

INDIAN GOLD JEWELLERY RETAIL INDUSTRY

ETF-led price momentum to peg the industry's revenue growth in mid-teens in FY2026 despite volume slump

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1 Demand scenario



2 Supply scenario



3 Regulations and lending environment



4 Emerging trends



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The domestic gold jewellery industry is projected to witness 15-17% value growth in FY2026, despite 12-13% volume decline.

This growth is primarily attributed to elevated gold prices. The overall volume decline would have been sharper but for the strong investment demand in gold bars, coins and ETFs. Gold prices have surged 37% during 7M FY2026, post substantial increases in the previous two years.

ICRA's sample set companies are expected to witness an 18-20% revenue growth in FY2026 (vs. 23% in FY2025), with slight improvement in the OPM. Debt protection metrics will remain comfortable despite higher borrowings.



- **ICRA forecasts a 15-17% value growth in the domestic gold jewellery industry in FY2026**, primarily due to sustained high gold prices, even though gold jewellery volumes are expected to decline by over 20% (26% decline in H1 FY2026). However, demand for gold exchange traded funds (ETFs) and investment in gold bars and coins - accounting for 31% of India's volumetric gold consumption in India in FY2025 - are expected to grow by more than 10% in FY2026, following a 25% rise in FY2025. These would help cushion the decline in overall demand for gold to 12-13% in FY2026. Wedding-related purchases (which constitute about 60% of gold jewellery consumption) and a resilient rural economy, supported by above-normal monsoons and favourable crop sowing, are expected to partially mitigate the overall volume decline for the rest of the year amid elevated gold prices.



- **Following 14% and 33% increase in domestic gold prices during FY2024 and FY2025 respectively, the upward momentum has continued into the current fiscal.** Prices are now around 37% higher during 7M FY2026, compared to the average in FY2025. This continued price growth is driven by global economic developments, geopolitical tensions and increased investment demand for gold.



- **ICRA expects its sample set of 14 major gold jewellery retailers, which represent around 65% of the organised market, to achieve a revenue growth of 18-20% in FY2026 (vs 23% estimated for FY2025).** The anticipated revenue growth, higher than the industry growth, will be driven by sustained high gold prices, formalisation of the industry, planned expansion of retail outlets by leading jewellers, and a continuing shift in consumer preferences towards branded jewellery, even as the overall sales volume is expected to decline.



- **Despite one-time losses on gold metal loan (GML) recorded by some of the major retailers in FY2025, post the 9% reduction in customs duty on import of gold with effect from July 2024,** the OPM of ICRA's sample set companies remained stable at around 7.1% vis-à-vis 7.0% in FY2024, supported by gains from increasing gold prices and scale economies. The OPM is projected to improve by around 30 basis points in FY2026.



- **ICRA expects its sample set companies to maintain strong debt protection metrics in FY2026.** Although higher borrowings driven by rising gold prices and elevated interest rates on GML, particularly in Q1 FY2026, will increase interest expenses, ICRA expects that improved earnings will keep interest coverage at a comfortable level of 5.4-5.6 times in FY2026, similar to 5.6 times estimated for FY2025.



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