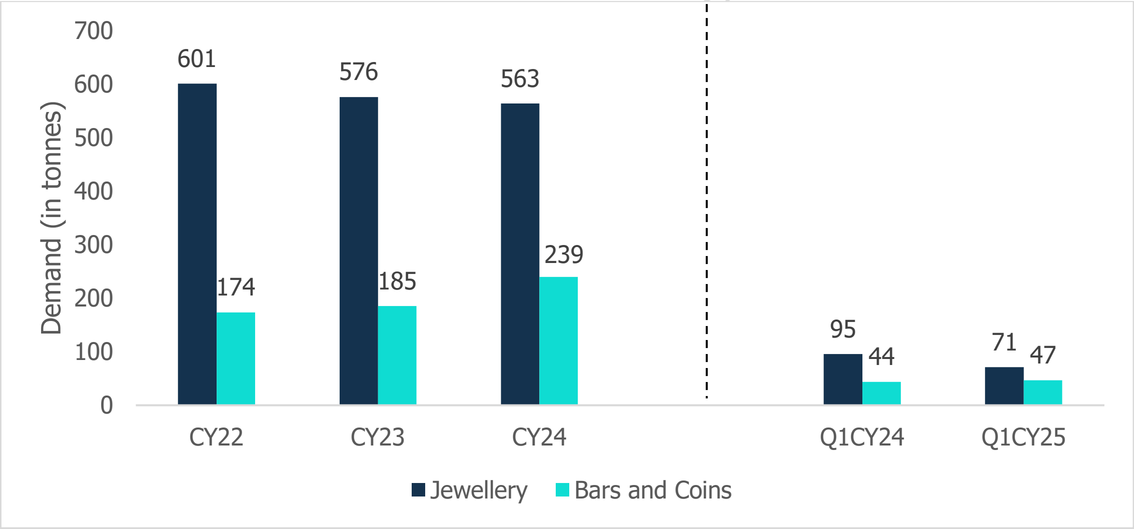
Diamond: The diamond jewellery sector in India has seen robust growth in recent years, particularly among consumers looking for luxury and exclusivity. Diamonds are a popular choice for special occasions, particularly weddings, and are often seen as a symbol of sophistication. This segment is supported by a strong retail presence and branding efforts from both domestic and international jewellers. Innovations in diamond cutting and bespoke design options have further driven interest, making diamond jewellery a staple in modern Indian collections.

Silver: Silver is valued for its affordability and versatility, appealing to a broader customer base. It is commonly used in both traditional and modern jewellery designs, such as bangles, anklets, and earrings. Silver also plays a key role in fashion jewellery, where its flexibility allows for more creative and experimental styles. The material has gained popularity due to its cost-effectiveness in comparison to gold and diamonds, particularly among middle-income consumers. Additionally, the rise of silver-plated and sterling silver items has introduced a modern twist to traditional designs, catering to changing consumer preferences.

Others: The "others" category encompasses a variety of materials, including gemstones and non-traditional metals. Fashion jewellery incorporating synthetic and alternative materials is on the rise, attracting consumers who seek trendy yet affordable options. This segment is particularly appealing to fashion-forward buyers looking for unique, budget-friendly pieces.

3.5 Domestic Gold Demand from Various Segments

Chart 23: Trend in Domestic Gold Demand- in Volume Terms



Source: WGC, CareEdge Research

In CY24, the total domestic demand for gold (including jewellery, bars, and coins) was estimated at 803 tonnes as compared to 761 tonnes in CY23. In CY24, the gold demand was 803 tonnes, an increase of 5.5% y-o-y over CY23.

The jewellery segment continued to be the largest contributor and accounted for ~70% of the gold demand in India, while bars and coins accounted for the balance. The gold jewellery demand declined by 2.2% y-o-y in CY24. The demand was impacted due to increasing gold prices.

29

3.6 Business Model in the Gems and Jewellery Industry

3.6.1 Franchisee-Owned, Franchisee-Operated (FOFO) Model:

In the FOFO model, the franchisee invests their capital to establish the jewellery store, including the costs of real estate, inventory, and operational expenses. The franchisee is responsible for the day-to-day operations of the store, including hiring staff, managing sales, and maintaining customer relationships. The franchisor provides branding, training, and support, along with the necessary systems and processes.

Key Features of the FOFO Model:

- **Investment**: Franchisees bear the financial responsibility for setting up and running the store.
- **Operational Control**: Franchisees have autonomy over the daily operations, allowing them to tailor their business strategies to local markets.
- **Brand Support**: The franchisor offers branding, marketing, and training support, ensuring that franchisees align with the overall brand image.
- **Revenue Sharing**: Franchisees pay an initial franchise fee and ongoing royalties based on sales to the franchisor, which provides a steady revenue stream for the brand.

Advantages of FOFO:

- **Lower Risk for Franchisor**: The franchisor does not have to invest in physical stores, reducing financial risk.
- **Local Expertise:** Franchisees often have better knowledge of local markets and consumer preferences, which can lead to more effective marketing and sales strategies.
- **Scalability:** This model enables rapid expansion of the brand across different regions.

3.6.2 Franchisee-Owned, Company-Operated (FOCO) Model:

In the FOCO model, the franchisee owns the store, but the company (franchisor) operates it. The franchisor retains control over the daily operations, staffing, and customer service, while the franchisee provides the physical space and bears the financial investment. This model allows the franchisor to ensure consistent quality and service across all locations.

Key Features of the FOCO Model:

- **Investment**: Franchisees invest in the physical location, while the franchisor manages the operations.
- **Operational Control**: The franchisor oversees all operational aspects, maintaining quality control and brand standards.
- **Revenue Sharing**: Similar to the FOFO model, franchisees pay initial fees and ongoing royalties, but profit margins may differ due to the operational control by the franchisor.

Advantages of FOCO:

- **Quality Assurance**: The franchisor can maintain stringent quality control and consistency across locations, enhancing the brand's reputation.
- **Operational Expertise**: The franchisor can leverage its experience and systems to manage the store effectively, potentially leading to higher profitability.

30

Store Format Classification (Based on Size)

Retail stores in the industry are categorised based on their physical footprint. The size of the store often correlates with the product assortment, inventory depth, and target customer base. Typical classifications include:

Store Format	Approx. Size (sq. ft.)	Description
Small Format	100–500 sq. ft.	Compact stores designed for high-street locations or convenience centres; limited product range and faster service.
Medium Format	500–1,000 sq. ft.	The most common format in malls or commercial zones; balanced inventory with moderate footfall capacity.
Large Format	> 2,500 sq. ft.	Flagship stores offering a complete brand experience, often used in metro cities or destination malls with premium product lines and in-store events.

3.6.3 Shop-in-Shop (SIS) Model

The **Shop-in-Shop (SIS)** format is a strategic retail concept where a brand sets up a dedicated branded section within a larger multi-brand store (such as a department store, hypermarket, or retail chain). The SIS store typically includes exclusive branding, fixtures, and trained staff, while the host store manages overall infrastructure and billing.

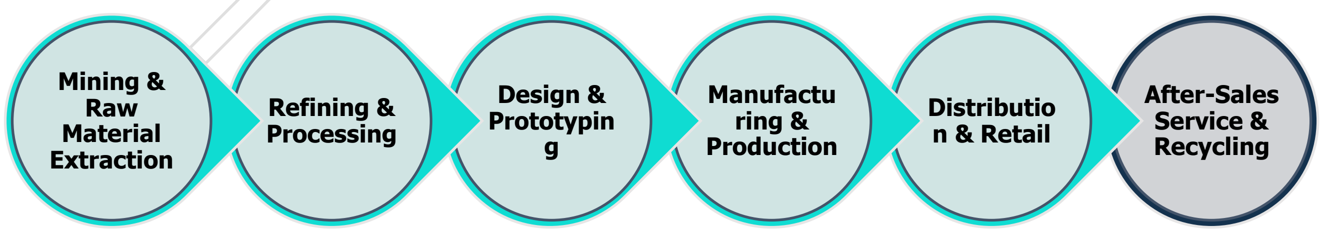
Key Advantages of the SIS Model:

- **Low Capex Expansion:** Brands can expand to premium locations without incurring full rental and fit-out costs.
- **Brand Visibility:** Strategic placement in large-format stores enhances brand recall and accessibility.
- **Targeted Footfall:** Beneficial in locations with established customer traffic, such as malls, large existing stores, Etc.

SIS models are widely used by fashion, electronics, cosmetics, and lifestyle brands as part of their retail mix, particularly during early market entry or for showcasing premium products.

3.7 Value Chain of Gems and Jewellery

Chart 24: Gems and Jewellery Value Chain



Source: IMARC Group, CareEdge Research

• **Mining and Raw Material Extraction**

31

This phase starts with the extraction of precious metals and gemstones from mines worldwide. Key gold-producing countries include China, South Africa, the United States, Australia, Russia, and Peru. The process involves obtaining raw materials such as gold, silver, platinum, and gemstones from these mines. The cost of extraction is influenced by the location and availability of resources, as well as the methods used, which vary depending on factors like depth, accessibility, and mineral content. Additionally, environmental concerns and labour conditions are significant factors, with the jewellery industry placing greater emphasis on ethical sourcing practices.

- **Refining and Processing**
  Once extracted, raw materials are refined to eliminate impurities and achieve the required purity for use in jewellery. Refining metals involves specialised facilities and techniques to ensure consistent quality. For gemstones, the processing includes cutting, shaping, and polishing to enhance their colour, clarity, and brilliance. This step improves the visual appeal and market value of the stones. The refining process is crucial, as high-quality, well-processed materials result in durable and aesthetically pleasing jewellery pieces.

- **Design and Prototyping**
  Jewellery design blends creativity with technical skill. Designers either sketch their ideas or use computer-aided design (CAD) software to visualise each piece. The designs must balance both aesthetic appeal and practicality, ensuring the jewellery is comfortable to wear and durable. Prototyping, often done with a model or sample, lets designers evaluate their ideas and adjust before full production begins. This stage is crucial for producing pieces that reflect current trends and meet customer preferences.

- **Manufacturing and Production**
  At this stage, jewellery is produced on a larger scale. Skilled artisans or machinery work with the finalised designs to shape metals, set gemstones, and assemble each piece. Depending on the complexity and desired quality, both traditional techniques (such as handcrafting) and modern methods (like 3D printing) may be employed. Quality control is essential to ensure that every piece meets the brand's standards. In luxury jewellery, artisanry is especially prized, as fine detailing can increase the item's value.

- **Distribution and Retail**
  In the jewellery value chain, distribution and retail are crucial stages that connect production to final sales. After production, jewellery is distributed through wholesalers who buy in bulk from manufacturers and supply retailers. This phase involves secure logistics to manage high-value items, which affects inventory management and customer satisfaction by ensuring retailers have sufficient stock. Retailers, whether through physical stores or online platforms, then sell the jewellery directly to consumers. They use marketing strategies that emphasise the product's appeal and brand values, such as luxury or sustainability. Personalised services like custom fittings, engraving, and resizing further enhance customer satisfaction and promote brand loyalty, as customers often associate the quality of service with the jewellery's overall value.

- **After-sales Service and Recycling**
  High-quality after-sales services, such as cleaning, repairs, and maintenance, play a vital role in extending the life of jewellery while fostering customer trust and loyalty. These services address post-purchase issues like resizing or replacing stones, further enhancing customer satisfaction. Recycling has also gained significance in the jewellery industry, with many brands offering buy-back or recycling programs. These initiatives allow companies to refurbish old pieces and reuse valuable metals and gemstones, promoting environmental sustainability and resource efficiency.

32

3.8 Gold Processing in India vs China

Gold Mining

In CY22, China was the largest producer in the world with 10.3% of total global production, which amounted to 3,627.7 tonnes. During CY23, the gold mining in the country was recorded at 375 tonnes. The value of gold mining in China grew at a CAGR of about 9.1% from USD 16,458 million in CY19 to USD 23,300 million in CY23.

Whereas gold mining in India has been low due to factors such as lack of investments, closure of mines, regulatory challenges and poor infrastructure. The mining in India recorded only 0.8 tonnes in CY23 with a value of USD 48 million. It is projected to increase its mining volumes to 1.3 tonnes in CY24.

Table 5: Gold Mining in China and India

Particulars	CY19		CY23		CY24F	
	Volumes (Tonnes)	Value (USD Million)	Volumes (Tonnes)	Value (USD Million)	Volumes (Tonnes)	Value (USD Million)
China	380	16,458	375	23,300	401	28,090
India	1.7	79	0.8	48	1.3	90

Source: Maia Research, CareEdge Research

Gold Ore Concentrate

The scale of gold ore concentrates (including production and import volumes) in china has been growing steadily over the period CY19 to CY23 and recorded a total of 78,00,000 tonnes in CY23. The value of these ore concentrates in China region has increased swiftly by 9.7% CAGR during the same period. Further, the volumes and value are estimated to grow by around 8% and 16% respectively in CY24 for China.

The scale of gold ore concentrate in the Indian market has witnessed a notable growth in recent years. Moreover, the reserves with the central bank have been rising in recent times as the RBI is driving the gold purchases in the current year 2024. The Hutti Gold Mine, located in Karnataka, is one of the primary and significant producers of gold ore concentrate in India. This mine has a higher grade of ore and is responsible for producing more output in the country. Additionally, Birla Copper's smelter in Gujarat is also involved in producing gold as a by-product of domestic copper production. Alongside, the government is striving to promote domestic availability of critical minerals, including gold. As a result, the production activities of gold ore have increased in India both in terms of volume and value.

Table 6: Gold Ore Concentrate in India and China

Particulars	CY19		CY23		CY24F	
	Volumes (Tonnes)	Value (USD Million)	Volumes (Tonnes)	Value (USD Million)	Volumes (Tonnes)	Value (USD Million)
China	78,00,000	13,948	78,00,000	20,179	84,00,000	23,445
India	46,900	83	31,826	164	50,008	313

Source: Maia Research, CareEdge Research
Note: Gold ore concentrate includes both production and import volumes

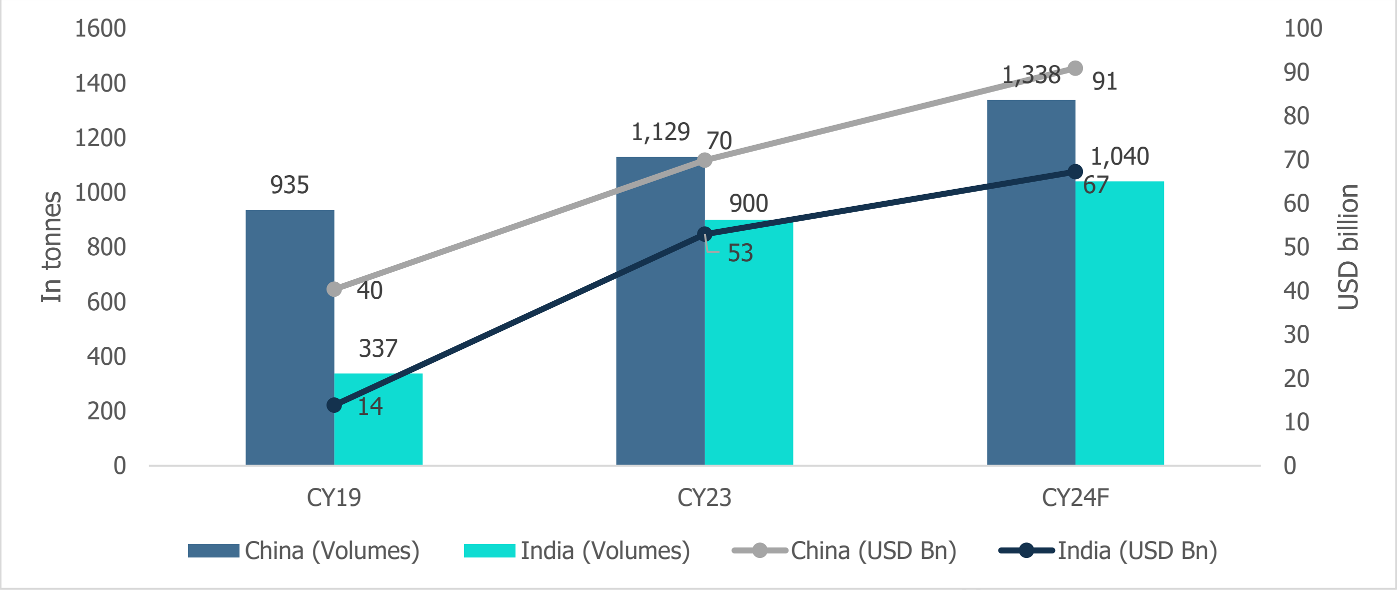
Gold Refining

The refining of gold in China has witnessed a CAGR of around 5% during the period of CY19 to CY23. It rose from 935 tonnes in 2019 to 1,129 tonnes in 2023. On the other hand, the volumes of gold refining in India have significantly increased with a CAGR of around 28% from 337 tonnes in 2019 to 900 tonnes in CY23.

