



THE GOLD REFINING INDUSTRY - PERFORMANCE & PERSPECTIVES OF 2025

Mr Vidit Garg, Director, Kundan Group

M/s Kundan Refinery Pvt. Ltd. is in the gold refining business for the last more than a decade. It is one of the top most refineries in India with state-of-the-art technology. During the past decade, the group has seen many ups and downs in the refinery industry. However, the year 2025 was unprecedented in many ways and can be termed as rarest of the rare year.

On one side, there were geopolitical issues such as continuation of Middle East War, Russia-Ukraine conflict and Indo-Pak confrontation. On the other side, the weakening of US dollar, global inflationary pressures and USA fluctuating policies on tariff, etc. All these factors led to surge in gold price to an all-time high and reflected steep rise to the extent of 50%-60% touching USD 4300 per Troy ounce. All these factors contributed it as one of the golden years for the refinery industry as the demand for the final product soared to all time high and refineries were working round the clock to meet the demand. Besides increase in volume, refinery business earned good profit also.

The increase in demand can be attributed to sharp increase in the gold price which in turn can be due to many of the investors who were earlier investing in other assets such as Real Estate, diverted their investing in gold. Investors were buying gold even at higher and higher prices so as to not to miss an opportunity as they conceive it. Moreover, gold remains safe haven and hedge against inflation.

Besides investors flocking the gold, most of the Central banks of the countries also started accumulating gold in a big way.

The demand got further boost from electronic and renewable energy sectors which became flavors of the government push.



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The big demand posed big challenges also for the industry. The major challenge was from supply chain side. For the basic raw material which is gold dore bar, there was scramble for procurement. The supply was limited whereas the demand was high. This was further constrained as there was no import of gold permitted from UAE since April 2025 under TRQ/Qualified Jewellers scheme. The refineries have to be extra cautious as towards quality, legal procedures and safe guarding prevention of money laundering act.

The volatility in the price led to increase in hedging cost and devising ways to safeguard unforeseen losses. Hedging became a must for the refineries and commodities exchanges saw a jump in their volume.

The heavy demand in final products forced the refineries to embrace renovation, new technology and sourcing of different raw material than the traditional gold dore bar. Some of the refineries started importing alloys such as Platinum Alloy which contains multiple elements besides gold and silver. This necessitated scenario where extraction of metals was further fine-tuned by using multiple reducing agents such as instead of merely using sodium metabisulphite other reducing agents such as ammonium chloride and hydrogen hydride, etc. saw increase of use in the refineries. A few refineries ventured into backward integration such as importing Ore Concentrate and setting up plant for this, as ore was relatively easily available and also at competitive prices.

Demand increased not from major cities but small cities were also not left behind. As to meet such additional avenues, most of the refineries set up sale points at Tier-2 and Tier-3 cities by posting representatives and establishing branch offices.

The continuous of heavy demand of precious metals gold and silver even after steep rise in prices is expected to be a boon for the refinery industry.

The refineries may increase their recycling capacity to meet the growing demand and also expected to explore new technological ways including searching for new chemical methods. The government intervention in regulation is likely to increase for which the refineries have to prepare themselves to cope up which new rules and regulations. The stress for using renewable energy integration may also increase. The refineries have to search for raw material from many un-traditional countries and also look out for new types of raw materials.

It is expected that various Central Governments will continue to add on gold reserves to their kitties in the coming years.

The year 2025 saw major overhauls in the refinery sector and refinery sector stood the test of time and faced the challenges steadfastly.

The coming year shall bring not only challenges but will also open opportunities where the refineries innovate more vigorously for long lasting success.



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