

## Discussion on Tech-backed gold products

### Moderator:

**Mr Sudheesh Nambiath, IGPC, IIMA**

### Panellists:

**Mr Gaurav Mathur, Managing Director, Safe Gold**

**Mr Ketan Kothari, Director, Augmont**

**Mr Ritesh Singh, CTO, Bright Metal Refiners**

**Mr Aditya Gupta, Rupeek**

**Ms Saroja Yeramilli, Founder & CEO, Melorra**



**Mr Sudheesh Nambiath, IGPC, IIMA:** We have entrepreneurs with us here. To start off, it has been 12 to 15 years since the launch of jewellery retailing. Many retailers are moving into brick and mortar also. We have seen valuations of some of these companies exceed

some of the traditional jewellers. What is the way forward for the sector?

Second, Digital gold is five years old. It had good growth until last year when certain regulatory provisions slowed down its progress. We have three speakers from digital gold. So let me start with them.

**Gaurav, are you running a fin-tech company or a tech-fin company?**



**Mr Gaurav Mathur, Managing Director, Safe Gold:** About 70% of our employees are computer science graduates. So, we are a technology company. Digital gold is one of the financial products that plugin very neatly with technology platforms such

as Paytm, Phonepe, etc., each of which has over 100 million customer base. With UPI and other payment enablement, growth opportunities are immense.

**Mr Sudheesh Nambiath: Ketan, what is the gap you have noticed that pushed you into digital gold?**



**Mr Ketan Kothari, Director, Augmont:** There is a problem in the market that is unaddressed. During festivals such as Diwali, Akshaya Tritiya etc, there is a sudden rush of customers wanting to buy. We have also noticed a lot of these customers were

not able to buy standard products such as 5 gm and 10gm coins due to the ticket size. They were keen on investing at regular intervals, but they could not locate any platform which can enable them to do so. ETFs were there but ETFs do not offer physical gold.

We were always bullion traders. We had the Spot platform, which was B2B with a pan-India presence and network. Through the spot platform, we were offering 100 gm and 1kg gold as well as one kg silver products. We do purchase gold, and leverage gold through lending and monetisations against GMS or outright sale. Having a successful B2B platform and a refinery, enabled us to offer digital gold to retail customers and thereby complete the life cycle. The products that we launched in the digital gold space are (a) loans against gold during covid and (b) deposits under GMS. Given our experience in this space and our network, we could scale in digital space.

[http://goldconference.in/presentation/Day2/Ketan\\_Kothari.pdf](http://goldconference.in/presentation/Day2/Ketan_Kothari.pdf)

**Mr Sudheesh Nambiath: Ritesh, what is the USP of your digital gold product?**



**Mr Ritesh Singh, CTO, Bright Metal Refiners:** We are directly backed by a refinery- Bright Metal Refinery. We offer investments starting from Rs. 10. We also offer gifting options. We have made the platform very easy for people to use. So, people with no

prior knowledge of tech can use our platform. Being a refiner-back proposition, it is cheaper for the customer. These are our USPs.

**Mr Sudheesh Nambiath: Gaurav, what new things do you offer to your customers, being one of the oldest players in the industry?**

**Mr Gaurav Mathur:** In the digital gold space, there are a bunch of companies that offer standard products-smaller investment options, delivery of physical metal, 24/7 operation, buy-sell option and so on. Moving beyond these takes a lot of time and effort. We tied up with a lot of jewellers so that your balance in Safe Gold can be redeemed against jewellery purchases or you can pay a part of your purchase through digital

gold and so on. Recently, we tied up with a credit card company where your Safe Gold balance can be used as collateral. There are six fintech companies that issue credit cards. These card companies are ok with giving a limit against your gold as collateral.

In enabling the client to lend his gold and earn interest, we are awaiting regulatory clarity on certain issues.

**Mr Sudheesh Nambiath: Aditya, what is the connection between digital gold and what your company Rupeek does? Which regions are more comfortable or tech-savvy?**

**Mr Aditya Gupta, Rupeek:** There is a bridge. Both digital gold as well as companies such as Rupeek seem to be focusing on building and setting up the gold monetisation infrastructure for the country in a holistic manner. Rupeek is the pioneer in the fintech space in asset back lending. Innovation in asset back lending has been our focus since our inception. Doorstep gold loan was our first product. Gold-backed credit card is another innovation. GTM, Digilocker and BMPL schemes are coming up. There is a strong synergy between what we try to achieve - formalising credit access and monetising the asset and objectives of digital gold.

In India, only about 10% of gold assets are leveraged for credit. The adoption of gold-backed lending is still nascent and growing. Rupeek is proud to say that we convert 60% of 'new to gold loan' category of customers. South is more amenable to asset-backed lending in terms of tech-savviness and readiness to monetise gold. North and West are showing a strong upward trend. Some pockets of the East also are growing. But the baseline case is different for different regions.