Impact of Interest Rates, Geopolitical

33

Chart 25: Gold Refining in India and China

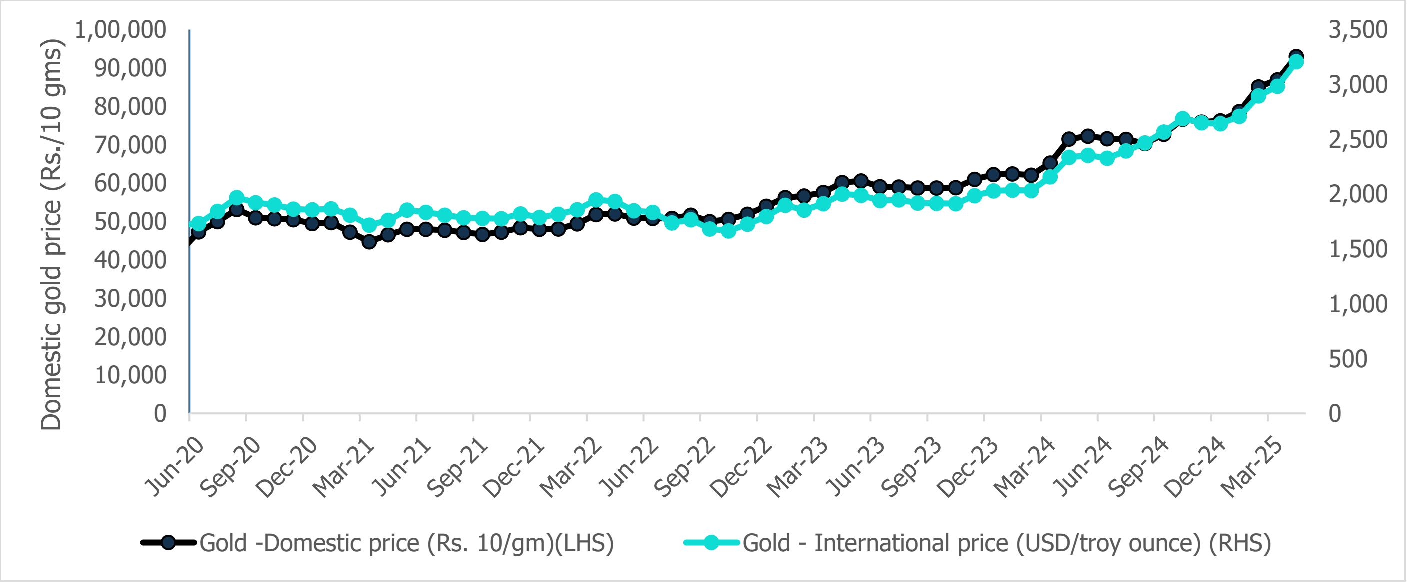


Source: Maia Research, CareEdge Research

3.9 Tensions on Gold Prices

Gold jewellery accounts for a major share of overall jewellery consumption in India. However, the demand for gold, particularly physical gold in the form of coins and bars, which is primarily for investment, is dependent on movements in gold prices.

Chart 26: Trend in International Gold Prices



Source: CMIE; CareEdge Research

In CY24, international gold prices exhibited a strong upward trajectory, starting at USD 2,034 per troy ounce in January and peaking at USD 2,690 in October. The domestic gold prices mirrored this trend, climbing from Rs 62,387 per 10 grams in January to Rs 76,686 by October. This surge was primarily fueled by a weakening US dollar, heightened geopolitical tensions, and expectations of monetary policy easing by the US Federal Reserve, which had already implemented rate cuts totalling 50 basis points.

34

Additionally, investors sought safety in gold amid global uncertainties, including political developments related to upcoming elections and continued instability in the Middle East. However, gold prices saw a slight decline in November and December CY24, driven by strong US labour market data and the People's Bank of China's reported pause in gold purchases.

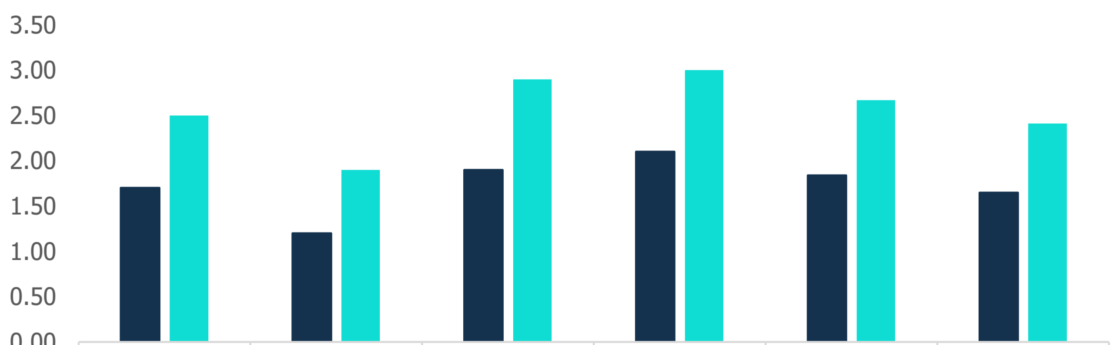
Entering CY25, gold prices resumed their upward momentum, reaching new record highs. By April 2025, international prices had risen to USD 3,208 per troy ounce, while domestic gold prices surged to Rs. 93,033 per 10 grams. This continued rally was supported by expectations of further rate cuts, persistent geopolitical risks, and sustained demand from central banks and investors amid global economic uncertainty.

3.10 Trends in Imports and Exports of Gems and Jewellery in India

3.10.1 Overview

In FY25, G&J exports reached Rs. 2.41 trillion, representing an 11.72% decline compared to the same period in FY24. The overall gross imports of Gems & Jewellery reached Rs 1.65 trillion in FY25, showing a decline of -10.09% compared to Rs 1.84 trillion for the same period the previous year.

Chart 27: Yearly Import Export Trends - Overall Gems and Jewellery



	FY20	FY21	FY22	FY23	FY24	FY25
Imports (Rs. In Trillion)	1.70	1.20	1.90	2.10	1.84	1.65
Exports (Rs. In Trillion)	2.50	1.90	2.90	3.00	2.67	2.41

Source: Gems & Jewellery Export Promotion Council (GJEPC)

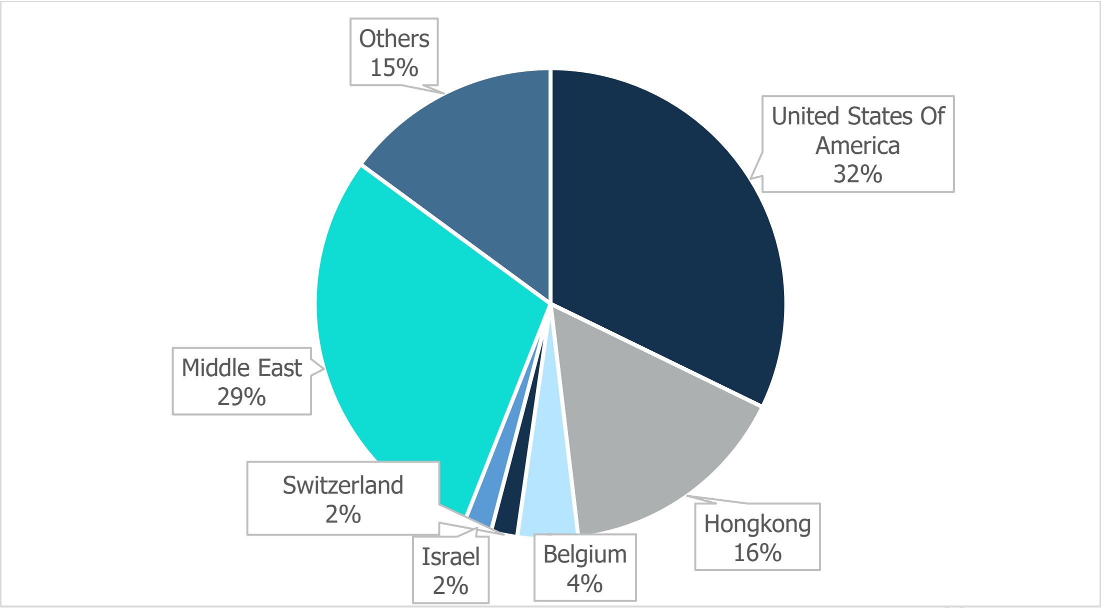
Growing Government Focus on Export Promotion

The Government of India, along with all the stakeholders of the G&J sector, is well committed to aggressively promoting exports, identifying challenges, and addressing them with necessary interventions, assisting exporters, especially SME units and exploring new markets while consolidating existing ones. With rapid growth prospects, the government of India has also declared the G&J sector as one of the focus areas for export promotion.

With such continuous government support, the superior quality of Indian manufacturers has enabled the Indian gems & jewellery trade market to penetrate markets like the USA, UAE, Hong Kong, Israel, Switzerland, and Belgium. The USA market is the largest destination for Indian gems and jewellery exports, accounting for a 30% share of India's exports in FY24.

35

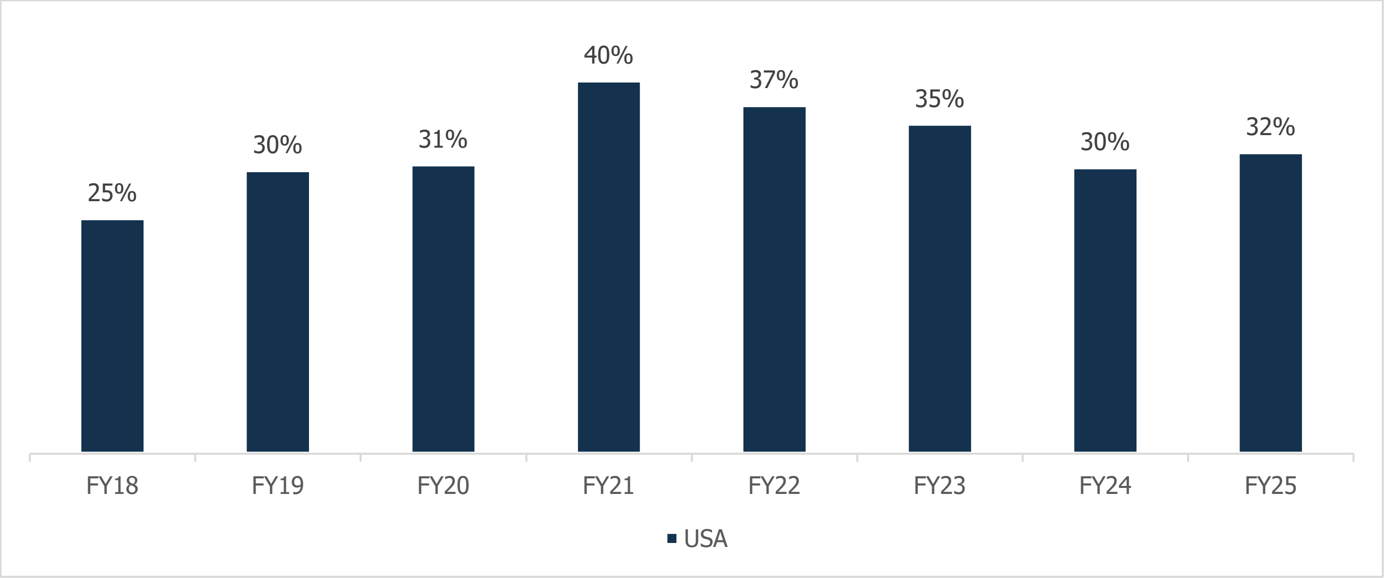
Chart 28: Country-wise Export Share in FY25 - Overall Indian Gems and Jewellery



Source: Gems & Jewellery Export Promotion Council (GJEPC)

In July 2020, Washington ended Hong Kong's preferential trade protection by raising the import duty on gems and jewellery to 7.5% from 3.3%. Further, the levy of additional tariffs on Chinese jewellery being exported to the USA has made Indian exporters more competitive. These factors benefitted India and helped it increase its penetration in the US export market. China and Hong Kong are respectively the fourth- and fifth-largest suppliers of gems and jewellery to the US after India, France, and Italy.

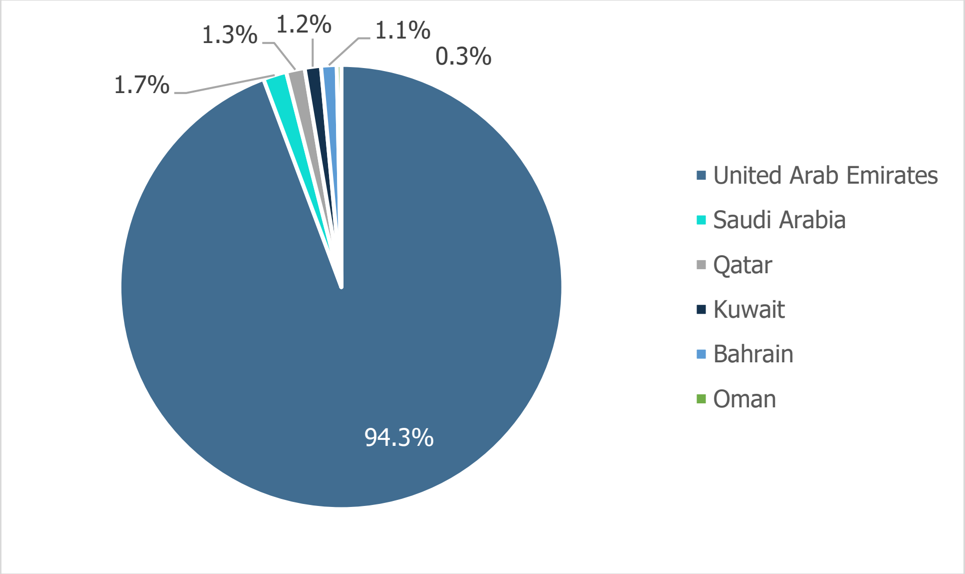
Chart 29: Trend in the Share of the US Market in Indian G&J Exports



Source: Gems & Jewellery Export Promotion Council (GJEPC), CMIE

Focus on Middle East Countries

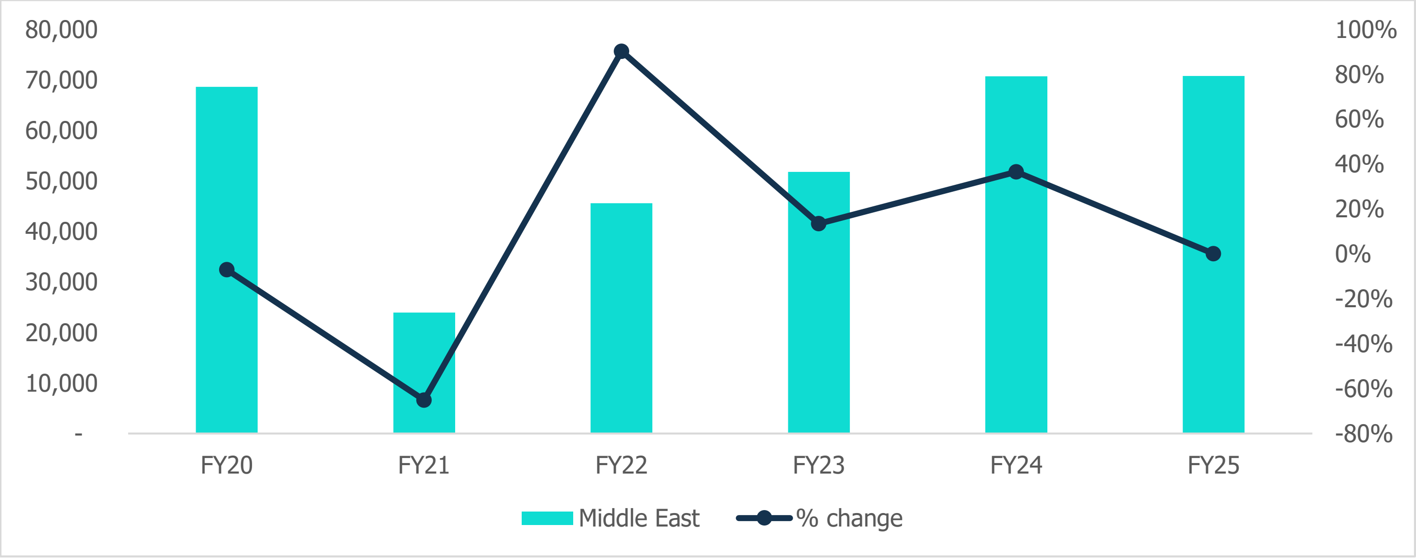
Chart 30: Share of Exports of Middle Eastern Countries-Overall Indian Gems and Jewellery in FY25



Source: Gems & Jewellery Export Promotion Council (GJEPC)

The Share of Middle Eastern countries is around 29% in the total export of the Indian gems and jewellery industry. It comes 2nd after the USA. Middle Eastern countries to which India exports consist of the United Arab Emirates (UAE), Saudi Arabia, Qatar, Kuwait, Bahrain, and Oman. But the maximum share is of the UAE with a 94% share.

