

# INDIAN GOLD JEWELLERY RETAIL INDUSTRY

**FY2024 consumption growth pegged  
at 10-12% YoY primarily driven by  
elevated gold prices**

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*Organised jewellery retailers are expected to outperform the industry over the medium term, driven by planned retail expansion and tailwinds from accelerated formalisation of the industry, owing to heightened regulatory oversight.*



- The domestic jewellery retail industry (in value terms) is expected to witness a growth rate of 10-12% YoY in FY2024, higher than the earlier estimates of 8-10% growth, on the back of elevated gold prices. The demand volumes remained stable in the festive and wedding season despite higher prices. The industry had grown by more than 15% YoY in FY2023.



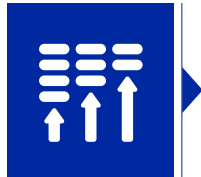
- After remaining volatile between December 2022 and April 2023, gold prices were relatively stable in the range of Rs. 5,600-5,700 per gram in H1 FY2024, up ~14% compared with H1 FY2023. The elevated price levels supported revenue expansion of most jewellery retailers in the face of muted volume growth on a high base and persistent inflation.



- ICRA projects the domestic jewellery industry to grow by 6-8% YoY in H2 FY2024 (the industry is estimated to have grown by ~15% in H1 FY2024), with stable demand witnessed during the festive season in October-November 2023, which is likely to persist in the upcoming wedding season. Nevertheless, heightened volatility in gold prices since early October 2023 and persistent inflationary headwinds remain key risks.



- Nonetheless, ICRA's sample set of 14 large jewellery retailers, which account for ~70% of the organised market, is projected to record a revenue growth of 15-18% YoY in FY2024 on the back of planned store additions and a shift in consumer preferences towards branded jewellers, translating into market share gains over the medium term.



- Most jewellers benefitted from extraordinary inventory gains from the steep rise in gold prices in early Q1 FY2024. This is likely to have compensated for the increased advertising expenditure by some retailers and cushioned their operating profitability. ICRA's sample of 12 jewellers is projected to record operating profit margins of 7.5-8% in FY2024 as against 8.2% reported in FY2023.



- Debt protection metrics of ICRA's sample set is likely to remain comfortable, with an interest cover of more than 5.0 times and gearing of 0.8-0.7 times in the near-to-medium term, supported by steady earnings from operations, despite incremental borrowings to fund higher inventory holdings and planned store additions.



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