

INDIAN GOLD JEWELLERY RETAIL INDUSTRY

**Organised jewellers' revenue growth likely at 12-15% YoY in FY2024;
Akshaya Tritiya demand up 10-12% YoY in 2023 on high prices**

MAY 2023



1 Demand scenario



2 Supply scenario



3 Regulations and lending environment



4 Financial performance of organised players



5 Credit trends



6 Peer Comparison



ICRA expects the domestic jewellery retail industry's growth to moderate to 8-10% YoY (in value terms) in FY2024, with volatile gold prices due to global macro-economic uncertainties and high domestic inflation, although moderating, likely to constrain demand growth.

Demand during Akshaya Tritiya is estimated to have grown by 12-15% YoY (in value terms) in April 2023, with higher prices making up for a muted volume growth.



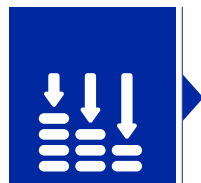
- The domestic jewellery retail industry is estimated to have grown by ~15% YoY (in value terms) in FY2023, supported by a ~7% YoY growth in average gold prices during the year.



- While volume growth was strong in H1 FY2023 due to a low base and pent-up demand, heightened volatility in gold prices from December 2022 led to consumers delaying non-essential purchases.



- Demand growth in Q4 FY2023 is estimated at ~5% YoY (in value terms), lower than ICRA's previous expectations of ~10% YoY growth, despite a low base impact by the pandemic. Demand momentum in January 2023 and March 2023 was dampened by the sharp increase in gold prices.



- ICRA expects jewellery consumption to grow by ~8-10% YoY (in value terms) in Q1 FY2024, despite a high base. While the volume growth is estimated to have been flat YoY on Akshaya Tritiya in April 2023, most jewellers in the organised segment are likely to report a revenue growth of 12-15% YoY due to a spike in gold prices compared to last year.



- The industry growth is expected to moderate to ~8-10% YoY (in value terms) in FY2024. While volume growth is likely to remain under pressure owing to volatile gold prices amidst global macro-economic uncertainties and evolving domestic inflation, higher gold prices are likely to provide some cushion to jewellers' revenues. Nonetheless, strong cultural affinity of Indians to gold is likely to support festive and wedding demand.



- **Given the expected steady growth in revenues and earnings estimated in FY2024, ICRA's outlook on the sector remains Stable.**



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