Chart 31: Export Trend for Gems and Jewellery to the Middle East



Source: Gems & Jewellery Export Promotion Council (GJEPC)
Note: The Middle East countries include United Arab Emirates (UAE), Saudi Arabia, Qatar, Kuwait, Bahrain, Oman, and Jordon

The compound annual Growth Rate (CAGR) for FY20-FY24 is 0.6% for overall exports of gems and jewellery to the Middle East. As the India-UAE came into force in 2022 and hence we can see a significant increase of 90.3% y-o-y in FY22 for the gems and jewellery exports. India-UAE CEPA has contributed to an increase in the share of G&J exports to the UAE, especially in Dubai.

37

3.10.2 Product-Segment Wise Import and Export Trend

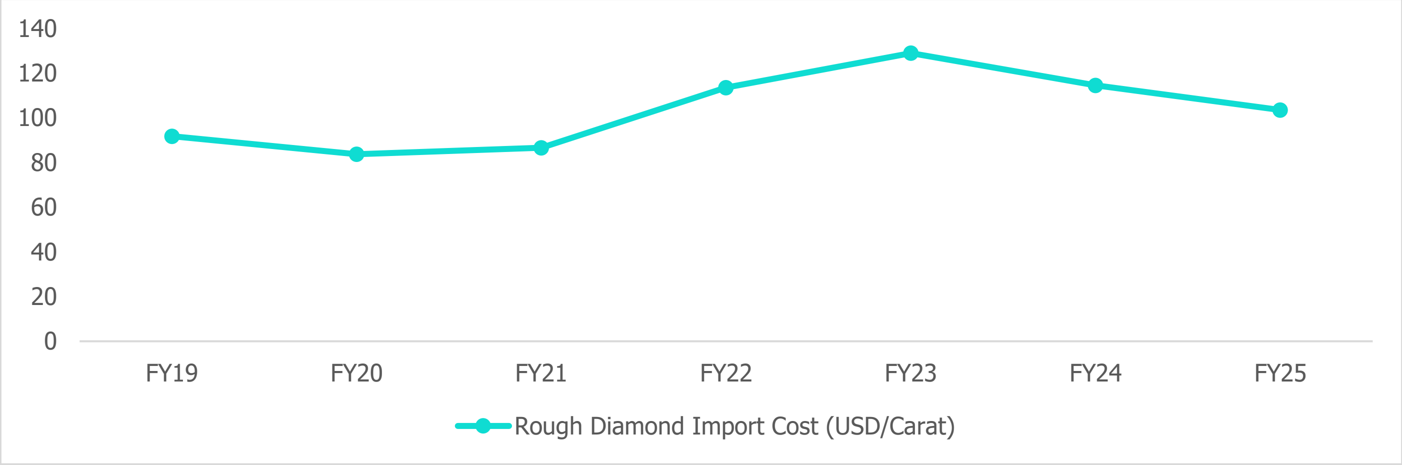
Rough Diamonds:
India is a leading importer of rough diamonds, supported by a robust diamond processing sector. In FY25, the country imported rough diamonds worth Rs. 913.5 billion, which represented 55% of the total gems and jewellery imports. This drop can be attributed in part to a two-month import ban from October to December 2023, implemented by the GJEPC to help balance supply and demand, considering decreased demand from the US and China. While polished diamond prices saw a decline, rough diamond prices remained stable, resulting in reduced demand and lower import levels. The ban was lifted in December 2023, and prices have since stabilised.

Table 7: Import Trend of Rough Diamonds

Year	Imports (Rs. In Billion)	Y-o-Y Growth (In %)	% Share in Total G&J Imports
FY20	921.6	-15.9%	53%
FY21	802.4	-12.9%	66%
FY22	1411.7	53.2%*	71%
FY23	1118.4	-20.8%	65%
FY24	1180.4	5.6%	64%
FY25	913.55	29.2%	55.4%

-* compared with pre-pandemic year FY20
Source: Gems & Jewellery Export Promotion Council (GJEPC), CareEdge Research

Chart 32: Trend in Rough Diamond Import Prices



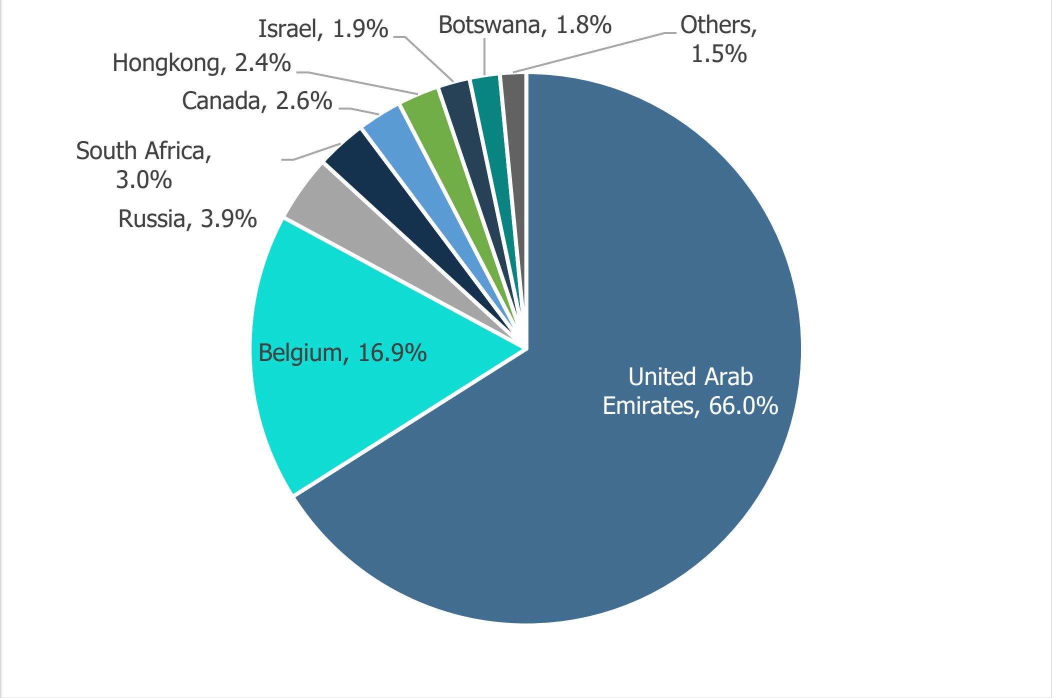
Source: Gems & Jewellery Export Promotion Council (GJEPC), CareEdge Research

Rough diamond prices have increased over the past two to three years as the ongoing Russia-Ukraine war has resulted in a decline supply of rough diamonds. The supply from Russian miner Alrosa, one of the leading suppliers of small-sized diamonds, has been impacted significantly, leading to the increasing rough diamond prices. However, the prices have corrected slightly in FY24 and continued correcting in FY25 as well, on account of weak global demand.

The United Arab Emirates (66%) had the highest share in rough diamond imports to India in FY25, followed by Belgium (16.9%), Russia(3.9%), South Africa(3%), Canada(2.6%), Hongkong(2.4%), Israel(1.9%), Botswana(1.8%) and others.

38

Chart 33: Country-Wise Share in Imports of Rough Diamond in FY25



Source: Gems & Jewellery Export Promotion Council (GJEPC)

Gold Jewellery:
The gold jewellery market holds the second-largest share of G&J exports after the cut and polished diamonds segment. In FY25, gold jewellery accounted for 39% of the total exports of G&J.

Table 8: Exports of Gold Jewellery (Rs. in billion)

Year	Exports	Y-o-Y growth
FY20	852.3	2.4%
FY21	371.1	-56.5%
FY22	687.8	-19.3%
FY23	765.9	11.4%
FY24	923.5	20.6%
FY25	949.4	2.8%

Note: *compared with pre-pandemic year FY20
Source: Gems & Jewellery Export Promotion Council (GJEPC), CareEdge Research

In FY25 gold jewellery exports increased by 2.8% y-o-y. The commissioning of the India-United Arab Emirates Comprehensive Economic Partnership Agreement (CEPA) resulted in significant growth in exports of plain gold jewellery balancing the gap in exports to key markets such as the United States of America and Hong Kong.

Further, Dubai is a key market for Indian gold jewellery exports. The 'Dubai Gold Souk,' (Traditional gold market of Dubai) where Indian jewellery from Kolkata and Mumbai is popular, makes for a substantial portion of gold sales in Dubai. Mumbai, Chennai, and Kolkata account for many gold jewellery exports. However, several exporters outsource manufacturing to Gujarat-based companies.
The India-UAE Free Trade Agreement (FTA) signed on 18th February 2022 and effective from 1st May 2022, is expected to raise India's gold jewellery exports, create jobs, and provide chances for skill development in the jewellery manufacturing and supply chain. The FTA between the two nations will encourage the establishment of a more organized

39

wholesale of Indian-made gold jewellery. This breakthrough will make Indian-made jewellery even more appealing to UAE customers (residents and tourists).

Imports of Raw Gold:
After China, India is the world's second-largest gold consumer. India imports unwrought gold in the form of bars, gold plated with platinum or in semi-manufactured forms, and gold powder. Imports are mostly used to meet the demand of the domestic jewellery business. The demand for gold is expected to register a further increase on account of the festive and marriage seasons.

Table 9: Imports of Raw Gold

Year	Gold Imports (Rs. In Billion)	Y-o-Y Growth (%)	Gold Imports (In Kgs)	Y-o-Y Growth (%)
FY20	1,992.4	-13.2%	7,19,930	-26.7%
FY21	2,542.8	27.6%	6,51,240	-9.5%
FY22	3,440.9	35.3%	8,79,010	35.0%
FY23	2,804.8	-18.5%	6,78,300	-22.8%
FY24	3,772.5	34.5%	7,95,240	17.2%
9MFY24	2,976	31.8%	6,22,350.00	11.7%
9MFY25	4,074	36.9%	6,39,380.00	2.7%

Source: CMIE, CareEdge Research

The import duty on gold and silver findings and coins of precious metals had increased to 15% from 10% from January 2024. This includes Basic Custom Duty (BCD) of 10% and 5% of AIDC (Agriculture Infrastructure Development Cess). Findings are items like hooks, clips, pins, screws, etc., which are components of jewellery making.

From June 2024, the Directorate General of Foreign Trade (DGFT) has brought gold jewellery studded with pearls, diamonds, and precious & semi-precious stones in the 'restricted' category from 'free' with immediate effect, which means their import will require a government permit. These restrictions have been imposed as the imports from Indonesia under the India-ASEAN free trade agreement had surged, and some articles of gold were coming duty-free and being melted in India to make jewellery. UAE is, however, exempted from these restrictions as per the India-UAE CEPA. However, in July 2024, the Finance Minister of India announced that the Customs Duty on precious metals like gold and silver will be reduced from 15% to 6% and for platinum, it will be reduced from 15.4% to 6.4%.

Domestic gold imports reached Rs. 3,772.5 billion in FY24 as compared to Rs. 2,804.8 billion in FY23 and reached Rs. 4,074 billion in 9MFY25 as compared to Rs. 2,976 billion in 9MFY24. During FY24 the imports of gold imports in India saw a rise of 34.5% y-o-y in value terms, whereas a rise of 17.2% y-o-y was seen in volume terms.

3.11 Outlook for the Gems & Jewellery Industry in India

The gems & jewellery industry's performance has been weak in the first quarter of CY25. However, the demand is expected to improve in the coming months, led by purchasing during the festivals. The demand is expected to further revive in subsequent years, driven by the moderation of inflation and alleviation of global geopolitical issues. Also, the domestic growth is likely to be driven by resilience in demand, particularly during the festive and wedding seasons and expansion by organised jewellery retailers across pan-India.

Diamonds Segment:

India is the world's largest centre for cutting and polishing diamonds, with most players concentrated in the three cities of Gujarat, Surat and Navsari. With a global share of more than 90% in the processing of rough diamonds, Cut & Polished

40

Diamonds (CPD) accounted for 47% of the overall gems and jewellery exports from India. The CPD industry caters to demand from the US, Hong Kong, and the Middle East.

Majorly, India imports rough diamonds and exports cut and polished diamonds. The import prices per carat have been increasing, putting pressure on imports since FY21. On the other hand, the volume of exports has significantly reduced. This situation has resulted in an imbalance of demand and supply, making the demand outlook of the diamond industry negative.

In markets such as the US, diamonds are considered fashionable jewellery affordable to youngsters, which augurs well for the Indian market. The increasing acceptance in markets such as the UK and Australia would further support the demand.

The government has identified lab-grown diamonds (LGD) as an emerging sector. The India-UAE CEPA will further boost the growth of this industry. For instance, Finance Minister Nirmala Sitharaman, in the Budget 2023-24, announced a reduction in basic customs duty on seed used to manufacture LGD from 5% to NIL. This move was made to focus on the LGD exports from India due to depleting natural diamond reserves. Further, in the Budget 2024-25, the finance minister has announced that safe harbour rates for foreign mining companies selling raw diamonds in the country will be provided. Safe harbour rate will help promote the diamond industry and increase demand both domestically and internationally. The prices for rough diamonds may go down, which in turn will increase the demand for 'Cut and Polished Diamonds'

Furthermore, LGD exports are expected to be driven by the growing use of such diamonds in various end-use industries, rising synthetic diamond trade, and environmentally friendly manufacturing of such diamonds. LGDs are now categorised as a separate, more affordable commodity, and their demand is expected to grow due to increased supply and technological advancement.

The U.S. has imposed steep tariffs (27%-34%) on Indian gems and jewellery, significantly increasing the cost of Indian exports in the U.S. market. It is a major challenge for India's gems and jewellery sector, as it could reduce export earnings, lead to job losses, and weaken India's position in the global market While the immediate impact will be challenging, businesses and policymakers must focus on trade diversification, supply chain realignment, and cost optimization to sustain India's leadership in the global gems and jewellery market.

The cut and polished diamond export volumes have moderated in FY24 and continued the same trend during FY25. In the short term, sanctions on Russia, rising inflation, and weakening global demand due to economic slowdown concerns will likely continue to affect Indian exports. However, in the long term, the segment is expected to witness healthy demand. The overall share of LGDs remains low within the diamond industry, and declining exports alongside price corrections pose significant challenges, putting the sector in a difficult position.

Gold Jewellery Segment:

The demand for gold jewellery in India is predominantly driven by the domestic market, with weddings and festivals being the key contributors. Bridal jewellery accounts for more than half of the market share. Economic growth, wage increases, and wealth distribution will significantly impact long-term demand for gold jewellery.

In rural areas, gold demand typically increases post-harvest, especially after the Kharif crop season from September to November. Festivals like Diwali and Akshaya Tritiya are also major drivers, with 40-60 tonnes of gold sold during these periods alone. The growth of organised jewellery retailers and sustained demand are expected to drive moderate growth in the medium term. Additionally, India remains a key exporter of gold jewellery, with the Comprehensive Economic Partnership Agreement (CEPA) allowing 90% of Indian jewellery to enter the UAE duty-free, boosting international trade.

41

However, rising gold prices, inflation in food and fuel, and a weakening rupee are likely to impact consumer spending, particularly on discretionary purchases. Gold prices reached an all-time high of USD 2,690 per troy ounce, in CY24 and remains close to it, reaching around USD 3,208 per troy ounce in April 2025, which, combined with a weaker rupee, could make gold more expensive and reduce demand, especially in rural areas where demand is sensitive to crop performance.

The gold jewellery sector faces challenges from high gold prices. Wedding purchases have been subdued, with many consumers opting to exchange old gold instead of making new purchases. As gold prices surged, some consumers sold their old gold for profit, contributing to a slowdown in demand. This has resulted in a liquidity crunch among retailers, making them reluctant to restock.

The Union Budget kept the import duty on gold at 6% but reduced the customs tariff on gold jewellery from 25% to 20%, a move that is unlikely to significantly impact domestic production, as jewellery imports are limited to high-end, low-carat products. New tariff lines for precious metals were introduced to address disruptions in gold imports in forms like platinum alloy and gold paste.

Despite challenges in the jewellery segment, investment demand for gold remains strong, with continued interest in gold bars and coins as prices rise. Looking ahead, jewellery demand is expected to stay muted in the short term due to high prices and economic pressures, but price stabilisation could improve demand in the upcoming fiscal year.

In the long term, the gold jewellery industry remains stable, driven by robust export growth, sustained retail demand during festival periods, and a strong investment appetite for gold. However, short-term challenges like high gold prices and inflation may continue to impact consumer demand.

42

4 Gold Jewellery Wholesale Market in India

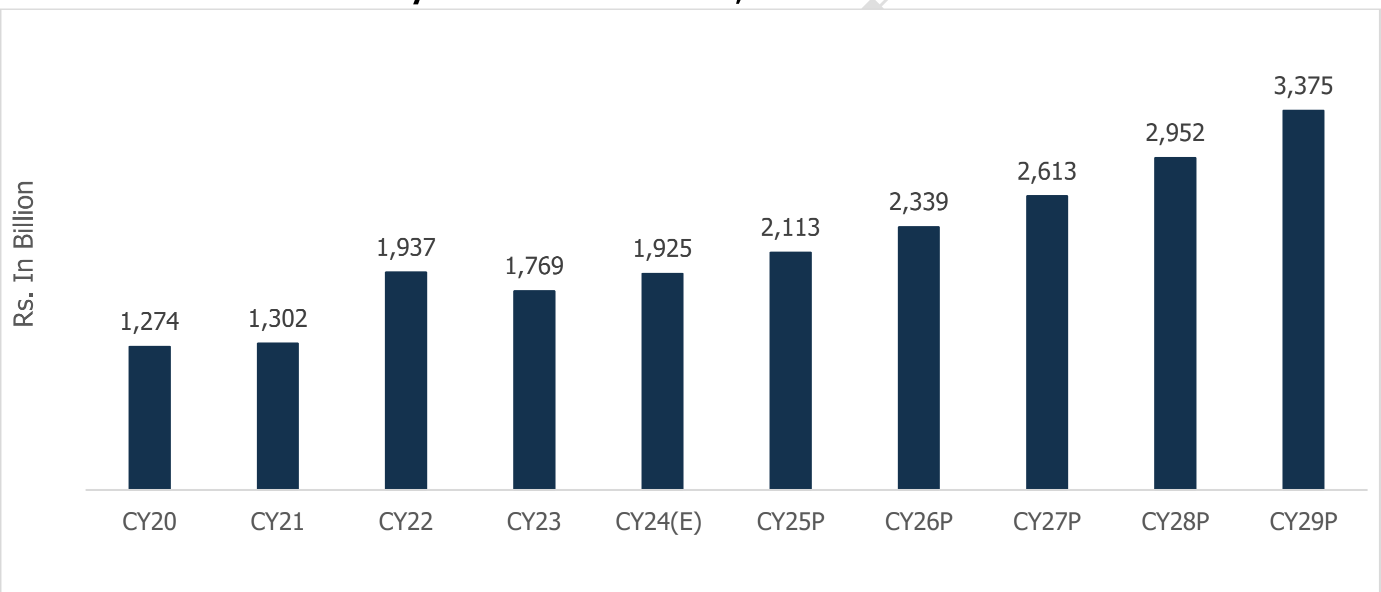
4.1 Indian Gold Jewellery Wholesale Market Size

India has one of the world's largest wholesale markets for gold jewellery. This market growth is driven by deep cultural significance and high consumer demand. It is made up of many small- and medium-sized enterprises (SMEs) as well as large players, and key hubs include Mumbai, Surat, and Chennai. These hubs are where goldsmiths and wholesalers operate extensive networks of artisans and retailers.

The growth of the wholesale gold jewellery market is closely tied to the expansion of retail jewelers across India. As organised retail continues to spread into tier 2 and 3 cities, particularly with the rise of branded jewellery stores, there is a growing demand for wholesalers to supply these outlets. Rapid urbanization and increasing disposable incomes further contribute to the wholesale market's growth, as the demand for gold jewellery increases in both traditional and contemporary designs. Additionally, wholesalers benefit from supplying customized and bulk orders to retailers, leveraging economies of scale to offer competitive pricing. However, there are challenges, such as fluctuating gold prices, regulatory changes, and a shift in consumer preference towards lighter and more contemporary designs.

Digitalization and e-commerce are changing the wholesale market, making prices more transparent and increasing its reach. Moreover, demand for traditional, handcrafted gold jewellery increases during festivals and weddings, further driving the market.

Chart 34: Indian Gold Jewellery Wholesale Market Size, CY20–CY29P



Source: IMARC Group, CareEdge Research Analysis

In CY24, the wholesale gold jewellery market reached a value of Rs. 1,925 billion, representing a CAGR of 10.9% from CY20 to CY24.

The strong domestic demand is one of the key factors propelling the growth of the wholesale gold jewellery market in India. Gold jewellery holds deep cultural and traditional significance in Indian society, ensuring consistent year-round demand across the country. Wholesalers play a critical role in meeting the surge in demand for gold jewellery during festivals, weddings, and other significant occasions by supplying inventory to retailers and local jewellers. The constant need for retailers to restock inventory to cater to consumer demand continues to drive the wholesale sector’s growth.

India is also a prominent global exporter of gold jewellery. The wholesale segment benefits significantly from strong international demand, especially from countries such as the United States, the United Arab Emirates, and the United

43

Kingdom, which have large Indian diaspora populations. The appeal of both traditional handcrafted and modern Indian gold jewellery in these markets boosts export-driven sales for wholesalers. According to the Gem and Jewellery Export Promotion Council (GJEPC), India exported over USD 9.6 billion worth of gold jewellery in FY24, underlining the scale and importance of exports to the sector's growth.

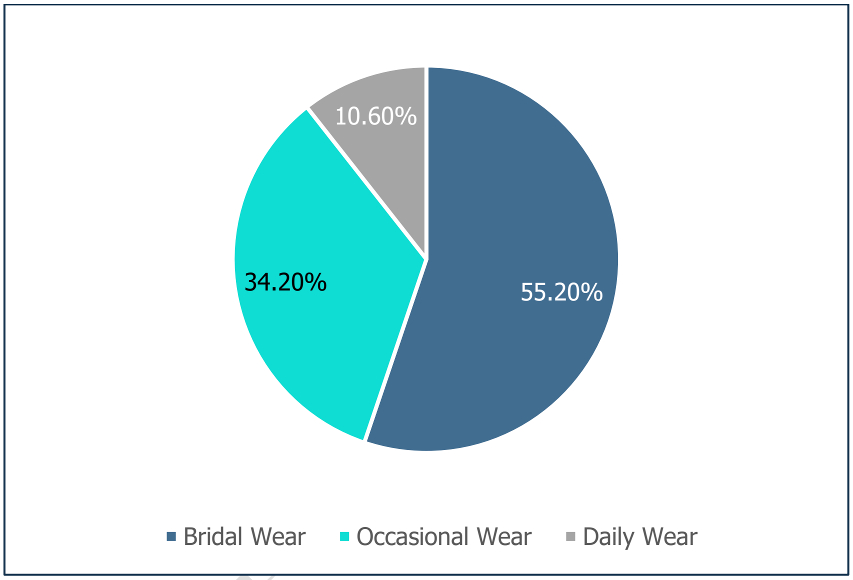
Looking forward, the market in this segment is expected to reach a value of Rs. 3,375 billion by CY29P, exhibiting a CAGR of 12.4% from CY25P to CY29P. Economies of scale remain a crucial driver for wholesale operations. By purchasing gold in bulk, wholesalers can negotiate better rates with suppliers and lower making charges, significantly reducing the per-unit cost of production. These cost advantages allow wholesalers to offer competitive pricing to retailers and jewellers, thereby supporting higher purchase volumes and fuelling further market expansion. The ability to offer affordable pricing becomes especially valuable in India's highly price-sensitive gold jewellery market.

To cater to diverse consumer preferences, wholesalers offer a wide range of gold jewellery designs and styles, including bridal jewellery, everyday wear, traditional ornaments, and contemporary pieces. Retailers looking to curate comprehensive collections for their customers are drawn to wholesalers that provide such variety at scale. This diverse product portfolio continues to be a key factor supporting the growth and competitiveness of the wholesale gold jewellery market in India.

4.2 Indian Wholesale Gold Jewellery Market Breakup by Wearing

The Indian wholesale jewellery market is segmented based on the type of wear, which includes bridal wear, occasional wear, and daily wear.

Chart 35: Indian Wholesale Gold Jewellery Market Breakup by Wearing (in %), CY24



Source: IMARC Group, CareEdge Research Analysis

- **Bridal Wear**

The Indian bridal jewellery market is a dominant segment, driven by cultural traditions and the significance of weddings. Bridal jewellery typically features heavy, ornate designs using gold, diamonds, Kundan, and Polki. This segment sees the highest demand in regions like North and South India, particularly during the wedding season. In CY24, the distribution of wedding expenditures in India highlights the significant allocation of funds across various categories. Jewellery holds a vital place in Indian weddings, with 23–25% of expenditures dedicated to it, reflecting its deep cultural and symbolic significance. Key trends include an increase in destination weddings and a preference for heritage designs, which continues to make bridal jewellery a crucial part of the wholesale jewellery market in India.

44

- **Occasional Wear**

The occasional wear segment in the Indian jewellery market caters to festivals, family functions, and special events. This segment is characterised by demand for semi-precious stones, contemporary designs, and versatile pieces that balance tradition with modern aesthetics. Cities like Mumbai, Delhi, and Bangalore drive significant sales during festive seasons, particularly Diwali. The market is evolving with younger consumers preferring lightweight and affordable options, making occasional wear a growing area in the wholesale jewellery sector.

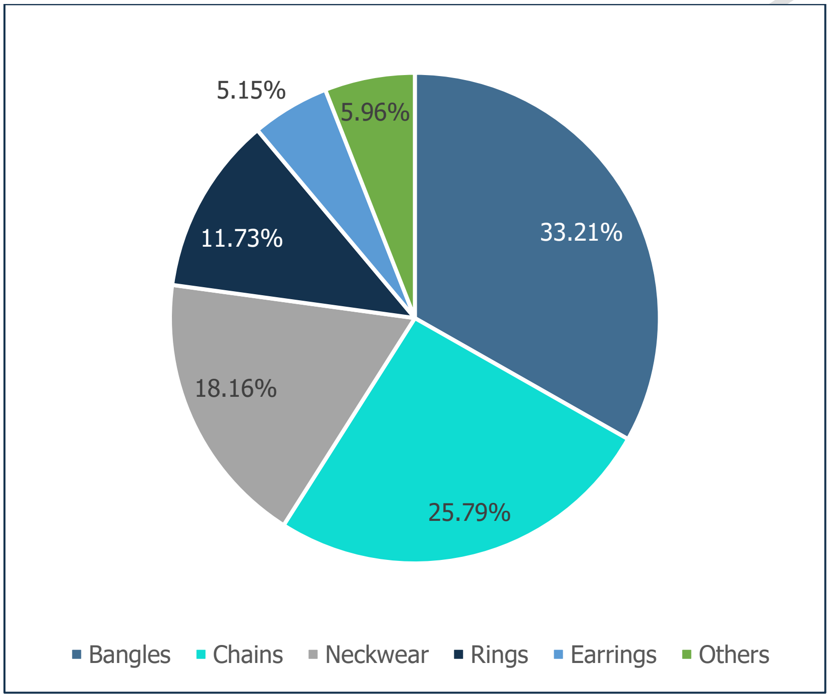
- **Daily Wear**

Daily wear jewellery in India is gaining traction, particularly in urban and semi-urban areas. This segment focuses on minimalistic, lightweight, and durable designs suitable for everyday use, such as simple gold chains, rings, and earrings. With the rise of working professionals, there is a steady demand for affordable yet stylish pieces. Regions like Maharashtra, Gujarat, and West Bengal show consistent demand due to their large urban populations and high concentration of working professionals. Maharashtra, particularly Mumbai, is a major economic hub with a diverse workforce. Gujarat, with its thriving business community and growing urbanisation, has a significant market for daily wear jewellery. West Bengal, especially Kolkata, has a rich cultural heritage and a substantial population that contributes to the steady demand for daily wear pieces. Though smaller than bridal or occasional wear, the daily wear segment is a growing component of the wholesale jewellery market.

4.3 Indian Wholesale Gold Jewellery Market Breakup by Product Type

The Indian wholesale jewellery market is segmented based on product type, which includes neckwear, rings, earrings, chains, and bangles/bracelets.

Chart 36: Indian Wholesale Gold Jewellery Market Breakup by Wearing (in %), CY24



Source: IMARC Group, CareEdge Research Analysis

- **Neck Wear**

The neck wear segment, including necklaces, chokers, and pendants, is a cornerstone of the Indian wholesale jewellery market. It is highly diverse, with demand ranging from heavy, ornate designs in gold and diamonds for weddings to lightweight, everyday wear pieces. Traditional styles like Kundan and Temple jewellery remain popular, especially in South India. The segment sees peak demand during the wedding and festive seasons, with a growing trend towards customizable designs that blend traditional motifs with modern aesthetics.

- **Rings**

Rings are a versatile and highly popular product in the Indian wholesale jewellery market. This segment includes everything from elaborate bridal rings, often adorned with diamonds and precious stones, to simple, everyday gold bands. Engagement rings are a significant driver, with a strong preference for solitaire diamonds. Rings also serve as popular gifting options during festivals and special occasions. The demand for innovative designs, including stackable and multi-finger rings, is on the rise, particularly among younger consumers.

- **Earrings**

Earrings are a key segment in the Indian jewellery market, catering to various occasions, from daily wear to weddings. The range includes studs, hoops, jhumkas, and chandbalis, with gold and diamonds being the most sought-after materials. Demand for lightweight and versatile designs is growing, especially among urban consumers. Earrings are also a popular gifting choice, driving consistent sales throughout the year. Regions like Maharashtra and Gujarat show strong demand for both traditional and contemporary styles, making this segment a staple in the wholesale market.

- **Chains**

Chains are a fundamental part of the Indian wholesale jewellery market, favored for their simplicity and versatility. Gold chains dominate this segment, available in a variety of styles such as plain, beaded, and rope designs. Chains are popular as everyday wear, particularly among men and working professionals. They also serve as a common gifting item, especially during festivals and family occasions. The market for lightweight and durable chains is expanding, with increasing demand from urban and semi-urban areas.

- **Bangles/Bracelets**

The bangles and bracelets is the largest market segment. Bangles and bracelets hold a special place in Indian jewellery, symbolizing tradition and elegance. This segment includes a wide range of products, from heavy, ornate bridal bangles to sleek, contemporary bracelets. Gold bangles are particularly popular in South India, while diamond-studded bracelets are gaining traction among younger consumers. The demand peaks during wedding seasons and festivals like Diwali and Raksha Bandhan. The trend towards mixing traditional designs with modern styles is driving innovation in this segment within the wholesale market.

4.4 India Wholesale Gold Jewellery Market by Manufacturers

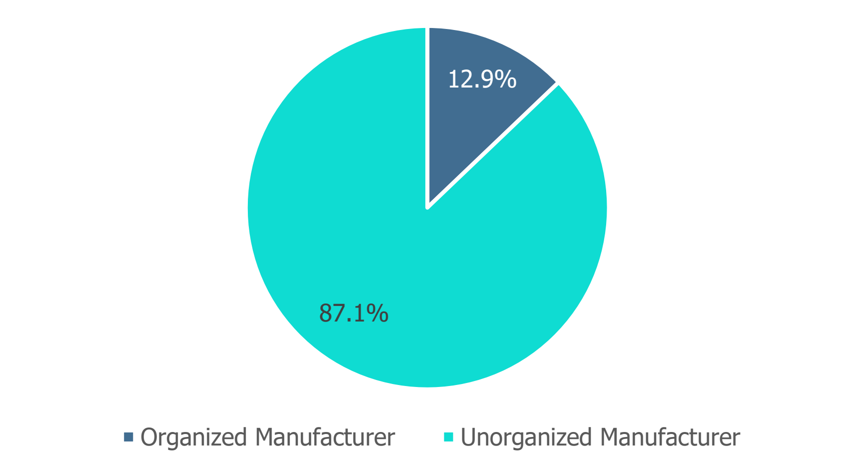
India's wholesale gold jewelry market is split between organized and unorganized sectors. The unorganized sector dominates, comprising numerous small manufacturers and artisans across regions like Mumbai, Jaipur, and Kolkata. These players often rely on traditional methods, producing intricate, handcrafted jewelry that caters to regional preferences. They have deep-rooted networks with local retailers, but face challenges such as limited access to capital and exposure to price volatility.

In contrast, the organized sector, though smaller, is growing rapidly, led by established brands like Kalyan Jewellers, Malabar Gold & Diamonds and Joyalukkas, and Titan’s Tanishq. Market formalisation, driven by factors such as compulsory hallmarking, GST compliance, and consumer demand for transparency, has adversely impacted unorganized retailers, leading to market consolidation. Key players in the organized sector have seized this opportunity by expanding their retail footprints both domestically and internationally. For instance, from FY22 to FY25, Titan opened more than 350 new retail stores, Senco Gold added ~32 stores, and Kalyan Jewellers established ~93 new outlets. Moreover, P. N. Gadgil Jewellers Limited has also been expanding aggressively, operating 53 stores as of Q4 FY25 (41 company-owned and 12 franchise-operated, including one in the U.S.). As a result, the penetration of organized jewellery retailers has

46

significantly improved between CY20 and CY24. Looking ahead, leading brands are poised to solidify their dominance further. They plan to add an estimated 400-440 new retail outlets across domestic and global markets in the near to mid term. Initiatives like hallmarking, GST compliance, and traceability have adversely impacted unorganized retailers, driving market consolidation.

Chart 37: India: Wholesale Gold Jewellery Market: Breakup by Manufacturing Type (in %), CY24



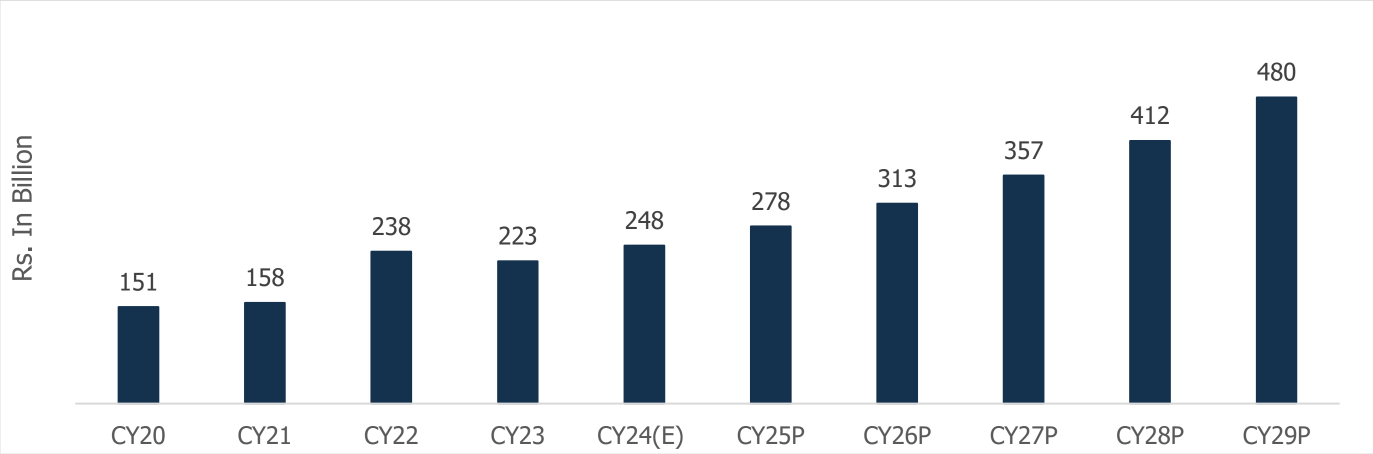
Source: IMARC Group, CareEdge Research

In CY24, unorganised manufacturers represented the largest manufacturing type in India, accounting for a share of 87.1% of the total market. Unorganised manufacturers were followed by organised manufacturers (12.9%).

Organised Manufacturers

The organised wholesale gold jewellery market in India is dominated by large players, such as organised jewellery chains, branded jewellery manufacturers, and distributors. These entities often have multiple outlets across major cities and leverage economies of scale in procurement, manufacturing, and distribution.

Chart 38: India: Wholesale Gold Jewellery Market (Organised Manufacturers): Sales Value (in Rs. Billion), CY20–CY29P



Source: IMARC Group, CareEdge Research Analysis

In CY24, organised manufacturers accounted for 12.9% of the wholesale gold jewellery market in India, reaching a value of Rs. 248 billion, and growing at a CAGR of 13.2% from CY20 to CY24. This growth is primarily driven by the ongoing shift from the unorganised to the organised sector, supported by structural changes in the regulatory and business environment rather than organic demand alone.

47

A key factor driving this transition is the implementation of the Goods and Services Tax (GST), which has brought increased transparency and accountability to the jewellery industry. Organised players also benefit from economies of scale, improved access to institutional financing, and efficient supply chains, enabling them to offer competitive pricing and a diverse product portfolio. Moreover, there is a noticeable consumer preference emerging in favour of branded and certified gold jewellery, driven by rising awareness of product quality, authenticity, and design innovation.

In response, organised wholesale players are increasingly offering branded collections that emphasise quality craftsmanship, hallmarking, and contemporary aesthetics, aligning with evolving customer expectations.

Looking ahead, the market in this segment is projected to reach a value of Rs. 480 billion by CY29P, exhibiting a CAGR of 14.7% from CY25P to CY29P. Changing consumer tastes, particularly among urban and younger demographics, are being shaped by global trends in jewellery fashion and design. Organised wholesalers are actively incorporating international styles into their offerings to appeal to fashion-forward buyers.

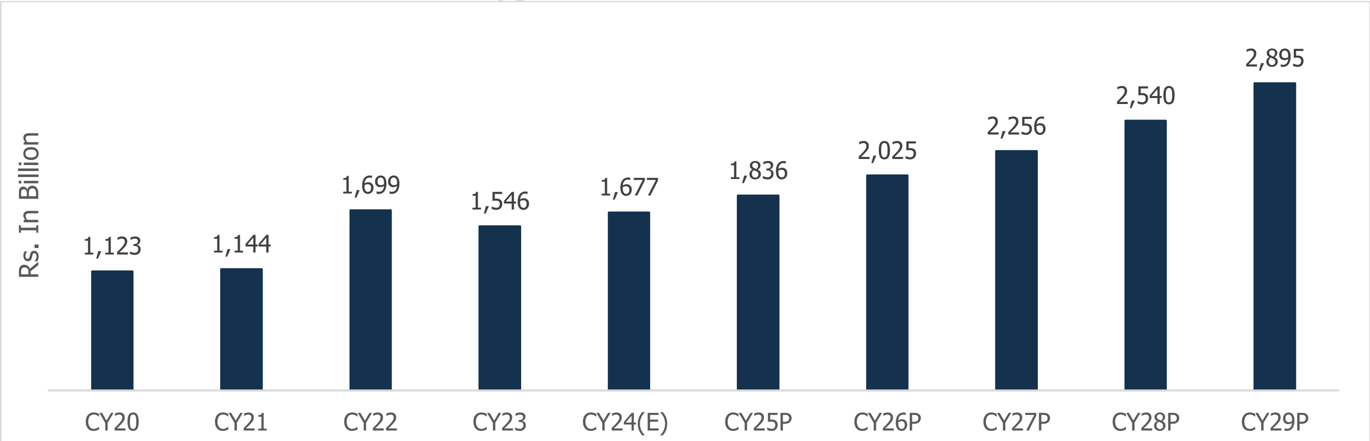
Seasonal and cultural factors such as festivals, weddings, and auspicious events continue to drive a significant share of demand. Organised wholesale players are capitalising on these occasions through exclusive festive collections, promotional offers, and targeted marketing campaigns.

To stay competitive in the evolving landscape, organised wholesale gold jewellers are focusing on innovation across design, marketing, and customer engagement. This includes collaborations with renowned designers, the launch of thematic and seasonal collections, and the adoption of digital marketing and B2B e-commerce platforms to enhance reach and drive sustained growth over the forecast period.

Unorganised Manufacturers

The unorganised wholesale gold jewellery market in India plays a significant role, especially in rural areas and smaller towns. This market is characterised by local artisans, small-scale jewellers, and traditional business practices, often lacking formal documentation and standardisation. It offers a wide variety of designs and customisation at competitive prices, catering to diverse consumer preferences. However, challenges include inconsistent quality, lack of transparency, and limited access to modern technology. Despite government efforts to formalise the sector, the unorganised market remains a vital part of India's gold jewellery industry.

Chart 39: India: Wholesale Gold Jewellery Market (Unorganised Manufacturers): Sales Value (in Rs. Billion), CY20–CY29P



Source: IMARC Group, CareEdge Research Analysis

In CY24, unorganised manufacturers represented 87.1% of the wholesale gold jewellery market in India. The market reached a value of Rs 1,677 billion in CY24, growing at a CAGR of 10.5% from CY20 to CY24.

48

A key driver of this growth is consumer price sensitivity. The unorganised sector often offers jewellery at lower prices compared to organised retailers, partly because they can sell without issuing tax bills. This pricing advantage increases accessibility, particularly in rural and semi-urban areas. Moreover, the unorganised sector excels in customisation, allowing customers to create personalised pieces tailored to their preferences, including design, metal choice, gemstones, and budget considerations.

Small-scale jewellers in the unorganised sector effectively cater to local market preferences and individual customer needs, addressing niche demands that larger retailers often overlook. Many consumers prefer these local jewellers due to the trusted relationships and personalised service they provide, which often exceed the benefits offered by larger, more impersonal stores.

Looking ahead, the market in this segment is expected to reach a value of Rs 2,895 billion by calendar year 2029 (CY29P), reflecting a CAGR of 12.1% from CY25P to CY29P. In the unorganised sector, jewellers frequently offer informal credit facilities and flexible payment options, which are particularly appealing for significant purchases like wedding jewellery. The widespread physical presence of unorganised retailers, especially in smaller towns and rural areas where organised retail chains are less common, is expected to drive further market expansion.

Different regions in India have unique jewellery preferences concerning styles, designs, and materials. The unorganised wholesale gold jewellery market specialises in providing customised products that meet these regional tastes. Additionally, the sector's adoption of technology, such as digital payment systems and online platforms, enhances accessibility and expands market reach beyond traditional retail channels, facilitating convenient transactions and improving customer interaction.

4.5 SWOT Analysis of Organised Jewellers in India

Strengths	Weaknesses
Brand Recognition: Established brands like Tanishq, Kalyan Jewellers, and Malabar Gold & Diamonds enjoy strong brand loyalty and trust among consumers. Quality Assurance: Organised jewellers offer certified products, ensuring purity and quality, which builds customer confidence. Wide Distribution Network: Extensive retail presence across urban and semi-urban areas, with a growing online presence, ensures accessibility to a broad customer base. Innovation and Design: Focus on contemporary designs and innovation helps in catering to diverse customer preferences, including younger demographics.	High Operational Costs: Organised players often face higher operational and compliance costs, leading to higher prices compared to unorganised players. Limited Reach in Rural Areas: Despite a strong urban presence, the reach in rural areas remains limited, where unorganised players dominate. Dependency on Gold Prices: Fluctuations in gold prices can directly impact sales, as higher prices may deter cost-sensitive customers. Regulatory Compliance: The need to adhere to stringent government regulations and taxation can limit flexibility and increase operational complexity.
Opportunities	**Threats**
Growing Middle-Class Affluence: Increasing disposable incomes and changing consumer preferences provide opportunities for growth in both traditional and contemporary gold jewellery. Digital Transformation: Expanding online sales channels can tap into the growing e-commerce market and reach tech-savvy customers.	Competition from Unorganised Sector: The unorganised sector's ability to offer lower prices due to minimal overheads remains a significant threat. Economic Downturns: Economic slowdowns or recessions can reduce discretionary spending on luxury items like gold jewellery.

49

Rising Demand for Branded Jewellery: As consumers become more quality-conscious, there is a growing demand for branded and certified jewellery. Also, the shift from the unorganised to the organised sector is creating opportunities. Expansion in Tier 2 and 3 Cities: Organised players can capitalise on the growing affluence and demand in smaller cities and towns by expanding their presence.	Regulatory Changes: Any adverse changes in taxation, import duties, or government policies related to the jewellery sector can impact profitability. Price Volatility: Gold price volatility, driven by global economic factors, can influence consumer buying behaviour and market stability.

4.6 Outlook of the Gold Jewellery Wholesale Market in India

The Indian gold jewellery wholesale market is poised for steady growth, driven by robust demand across various segments. Bridal jewellery remains a significant contributor, bolstered by cultural traditions and the rising trend of lavish weddings. Additionally, increasing urbanisation and rising disposable incomes are fueling demand for occasional and daily wear gold jewellery. The market is also witnessing a shift towards lightweight and contemporary designs, catering to younger consumers seeking both style and affordability.

However, challenges, such as fluctuating gold prices and stringent government regulations on gold imports, may impact market dynamics. Despite these challenges, the long-term outlook remains positive, with innovations in design and growing consumer preference for certified and branded gold jewellery expected to drive growth. The adoption of digital platforms for wholesale transactions is further enhancing market accessibility, positioning the Indian gold jewellery wholesale market for continued expansion.

Recent Trends in the Jewellery Market in India

- **Rise of Minimalistic Designs:** Minimalistic jewellery designs are gaining popularity, especially among younger consumers. These designs emphasise simplicity and elegance, often featuring lightweight gold and diamond pieces. The trend is driven by changing fashion preferences and the desire for jewellery that complements everyday wear.
- **Digital and Omni-channel Strategies:** The jewellery market is increasingly integrating digital strategies, with retailers adopting omni-channel approaches to enhance customer experience. Online platforms are not just for sales but also for virtual try-ons, consultations, and customisations. The adoption of AI and AR tools in the online space has further enhanced consumer engagement.
- **Expansion of the Wholesale Gold Jewellery Market:** The wholesale gold jewellery market is experiencing a shift towards organised trade. Wholesalers are adopting technology to streamline operations, improve inventory management, and enhance transparency. There is also a growing trend of direct sourcing from mines and refineries, reducing dependency on intermediaries.
- **Increased Demand for Pre-Owned and Vintage Jewellery:** Owned and vintage jewellery is becoming increasingly popular, driven by a growing interest in sustainable fashion and unique, heritage pieces. Retailers and wholesalers alike are tapping into this trend by offering refurbished and certified pre-owned jewellery, often at more affordable prices.
- **Influence of Global Design Trends:** Global design trends are influencing Indian jewellery preferences. There is a noticeable increase in demand for jewellery styles inspired by international fashion, such as Italian or Middle Eastern designs. This trend is particularly strong in metro cities, where consumers are more exposed to global fashion trends.
- **Focus on Customization in Wholesale Gold Jewellery:** In the wholesale gold jewellery market, there is a rising demand for customization. Wholesalers are increasingly offering bespoke designs to cater to the specific needs of retailers, who in turn provide personalized pieces to end consumers. This trend is helping wholesalers differentiate themselves in a competitive market.

50

- **Hallmarking and Certification:** With the mandatory hallmarking of gold jewellery introduced in January 2021, there has been an increased focus on certified products in the wholesale market. Wholesalers are now more inclined to deal with hallmarked gold, ensuring quality and authenticity, which has boosted consumer confidence and led to greater demand for certified products.

Outlook on the Organised and Unorganised Segments

- **Organised Segment**

The organised jewellery segment in India is on a strong growth trajectory. Driven by increased consumer awareness about quality and certification, this segment is rapidly gaining market share. The implementation of government regulations, such as mandatory hallmarking of gold jewellery and the Goods and Services Tax (GST), has provided an additional boost to organised players, who are better equipped to meet these requirements. Major brands like Tanishq, Kalyan Jewellers, and Malabar Gold & Diamonds are expanding aggressively, particularly in tier II and III cities, to tap into the growing demand for branded, certified jewellery.

Furthermore, the adoption of digital platforms, omnichannel retail strategies, and personalised customer experiences is enhancing the appeal of organised players.

- **Unorganised Segment**

The unorganised segment will continue to dominate the market due to deep-rooted cultural ties, strong customer relationships, and the trust placed in local jewellers. However, increasing competition from organised players, rising consumer preference for branded products, and government regulations aimed at formalising the sector are driving gradual shifts. The implementation of hallmarking standards and GST has begun to erode the cost advantage traditionally enjoyed by unorganised jewellers. Yet, their flexibility in pricing, extensive product variety, and strong presence in rural areas will allow them to retain a significant share. Local jewellers often offer flexible payment options, such as allowing delivery first with payment in instalments, which enhances their appeal.

The segment's future will hinge on its ability to adapt to evolving consumer expectations and regulatory changes while maintaining its traditional strengths.

51

5 Regulatory Process and Framework for the Gems & Jewellery Industry in India

5.1 FDI Norms

The gems & jewellery industry is the second-largest Foreign Exchange Earner (FEE) in the Indian economy. India is known as the hub of global jewellery due to its low costs, availability of skilled labour, and other benefits like policy support etc. Various government policies support the industry. Currently, 100% Foreign Direct Investment (FDI) is permitted in the sector under the automatic route.

This sector has become a focus area for promoting exports. The government has taken various initiatives for investment promotion and technology upgradation. The country is looking forward to building a 'Brand India' in the global market because of its growth prospects.

The Government of India's decision to bring FDI into the retail market expedited the growth in the organized jewellery sector. This facilitated substantial job opportunities in various departments like logistics, repackaging centres, distribution channels, housekeeping, security, etc. FDI has been one of the key drivers in uplifting the jewellery sector and contributing towards the overall development of the economy.

5.2 Goods & Services Tax (GST)

Before the introduction of the GST regime, gold attracted a 2% tax, consisting of service tax and a value-added tax (VAT) of 1% each. The tax rate levied on gold sales increased from 2% to 3% due to the introduction of GST and had a critical impact on the jewellery industry. An additional 5% GST is applicable on the making charges of gold jewellery in India. GST of 1.5% is levied on cut and polished diamonds. Implementation of GST benefited interstate business transactions as different states operated varying tax structures before the GST, which subsumed into a single tax rate post-GST rollout. It has also simplified the purchase of bullion. Further, the implementation of GST has improved transparency and accountability, especially in the organized sector.

5.3 Gold Imports by the RBI

Given that gold is thought to be a reliable inflation safeguard, and that global inflation is on the rise, central banks have become a major source of gold demand. The RBI purchases gold frequently for its reserves intending to diversify the assets under which the country's foreign exchange reserves are held. This is used as a safe investment tool against inflation and brings stability to the overall reserves of the central bank during that inflationary period. Gold is usually bought in the form of gold bars. RBI's gold reserves stood at 854.7 metric tonnes as of September 2024.

5.4 Authorized Banks for Purchase of Gold

Individuals can buy gold from banks either in physical or digital form. Banks provide multiple schemes with options, such as physical gold in the form of bars and coins, digital gold, sovereign gold bonds (SGBs), etc.

Authorized Banks Permitted to Purchase Gold from Other Countries

Axis Bank	Federal Bank
Industrial and Commerce Bank of China	HDFC Bank
IndusInd Bank	ICICI Bank
Punjab National Bank	Indian Overseas Bank
Kotak Mahindra Bank	Karur Vysya Bank
State Bank of India	RBL Bank
Yes Bank	Union Bank of India

52

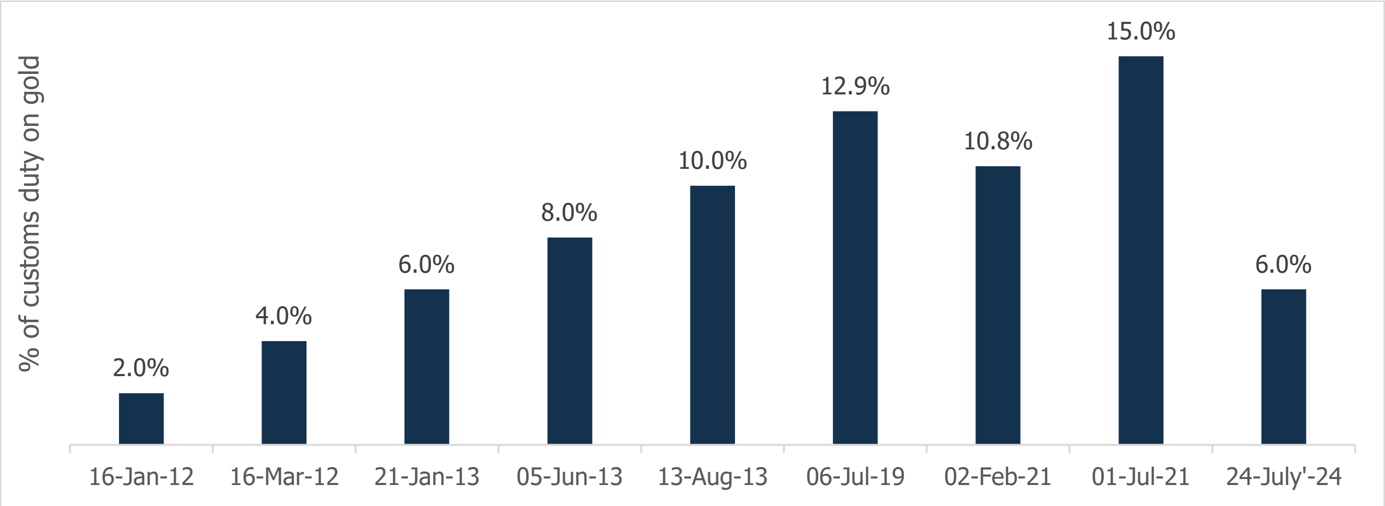
Latest Budget Provisions for the Gems and Jewellery Industry in India

The 2024–25 Union Budget introduced several reforms to streamline the gold market, promoting transparency and growth in the industry. Key measures include:

- **Reduction in import duty on gold and gold doré:**

A notable cut of 9% in the import duty on gold and gold doré has been introduced. Total customs duty on gold was reduced from 15% to 6%, while the duty on gold doré was slashed from 14.35% to 5.35%. This marks the sharpest duty reduction since 2013, and duties had remained above 10% for over a decade. These changes are effective from 24 July 2024.

Chart 40: Significant Cuts in Customs Duty on Gold



Source: Ministry of Finance, World Gold Council, CareEdge Research Analysis

- **Changes in taxation on long-term capital gains for gold:**

The holding period for long-term capital gains taxation on gold has been shortened from 36 months to 24 months. Additionally, the rate for long-term capital gains tax has been reduced from 20% with indexation to 12.5% without indexation. This change is applicable from 23 July 2024, providing significant tax relief for gold investors.

- **Recategorization of gold ETFs and mutual funds:**

Gold ETFs and gold mutual funds will no longer be classified under "Specified Mutual Funds." The holding period for long-term capital gains on these assets has been reduced to 12 months for listed securities and 24 months for unlisted securities. Gains from listed gold ETFs or mutual funds held beyond 12 months will be taxed at 12.5%, while unlisted ones held for over 24 months will also face a 12.5% tax rate. These changes are set to take effect from 1 April 2026, impacting the assessment year 2026–27.

The Union Budget 2023–24, announced by the Finance Minister Mrs. Nirmala Sitharaman had some new provisions and updates for the gems and jewellery industry. They are as follows:

Policy/Measure	Details
Reduction in Customs Duty on Seeds for Lab-Grown Diamonds	Import duty on seeds for lab-grown diamonds reduced from 5% to 0% to encourage domestic manufacturing.

53

Policy/Measure	Details
Gold Conversion to Digital Gold	No capital gains tax on converting physical gold into digital gold. Basic customs duty on gold bars reduced to 10% from 12.5%, while Agriculture Infrastructure Cess increased to 5% from 2.5%.
Increase in Customs Duty on Precious Metals Articles	Customs duty on articles made of rare metals like gold, silver, and platinum raised from 20% to 25%.
Increase in Import Duty on Gold and Silver Findings	Import duty on gold and silver findings, and coins made from precious metals increased to 15% from 10%, including Basic Customs Duty of 10% and AIDC of 5%. Finance Ministry also raised import duty on precious metals to 14.35%.
Facilitation of Jewellery Exports via E-Commerce	The government aids jewellery exports by promoting e-commerce and implementing a simplified regulatory framework (since June 2022), increasing access to international customers and boosting sales.
Regulation of Online Market	The government will regulate online gems and jewellery markets to monitor transactions, protect data, and prevent fraud, supporting rural economic development and ensuring fair trade practices.

5.5 Central Government's Gold Monetization Scheme

Gold Monetization Scheme (GMS) is a scheme, which was launched by the Central Government of India in November 2015 to make productive use of the gold kept idle at home or stored by households and institutions of the country in their bank lockers. Another motive behind this scheme was to reduce the country's dependency on gold imports. Individuals, institutions, corporations, and temple trusts can deposit their gold for a short-, medium-, and long-term period with RBI-designated banks under this scheme. This will help them earn interest at a rate of interest chosen by the Central Government.

The government modified the existing Gold Deposit Scheme and Gold Metal Loan Scheme with the intention to permit investors to earn term deposits with both interest earnings and security on their investments in gold. This scheme has benefited them in saving costs of gold storage and helped the government bear borrowing costs.

With the new Revamped Gold Monetization Scheme in 2021, a few more additional provisions were added to the GMS.

Revamped Gold Deposit Scheme (R-GDS):

- Increase of banks' participation in GMS
- Dematerialization of Medium-Term Government Deposit (MTGD) Long Term Government Deposit (LTGD) Certificates for tradable and mortgageable
- Encourage jewellers as Collection and Purity Testing Centres (CPTCs)
- Reduction of minimum deposit under R-GDS
- Payment of interest in respect of STBD
- Permission is given to banks to purchase standard locally refined/sourced from refineries and Gold Spot Exchanges
- Interbank lending of IGDS/LBMA standard Bullion
- Development of the GMS digital platform for transparency and traceability
- Public communications and awareness program

54

- Use of MLTGD gold under GMS for bullion leasing under GML

Revamped Gold Metal Loan (R-GML):

- Repayment of Gold Metal Loan (GML) in lots of 1kg
- Repayment of the gold loan under GML using locally sourced IGDS standard bullion
- Availability of GML to all jewellers with a valid working capital credit limit

All these amendments have been implemented to strengthen the Gold Monetization Scheme. To alleviate the financial distress caused by COVID-19 among households, small businesses, and entrepreneurs, the RBI has provided a relaxation by increasing the permissible loan-to-value ratio (LTV ratio indicates the percentage value of the property which can be granted to a borrower by banks) to 90% from 75% for those availing loans against gold and jewellery for non-agricultural purposes. At present, the government is reconsidering the scheme as not being effective and not attaining its goals. Moreover, the cost of the scheme is said to outweigh its benefits.

5.6 Training Initiatives by Government Agencies such as the Gems and Jewellery Skill Council of India

The Gems and Jewellery Skill Council of India (GJSCI) is a council body established in 2012 under the supervision of the National Skill Development Corporation (NSDC) and is presently operating under the Ministry of Skill Development & Entrepreneurship (MSDE). GJSCI is an institution that encourages skill development among the workforce in the Indian gems & jewellery industry. They provide training for the processing of diamonds, coloured gemstones, manufacturing of jewellery, and other areas such as wholesale, retail, and exports. They also undertake initiatives to provide manufacturing setups with the latest technology and other resources for upgrading.

Its founding organizations are as follows:

1. The Gem & Jewellery Export Promotion Council (GJEPC): GJEPC, set up by the Ministry of Commerce, Government of India in 1966, is the apex body that drives the growth of Indian exports in the gems & jewellery industry. It eases interaction between the industry and the Ministry of Commerce & Industry, Ministry of Finance, DGFT, Department of Commerce, and Department of Finance on issues related to trade. It holds integrity and conducts the Kimberly Process Certification Scheme for diamonds. It also runs various training institutes, which focus on manufacturing skills, design, and other technical skills required in the industry. GJEPC helped Micro, Small & Medium Enterprises (MSMEs) by providing modern machines that are affordable. GJEPC addresses the concerns and issues that are faced in the gems & jewellery industry. They identified the need for a new revamped Gold Monetization Scheme, import duty reduction of gold, hallmarking etc. Recently, the organization arranged numerous trade events and webinars for buyers and sellers across the globe which helped the industry in the recovery process. A few of them include virtual IIJS, India Global Connect, virtual International Gems & Jewellery Show (e-IGJS), etc.

2. All India Gem and Jewellery Domestic Council (GJC): It is a national trade federation established to promote and advance the growth in the gems & jewellery industry. It ensures fair-trade practices conducted in the industry and manages the efficiency of businesses. GJC constitutes various divisions such as wholesalers, retailers, allied, gold, silver, platinum, diamonds, gemstones, machinery, etc. It is responsible for developing uniformity and promoting transparency and compliance standards which contribute towards industrial growth and development.

3. The SEEPZ Gems & Jewellery Manufacturers' Association (SGJMA): SEEPZ was founded in 1989 and represents the gems and jewellery units in the SEEPZ SEZ region. It is established by jewellery units in SEEPZ and resolves problems arising in export production and growth.

55

4. The Jewellers Association, Jaipur: It was formed for the progress and growth of the gem & jewellery trade of Jaipur. The Association conducts shows/exhibitions as well to enable exhibitors and buyers to interact directly.

5.7 Hallmarking of Jewellery in India

Bureau of Indian Standards (BIS) introduced the hallmarking scheme under the BIS Act, Rules, and Regulations for jewellery in India in 2000 and the same was made mandatory with effect from June 2021. From July 1, 2021, all gold jewellery products must be hallmarked with Hallmark Unique Identification (HUID) only. The hallmark consisted of 3 marks viz, BIS logo, purity of the article, and six-digit alphanumeric HUID. Each hallmarked article has a unique HUID number which is traceable.

However, the old, hallmarked jewellery with four marks without HUID was also permitted to be sold by the jewellers simultaneously with the 6-digit HUID mark. The hallmark on the jewellery indicates the quality of jewellery and it protects the interest of consumers by having quality checks on jewellery.

BIS conducts random market surveillance on accredited jewellers at set intervals. This involves collecting hallmarked gold jewellery from a licensee's retail store or manufacturing facility and having it examined for compliance at a BIS-accredited hallmarking centre. BIS also has an advanced online digital solution in which the assaying and hallmarking centre is automated.

Furthermore, the hallmarking of the jewellery builds trust in the consumers as it gives them a sense of purity in carats. As a result, they tend to buy more jewellery from trusted brands which increases the sales of the jewellery. With the introduction of the scheme, not only customers but also the owners of jewellery outlets have benefitted. The Bureau of Indian Standards scheme has been successful in uplifting the quality and increasing reliance on the gems and jewellery industry.

5.8 Jewellery Parks

Jewellery parks are integrated industrial parks, which provide access to facilities under one roof, including manufacturing units, commercial areas, residences for industrial workers, commercial support services, and an exhibition centre. Multiple state governments promote the setting up of jewellery parks to encourage the gems and jewellery sector, which is currently characterized by a poor working environment, low economies of scale, limited space for modern machinery, etc.

Jewellery parks will help in streamlining manufacturing which will in turn improve the domestic and international trade. The existing special economic zones (SEZs) - Sitapura Special Economic Zone in Jaipur and Santacruz Electronics Exports Processing Zone (SEEPZ) in Mumbai have sizeable manufacturing units with modern technology that has helped improve export potential.

Currently, there are two jewellery parks operational in Ankurhati, West Bengal, and another in Surat, Gujarat. Ankurhati focuses on plain gold jewellery whereas Surat engages in diamond cutting and polishing, and jewellery manufacturing. Three more jewellery parks are coming up – two in Mumbai and one in Raipur.

5.9 KYC Compliance

KYC (Know Your Customer) compliance in the Indian jewellery industry, particularly regarding the purchase of precious metals and stones, is governed by both local regulations and international standards, such as those set by the Financial Action Task Force (FATF).

Regulatory Framework:

- The Reserve Bank of India (RBI), the Ministry of Finance, and the Financial Intelligence Unit (FIU) oversee KYC regulations in the jewellery sector.

56

- Under the Prevention of Money Laundering Act (PMLA), 2002, dealers in precious metals and stones (DPMS) are required to perform KYC and Customer Due Diligence (CDD) primarily for cash transactions above INR 1 million.

Recent Clarification (Dec 28, 2020):

- The Department of Revenue (DoR) clarified that purchases below INR 0.2 million of gold, silver, jewellery, or precious gems and stones do not require mandatory KYC documents such as PAN or Aadhaar.
- This clarification is aligned with FATF's international standards, which require KYC for transactions exceeding USD/EUR 15,000 (approximately INR 1 million).
- Misinformation suggesting that KYC is mandatory for all transactions, even below INR 0.2 million, is incorrect.

Transaction Limits:

- For cash transactions above INR 0.2 million, KYC requirements under the Income Tax Act, 1961 (Section 269ST) will apply, as cash transactions above this limit are not allowed. However, transactions below this threshold do not require KYC.
- Only cash transactions above INR 1 million necessitate KYC compliance, per FATF recommendations.

Customer Identification:

- For eligible high-value transactions, jewellers must verify the customer's identity using government-issued ID cards, such as PAN, Aadhar, passport, voter ID, or driver's license.

Record-Keeping and Monitoring:

- Jewellers must maintain records of all transactions, particularly those above INR 0.2 million, and ensure compliance with anti-money laundering (AML) guidelines by monitoring suspicious activities.

Training and Risk Management:

- Jewellery businesses must train staff to recognize red flags, ensure transaction transparency, and follow KYC and AML procedure.

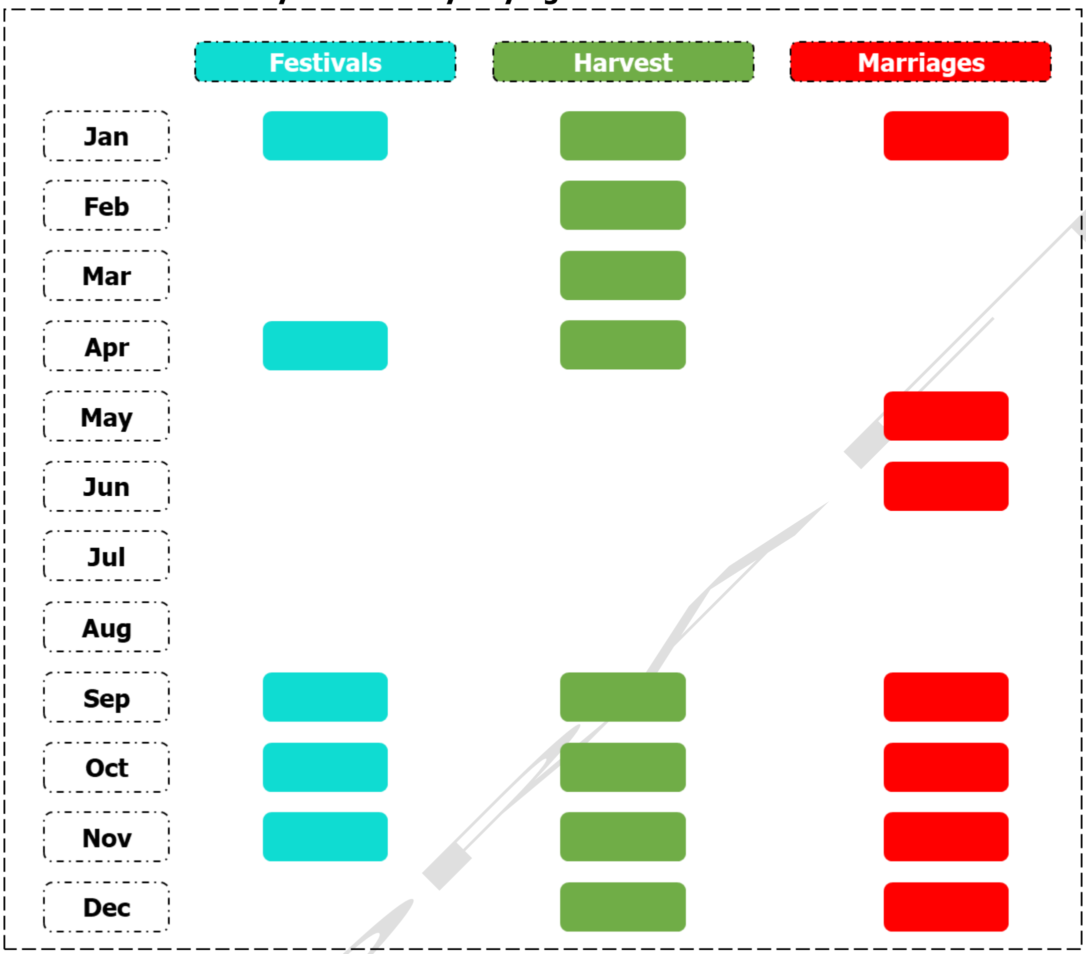
57

6 Key Demand Drivers and Opportunities for Jewellery in India

Weddings and Festivals Drive Domestic Demand:

Seasonality in jewellery buying is a key factor that influences demand heterogeneity in India. Weddings, festivals, and harvests in rural regions are the main drivers of the category, and the seasonal nature of each of these drivers assures that demand for jewellery is tied to the different months and seasons.

Chart 41: Seasonality in Jewellery Buying



Source: CareEdge Research based on Industry sources.

Demand for jewellery rises in the months of the wedding season such as May-June, September-December, and January. During the months of November and December, rural households invest their crop money in gold jewellery. Moreover, gold demand in Tier II and Tier III towns is influenced by agricultural output and monsoon. During auspicious religious events like Diwali/Dhanteras in October and November, and Akshaya Tritiya in April and May, demand for gold and silver jewellery increases.

Shift from unorganised retailers to organised retailers, and in turn benefiting the wholesalers:

The Indian gems and jewellery industry is experiencing a long-term structural shift from unorganised to organised retail. This change is driven by evolving consumer preferences for transparency, quality certification, and consistent pricing, all of which are more commonly associated with organised players. Policy-level reforms such as the introduction of GST and mandatory hallmarking have made it increasingly difficult for unorganised retailers to operate outside the formal

58

economy. As a result, more retailers are aligning with the organised value chain, leading to consolidation in sourcing and procurement. This shift is significantly benefiting wholesalers who operate within the formal channel. Organised retailers tend to prefer sourcing from reliable, compliant wholesalers who can meet volume, quality, and certification standards. With increased penetration of organised formats — particularly in Tier II and Tier III cities — wholesalers linked to this ecosystem are witnessing stronger growth momentum compared to those serving fragmented and informal markets.

Gold Jewellery as an Investment:

Gold jewellery in India holds a distinctive dual appeal, serving both as an adornment and a secure investment. This unique characteristic sets it apart from other lifestyle or discretionary purchases. Consumers across segments continue to view gold jewellery not merely as a fashion or cultural item, but as a tangible financial asset that retains or even appreciates in value over time.

In periods of economic uncertainty or market volatility, demand for gold jewellery tends to remain resilient. Consumers often turn to gold as a safe haven, using jewellery purchases to hedge against inflation and currency risk. This behaviour is especially prevalent in semi-urban and rural India, where gold is deeply embedded in household financial planning. In many such regions, gold jewellery functions as a key store of wealth, often preferred over formal financial instruments due to its liquidity and social acceptability.

Rising gold prices in recent years have further reinforced this trend. As the perceived investment value of gold jewellery grows, consumers are more inclined to purchase higher-purity and certified products, often through trusted, organised retail channels. This dynamic benefits the broader gems and jewellery industry by supporting stable demand even during consumption slowdowns, encouraging formalisation, and driving growth across the value chain, from manufacturing and wholesaling to retail distribution.

Moreover, the investment orientation among consumers has prompted jewellers to expand offerings like gold savings schemes, buy-back programs, and gold loans, enhancing customer retention and adding new revenue streams. As a result, gold jewellery's role as an investment not only safeguards household wealth but also plays a vital role in ensuring long-term demand visibility and business sustainability for the Indian gems and jewellery sector.

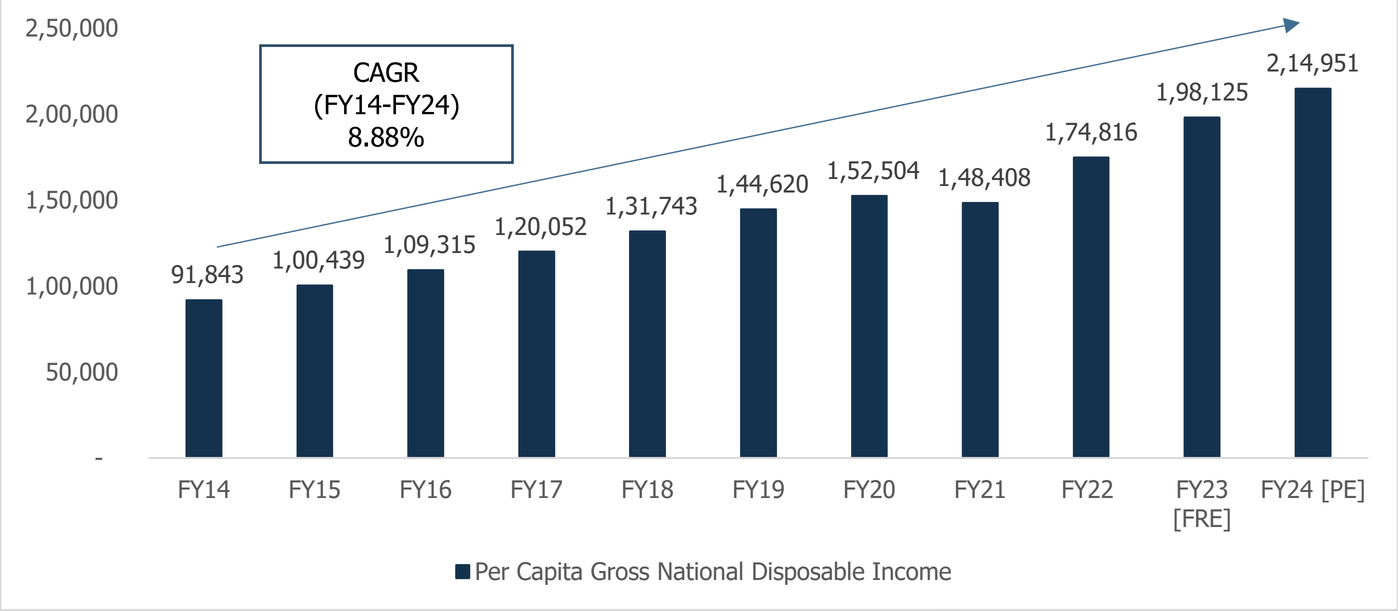
Increase in Per Capita Disposable Income:

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY14 to FY24, per capita GNDI at current prices registered a CAGR of 8.88%. More disposable income drives more consumption, thereby driving economic growth.

Rising income is the most powerful long-term driver of Indian gold demand because the economy is complemented by a high demographic dividend. The middle-income group in India has the highest level of gold consumption. The wealthy consume the most per capita, but the middle class consumes the most total volume.

59

Chart 42: Trend of Per Capita Gross National Disposable Income (Current Price)



Note: FRE – First Revised Estimates, PE – Provisional Estimate.
Source: MOSPI

Although there is a growing propensity to consume gold as income rises, the proportion of gold in one's portfolio does not rise at the same rate. A fall in household savings rates, availability of different investment avenues, and agricultural earnings can be hurdles to Indian demand.

Exposure to Global Trends:
Global trends frequently blend various cultural elements and styles. Jewellery brands that integrate these diverse influences can attract a wider international audience, creating new demand and broadening their market reach. Social media and influencers are crucial in shaping and amplifying these global trends. Jewellery brands that utilize these platforms to highlight trend-focused collections can generate excitement, boost online engagement, and drive consumer interest. Additionally, global trends often feature technological innovations, such as smart jewellery and advanced production methods. By adopting these innovations, jewellers can offer state-of-the-art products that appeal to tech-savvy customers and increase demand.

Preference for Branded Jewellery:
In the competitive Indian market, branded jewellery has found a significant place. Since branded jewellery has become the new trend in the industry, it has created its place in the hearts of customers over the last few years. With attentive and helpful attendants and well-displayed merchandise, shopping for jewellery has transformed. In the new market, everyone is a prospective customer. The most significant aspect of branded jewellery, however, is the perception of its excellence because a brand is synonymous with quality.

Furthermore, customers are more knowledgeable. As a result, shopping has moved to a new level, not only in terms of perspective but also in terms of method. Besides, with the rise of supermarket culture, sales and marketing of gems and jewellery have changed significantly. Today's youth have more discretionary income and are ready to spend on their preferred indulgences. Branded jewellery has a higher level of satisfaction among people than non-branded jewellery due to its prestige value, making branded jewellery more popular.

Easy availability of Gold Loan:

60

The emerging gold investment avenue in India at present is a monthly investment scheme run by organised jewellers. This works as a monthly gold-saving scheme where consumers deposit a specific amount of money with the jeweller for 11 months, with the jeweller then paying the consumer one-month equivalent of their deposit as interest. At the end of the year, the consumer chooses to buy gold jewellery or minted products with accumulated savings and interest. Some schemes provide the benefit of lower making charges also. One of the major benefits of this scheme is that the consumer gets to make the payment in instalments over time instead of lumpsum payment during the purchase. Gold also serves as a mortgage during the need of emergencies for the household and hence gold loans are quite popular in India. These are offered by NBFCs as well as other financial institutions. Majorly, the lower- and middle-income groups are the ones who opt for these loans.

A trusted source of gold and innovative designs:
Indian jewellery buyers are increasingly brand conscious, and their tastes are becoming more refined. With access to a broad array of international and national premium brands, they now expect greater transparency and high-quality standards from their jewellers. They want clarity on pricing, including the costs of materials like gold and silver, as well as production fees, and seek assurance about the quality of the final product, which is best managed by organized retailers. These established players maintain transparency by adhering to rigorous quality standards and providing clear pricing. The rise in demand for affordable jewellery has led to innovative designs and the use of unconventional materials such as plated metals, stainless steel, and cubic zirconia. These alternatives allow for the creation of stylish pieces that mimic the appearance of precious metals and gems at a lower cost. The ability to swiftly adapt to changing fashion trends and introduce new collections has enabled both established and online retailers to effectively meet customer demands.

61

7 Threats and Challenges for the Gems and Jewellery Industry

• Shortage of Skilled Labour:

The jewellery sector is confronted with a major problem of expanding operations because of a lack of skilled labour. To widen the talent pool, the sector must complement its generation of craftsmen and artisans with new professionals who undergo formal education. The widespread dependence on on-the-job training prolongs the learning duration and causes gaps in the supply and standardisation of skilled workers, especially in the fragmented industry. This is compounded by infrastructural inadequacies, restricted demand for institution-trained staff in fragmented markets, and the reduced attractiveness of the industry to young people.

• Short-Lived Fashion and Design Preferences:

Exporters do not have enough design development centres or the resources to constantly innovate contemporary designs to keep up with the changing trends among international purchasers. With high prices of diamonds, gold, and silver, global marketing requires perpetual updating of design. Jewellery can be produced as per market needs by the manufacturers; however, changing customer tastes tend to lead to the fall in demand for specific designs, resulting in inventory and loss.

• Dependency on Imports for Raw Materials:

Availability of raw material is still crucial to the gems and jewellery sector. A significant percentage of India's raw material is imported because there is not much available in the country. India imports more than 90% of its gold needs from outside the country, importing gold mostly from Switzerland, the United Arab Emirates, South Africa, Peru, and Australia. Gold imports during FY24 stood at Rs. 3,773 billion, which was a 35% increase compared to the previous year. Raw pearls, precious and semi-precious stones are also imported from the UAE, Hong Kong, the United States of America, Belgium, and Russia. Rough diamonds account for 57% of total gems and jewellery imports and totalled Rs. 1180.42 billion in FY24, of which 124.617 million carats were imported mainly from the UAE.

• Impact of Global Slowdown

The United States, the UAE, Hong Kong, Belgium, and Israel are key export destinations for the Indian G&J industry. The United States accounted for about 30% of total exports of gems and jewellery in FY24. Persistent high inflation rates and a slowdown in these economies will hurt the gems and jewellery exports from India.

• Working Capital Strain Due to High Gold Prices

High and volatile gold prices significantly impact the working capital requirements of India's gems and jewellery industry. Jewellers, particularly smaller players, need to maintain large gold inventories to meet customer demand. As gold prices rise, the cost of these inventories increases substantially.

Recent trends, including the 9% cut in import duty in the Union Budget, resulted in a 6% month-on-month drop in local gold prices. However, local prices have gone up by 10% so far this year because of robust overseas demand, purchases by central banks, and political tensions.

These elevated prices put intense pressure on jewellers' working capital, as borrowing becomes more expensive, and liquidity is constrained. Small and medium-sized jewellers are particularly affected by high borrowing costs. Increased interest expenses add further financial strain, reducing operational flexibility and complicating cash flow management. The Reserve Bank of India's gradual approach to gold purchasing has sustained demand for the metal, intensifying these working capital pressures.

Although government policies aimed at boosting consumer demand, such as reducing import duties, have encouraged sales and may alleviate some working capital needs by lowering inventory costs, jewellers still face challenges due to the requirement to maintain high-value gold inventories. This situation ties up substantial capital and creates financial and operational risks for jewellers.

62

• **Hedging Practices and Price Volatility**

In an environment of fluctuating gold prices, effective hedging is crucial for jewellers to manage financial risks. Many jewellers utilize hedging strategies on platforms like the Multi Commodity Exchange (MCX) to protect themselves against price volatility. However, the unpredictability of price swings complicates the matching of hedging positions with actual market conditions. The year-to-date increase of 10% in domestic prices, compared to an 18% rise in global prices, highlights the challenges jewellers encounter in accurately predicting price trends.

Hedging requires jewellers to effectively forecast costs, but if market prices deviate from these forecasts, it can lead to mismatched hedging positions and potential financial losses. Smaller jewellers, in particular, face difficulties due to the cost and technical demands of advanced hedging strategies. Adjustments in the treatment of long-term capital gains for gold ETFs have attracted interest, as evidenced in July, providing jewellers with an alternative avenue for investment and hedging. However, while these ETFs offer benefits, they often require significant resources and expertise, which may not be accessible to all industry players.

With pro-gold policies in the Union Budget, jewellers anticipate a rise in domestic demand that could increase gold consumption by up to 50 tonnes in the second half of 2024. This expected growth may lead to further volatility, making effective hedging even more important. Despite government measures and available hedging platforms, many jewellers remain exposed to the risks of price fluctuations, emphasizing the need for improved risk management practices and potentially greater access to financial tools designed specifically for the jewellery sector. In a volatile gold price environment, sound hedging strategies are critical to reducing financial risks. Jewellers tend to hedge against price volatility using platforms such as the Multi Commodity Exchange (MCX). The unpredictable nature of price movements makes it difficult to align hedging positions with market trends. Domestic gold prices in FY24 increased by 10%, whereas global prices rose by 18%, reflecting the difficulty in predicting market behaviour accurately.

Smaller jewellers also have an extra burden from the expense and technical sophistication of sophisticated hedging strategies. The recent change in long-term capital gains treatment of gold ETFs has generated renewed interest in the instruments. Nevertheless, ETFs are very resource- and knowledge-intensive, and this may not be available for smaller industry players. The pro-gold policies in the Union Budget have created expectations for a 50-tonne jump in domestic consumption of gold in the second half of 2024. Such growth expectations are likely to increase price volatility even more, stressing the need for strong hedging mechanisms.

• **Key Hurdles in the Indian Gems and Jewellery Industry's Evolution**

The Indian gems and jewellery industry face significant challenges in maintaining product relevance and competitiveness across various categories. Key restraints include the shift towards mass-produced, cost-effective alternatives that threaten traditional craftsmanship, seasonal fluctuations in demand, and changing consumer preferences for minimalistic or contemporary designs. Additionally, the industry struggles with a lack of innovation, competition from global brands, and a fragmented supply chain. Furthermore, the rising preference for customisable, lab-grown, or non-traditional pieces threatens more traditional jewellery types. These factors combined limit the industry's ability to sustain consistent demand and growth across various product lines.

63

8 Competitive Landscape

8.1 Overview

Company	Description
Shankesh Jewellers Limited	Shankesh Jewellers is a B2B company based in Mumbai's Zaveri Bazaar, with a pan-India presence. The company specializes in Hand crafted gold jewellery offering bangles, bridal sets, chokers, jhumkas, rings, mangalsutras, and more across diverse categories and finishes.
Sky Gold & Diamonds Ltd	The brand 'Sky Gold Ltd.' was established in 2008, focusing on the design, production, and promotion of gold jewellery. Operating under a business-to-business (B2B) model, Sky Gold Limited primarily sells its products to mid-range jewellers and boutique stores. These then distribute the products through various channels, including online platforms and retail outlets.
Shanti Gold International Limited	Shanti Gold International Limited, incorporated in 2003 and converted to a public limited company in 2013, is a B2B manufacturer of 22K CZ casting gold jewellery. With strong in-house design and manufacturing, it supplies leading jewellers across India and abroad, supported by robust financial growth and expansion plans.
Shringar house of mangalsutra Limited	Shringar House of Mangalsutra Limited focuses on the design, manufacture, and sale of mangalsutras and other traditional Indian jewellery. It operates both retail and wholesale distribution networks.
Radhika Jeweltech Limited	Radhika Jeweltech Limited is a jewellery retailer based in Gujarat, primarily engaged in the sale of gold and diamond jewellery through its retail outlet. It targets regional customers with a focus on bridal and traditional segments.

8.2 Financial Parameters

Table 10: Financial Parameters, FY23

Parameters	Shankesh Jewellers Limited	Sky Gold & Diamonds Ltd	Shanti Gold Limited	Shringar House of Mangalsutra Limited	Radhika Jeweltech Limited
Net Sales (Rs. Millions)	9,092	11,538	6,794	9,502	3,127
Operating Profit (EBITDA) (Rs. Millions)	229	363	427	378	408
Operating Margin	2.5%	3.2%	6.3%	4.0%	13.1%
Net Profit (Rs. Millions)	107	186	198	234	297
Net Profit Margin	1.2%	1.6%	2.9%	2.5%	9.5%
Debt-to-Equity	2.1	1.5	2.3	0.8	0.2
Return on Capital Employed (ROCE)	47.4%	30.6%	35.1%	29.2%	18.1%
Return on Equity (ROE)	22.2%	18.9%	28.4%	22.1%	13.8%
Working Capital Cycle	68.1	48.6	101.2	60.2	271.5

Source: Company Annual Reports, CareEdge Research

64

Table 11: Financial Parameters, FY24

Parameters	Shankesh Jewellers Limited	Sky Gold & Diamonds Ltd	Shanti Gold Limited	Shringar House of Mangalsutra Limited	Radhika Jeweltech Limited
Net Sales (Rs. Millions)	10,618	17,455	7,114	10,537	5,441
Operating Profit (EBITDA) (Rs. Millions)	281	772	499	496	701
Operating Margin	2.6%	4.4%	7.0%	4.7%	12.9%
Net Profit (Rs. Millions)	130	405	269	311	495
Net Profit Margin	1.2%	1.61%	3.8%	3.0%	9.1%
Debt-to-Equity	1.8	1.2	2.1	0.8	0.2
Return on Capital Employed (ROCE)	45.3%	27.2%	33.3%	33.1%	25.2%
Return on Equity (ROE)	21.5%	16.6%	27.8%	22.7%	18.7%
Working Capital Cycle	70.2	73.8	105.8	73.7	219.1

Source: Company Annual Reports, CareEdge Research

Table 12: Financial Parameters, FY25

Parameters	Shankesh Jewellers Limited	Sky Gold & Diamonds Ltd	Shanti Gold Limited	Shringar House of Mangalsutra Limited	Radhika Jeweltech Limited
Net Sales (Rs. Millions)	14,038	35,480	11,064	14,298	5,878
Operating Profit (EBITDA) (Rs. Millions)	653	1,964	917	923	892
Operating Margin	4.7%	5.5%	20.4%	6.5%	15.2%
Net Profit (Rs. Millions)	402	1,327	558	611	601
Net Profit Margin	2.9%	3.7%	5.1%	4.3%	10.2%
Debt-to-Equity	1.4	0.9	1.5	0.6	0.1
Return on Capital Employed (ROCE)	63.6%	30.3%	49.5%	43.8%	26.5%
Return on Equity (ROE)	39.9%	19.4%	36.7%	30.4%	18.6%
Working Capital Cycle	65.9	87.5	112.6	83.9	252.5

Source: Company Annual Reports, CareEdge Research

65

9 Business Profile

9.1 Overview

Shankesh Jewellers Limited, headquartered in Mumbai, Maharashtra, is engaged in the business of hand crafted gold jewellery and providing customisation services to its clients. Its clientele includes both corporate entities such as Joyalukkas India Limited, P. N. Gadgil & Sons Limited, Kalyan Jewellers India Limited, P N Gadgil Jewellers Limited, Manoj Vaibhav Gems 'N' Jewellers Limited, Novel Jewels Limited (Aditya Birla Group), Bhima Jewellery Madurai, Hari Prasad Gopi Krishna Saraf Private Limited, D.P Abhushan Limited, Vysyaraju Jewellers Private Limited, Gajaananda Jewellery Mart India Private Limited, Arundhati Jewellers Pvt. Ltd., amongst others, as well as non-corporate entities such as Verma Jewellers and Sham Jewellers. The company acts as a principal contractor, managing the design, material sourcing, and finished jewellery-making process for these clients. Depending on the type of jewellery, production is outsourced to localised karigars through jobworkers engaged by the company to ensure end-to-end delivery of the final product as per client-specific design requirements. This model, common in the jewellery industry, allows Shankesh Jewellers to focus on inventory management, design, and marketing without investing in manufacturing infrastructure.

The company offers a diverse range of high-quality hand crafted gold jewellery in 22-karat and 18-karat. Its product portfolio encompasses collection of bangles, bridal jewellery, chokers, jhumkas, long and short necklace sets, mangalsutras, and rings, along with combined jewellery sets across categories such as antique jewellery, semi-antique jewellery, Calcutta jewellery, temple jewellery, gheru polish, and yellow/rhodium/rose gold jewellery. With the capability to create customised jewellery tailored to client specifications, the company caters to varied occasions such as weddings, festivals, and daily wear, addressing the diverse needs of its pan-India clientele. All jewellery pieces are hallmarked as per BIS standards in line with regulatory guidelines.

In addition to its standard product offerings, Shankesh Jewellers provides custom job-work services wherein clients supply bullion along with specific design requirements. The company then engages karigars through jobworkers to craft the jewellery accordingly. Once completed, the finished pieces are delivered directly to clients.

Table 13: Product Portfolio

Products	Overview
Bangles	The company's bangle collection offers a variety of designs and sizes, often embellished with American diamonds, coloured stones, and intricate craftsmanship, blending traditional and contemporary appeal.
Bridal	The bridal jewellery collection features predominantly gold designs with timeless appeal and modern sophistication, offering intricate silhouettes to attract brides seeking opulence and cultural richness.
Chokers	The Chokers are statement pieces which fits close to the neck and feature various designs like plain, textured, patterned, or adorned with gemstones.
Jhumkas	The jhumkas collection includes traditional gold earrings with bell-shaped designs, detailed motifs, and embellishments, offering styles from simple to ornate for festivals and cultural occasions.
Long Necklace	The long necklace collection comprises classic gold pieces in varied lengths and designs, often adorned with pendants or gemstones, suitable for both daily wear and special occasions.
Mangal Sutra	The mangalsutra collection features traditional gold designs with black beads or pendants, symbolising marital status and cultural heritage, often treasured as family heirlooms
Rings	The rings collection offers gold designs in various styles and purities, from wedding bands to filigri work, valued for durability, elegance, and timeless appeal.

Source: Company Website

Table 14: Financial Overview

Parameters	FY22	FY23	FY24	FY25
Net Sales (Rs. Millions)	7,470.15	9,091.93	10,617.83	14,038.26

66

Parameters	FY22	FY23	FY24	FY25
Operating Profit (EBITDA) (Rs. Millions)	183.61	228.71	280.57	652.67
Operating Margin	2.46%	2.52%	2.64%	4.65%
Net Profit (Rs. Millions)	79.30	106.52	129.88	402.17
Net Profit Margin	1.06%	1.17%	1.22%	2.86%
Debt-to-Equity	2.23	2.05	1.79	1.44
Return on Capital Employed (ROCE)	48.98%	47.36%	45.33%	63.60%
Return on Equity (ROE)	21.30%	22.24%	21.45%	39.91%

Source: Company Reports, CareEdge Research

In FY25, the company recorded a revenue growth of 32.2%, while net profit surged significantly by 209.6% on a year-over-year basis.

Table 15: Job Work Income Vs Profit Analysis

Particulars	Income	PAT	% of total Income	% of total PAT
Actual Sales	13,916	352	99.1%	87.4%
Job Work	123	51	0.9%	12.6%
Total	14,038	403	100.0%	100.0%

Source: Company Reports, CareEdge Research

67

10 Abbreviations, KPI Definitions and Bibliography

Below is the list of abbreviations and their meanings used throughout the report for reference: -

Table 16: Abbreviations Table

Category	Abbreviation	Meaning
Government & Regulatory Bodies	BIS	Bureau of Indian Standards
	DGF	Directorate General of Foreign Trade
	RBI	Reserve Bank of India
	MOSPI	Ministry of Statistics and Programme Implementation
	MSDE	Ministry of Skill Development and Entrepreneurship
	GST	Goods and Services Tax
	PMLA	Prevention of Money Laundering Act
	KYC	Know Your Customer
	IBEF	India Brand Equity Foundation
Economic & Financial Terms	CAGR	Compound Annual Growth Rate
	FDI	Foreign Direct Investment
	GDP	Gross Domestic Product
	GDS	Gross Domestic Savings
	GNDI	Gross National Disposable Income
	INR	Indian Rupee
	USD	United States Dollar
	PPP	Purchasing Power Parity
	YTD	Year-to-Date
	PLI	Production Linked Incentive
Industry Specific Terms	CPD	Cut & Polished Diamonds
	CZ	Cubic Zirconia
	GIA	Gemological Institute of America
	GJEPC	Gem & Jewellery Export Promotion Council
	GMS	Gold Monetization Scheme
	IGJS	International Gem and Jewellery Show
	HUID	Hallmark Unique Identification
	RFID	Radio Frequency Identification
	Tier 1	Over 4 Million Population
	Tier 2	1 Million to 4 Million Population
	Tier 3	Less than 1 Million Population
	DPMS	Dealers in Precious Metals and Stones
Government Schemes & Programs	PMMY	Pradhan Mantri Mudra Yojana
International & Global Terms	UAE	United Arab Emirates
	UK	United Kingdom
	US	United States
	USA	United States of America
General Business & Economic Terms	NBFC	Non-Banking Financial Company
	FMCG	Fast-Moving Consumer Goods
	FY	Financial Year
	SWOT	Strengths, Weaknesses, Opportunities, and Threats
	SDP	State Domestic Product

68

Table 17: KPI Definitions

Financial Parameter	Formula
Revenue	Revenue from Operations
EBITDA	Sum of Depreciation, Finance Cost, and Profit (Loss) before exceptional item and tax, excluding Other Income
EBITDA Margin	EBITDA divided by Revenue from operations
PAT	Profit for the period
PAT Margin	Profit after Tax divided by Revenue from operations
Debt	Sum of Long-term Borrowings and Short-term Borrowings
Debt to Equity	Debt divided by Total Equity
Net Debt to EBITDA	Net Debt divided by EBITDA
Return on Equity (ROE)	PAT divided by Total Equity
Return on Assets (ROA)	PAT divided by Total Assets
Return on Capital Employed (ROCE)	EBIT divided by Capital Employed (Total liabilities and equity excluding current liabilities)
Debtor Days	Debtors divided by Revenue from operations and then multiplied by 365
Creditor Days	Creditors divided by COGS and then multiplied by 365
Inventory Turnover Ratio (in days)	Inventory divided by COGS and then multiplied by 365
Working Cycle	Sum of Debtor days and Inventory Days minus Creditor Days
Net Working Capital Days	Working Capital divided by Revenue from operations and then multiplied by 365

Table 18: Bibliography

Bibliography
IMF – World Economic Outlook, January 2025
Ministry of Statistics and Program (MOSPI)
Reserve Bank of India (RBI)
World Bank Database
Gems & Jewellery Export Promotion Council (GJEPC)
IMARC Group
India Brand Equity Foundation (IBEF)
Centre for Monitoring Indian Economy (CMIE)
EMIS Professional Database
World Gold Council (WGC)
Maia Research
Ministry of Finance
Company Annual Reports (FY23-FY25)

69

Contact

Tanvi Shah	Director	tanvi.shah@careedge.in	022 6837 4400
Vikram Thirani	Director	vikram.thirani@careedge.in	022 6837 4434

About CARE Analytics and Advisory Private Ltd (CareEdge Research)

CareEdge (CARE Group) is a knowledge-based analytical group that aims to provide superior insights based on technology, data analytics capability and detailed research methods. CareEdge (CARE Ratings Limited) is one of the leading credit rating agencies in India. It has an impressive track record of rating companies for almost three decades and has played a pivotal role in developing the corporate debt market in India. CareEdge provides near real time research on all domestic and global economic developments. CARE Analytics & Advisory Private Ltd is a wholly owned subsidiary focused on providing advisory and consultancy services including the following:

Advisory Services

- Investment Advisory
- Stressed Assets Advisory
- Debt Viability Studies
- Corporate Due Diligence
- Vetting of Resolution Plans

Customised ESG Solutions

- ESG Assessments
- ESG Gap Analysis
- Policy Advisory
- ESG Strategy and Roadmaps
- ESG Portfolio Mapping and Monitoring

Research Services

- Customized Sectoral Research
- Credit & Investment Research for Global Fund Houses

Grading Services

- ESG Grading
- AIF Grading
- MFI & COCA Grading
- NGO Grading
- ESCO, LPG, Grading

CARE Analytics & Advisory Private Ltd
(Wholly-owned subsidiary of CARE Ratings Ltd.)
Office No. 602, 6th Floor, Rustomjee Aspiree, Off Eastern Express Highway, Sion East, Mumbai- 400022
Phone: +91-22-68374400

Connect :