**Mr Sudheesh Nambiath: Saroja, how has the journey been for you at Melorra, being an e-commerce jewellery player?**



**Ms Saroja Yeramilli, Founder & CEO, Melorra:** Thank you for the invitation. We are one of India's top jewellery companies online. We started Mellora seven years ago. E-commerce started in 2008 in India. Over a period of time, despite challenges, it grew

from strength to strength. Today, we have 300 million online shoppers. By 2026, we will have 600 – 700 million online shoppers. Covid was an unexpected boon from an e-com perspective, although it was a humanitarian disaster. Covid saw large-scale adoption of e-commerce, especially in smaller towns and cities.

The young demographic plus high gold consumption lead to Mellora's journey. We may be called the only

true pan India jewellery company as we have delivered jewellery to customers in over 3000 towns and cities across the length and breadth of the country in the last seven years. Beyond retailing, we deploy technology extensively at the manufacturing end, at the design and at the pricing end and across our value chain.

We follow the 'zero inventory model'. We manufacture as per customer order. So, in a way, every piece of jewellery that we sell is custom-made. Also, while hallmarking is mandatory only in 290 districts, we deliver hallmarked jewellery to every part of India, even though it is not mandatory in some places. So, we believe we are truly disrupting the jewellery retailing industry that we serve using technology and customer insights.

[http://goldconference.in/presentation/Day2/Saroja\\_Yeramilli.pdf](http://goldconference.in/presentation/Day2/Saroja_Yeramilli.pdf)

**Mr Sudheesh Nambiath: Digital gold has been facing regulatory challenges in the last two years. What do you plan to do in these situations?**

**Mr Ketan Kothari:** Regulation has been different when it comes to gold. Some consider it as currency, some consider it as a commodity. Regulations increase business, as it increases trust. With Electronic Gold Receipt, the way gold will be traded will change decisively.

**Mr Gaurav Mathur:** We have to engage with the regulator. We have to be flexible, be able to change with regulation. Also, have an active dialogue with the regulator and have an open mind.

Aditya, do you face regulatory hurdles? How do you manage risks especially when the space is not-regulated?

**Mr Aditya Gupta:** Regulations have enabled innovations at Rupeek. Regulations around lending against gold in banks have been extremely enabling in the space, for not only Rupeek but also for other companies. Regulations evolve to make it easier for the customers.

**Mr Sudheesh Nambiath: Saroja, as a tech company, Melorra is into AR/VR tech as well. In the process, companies are gathering a lot of private information about customers, do you see a regulatory challenge going forward?**

**Ms Saroja Yeramilli:** We are a tech company. We take customer-privacy laws very seriously. For every action that a customer takes, we have to take consent. We take it very seriously. No AR/VR tech can be deployed without customer consent. These solutions are, in general, good and helpful for consumers. All privacy laws are strictly followed by consumers.

### Presentation by Mr Philip Newman, Managing Director, Metals Focus



Of the total global gold production, about 2123 tonnes (as on 2021) are non-captive gold, that is, gold mined in countries that permit the export of gold dore. We expect the non-captive gold to increase from 116 tonnes to 2239 tonnes by 2023,

mainly from North America (+34), Oceania (+36), Central and South America (+34) and Africa (+10).

Artisanal and small-scale gold mining (ASGM) accounts for roughly 35% (about 734 tonnes) of the non-captive dore market. Africa with 471 tonnes (62%), C&S America with 197 tonnes (27%), Asia with 62 tonnes (8%), and Oceania with 4 tonnes (1%).

ESG in dore supply chain: ESG reporting is a practice in large-scale mines. Major jewellery retailers in the developed world are moving towards ESG-compliant companies with carbon neutral bars. India cannot escape some of these broader trends.

[http://goldconference.in/presentation/Day2/Philip\\_Newman.pdf](http://goldconference.in/presentation/Day2/Philip_Newman.pdf)

### Discussion on Attracting Dore Flows into India

**Moderator: Mr Philip Newman, Managing Director, Metals Focus**

#### Panellists:

1. **Hon. Dr Kwabena Okyere-Darko Mensah, Government of Ghana (online)**
2. **Mr Nick Spencer, Galaxy Goldmines (online)**
3. **Mr Ramkumar Chandrasekharan, Gold Storm DMCC**



**Hon. Dr Kwabena Okyere, Darko Mensah:** Happy to be a part of the panel. Ghana is the largest gold producer in Africa. The gold sector has a lot of social and economic impact. The sector

creates employment and reduces poverty. ASM sector is an important part of the Ghana gold sector. ASM sector has been developed since 1983. In 2017, a community mining scheme was launched. We are also bringing in a responsible sourcing program to formalize ASM and community mining.

Bank of Ghana has the first right to purchase gold through its arm Precious Minerals and Metals Corporation (PMMC). If an Indian company wants to get gold from Ghana, I urge them to consider partnering with the Bank of Ghana. Secondly, we are also looking at adding value through refining. The government of Ghana along with PMMC is considering setting up a refinery and adding value. This could be another opportunity.



**Mr Nick Spencer, Galaxy Goldmines:** India has a potential reserve of 500 tonnes of gold from its own mines. From 20 mines, India can produce about 100 tonnes of gold dore per year. So, try to explore this option.

Second, how do mines choose their refiners? The key is a long-term partnership that can help a mine to develop, grow and prosper together. There has to be an understanding, strong professionalism, and cultural connection. Spending time and money on the ground with miners is critical. Refiners have to be of international standards. LBMA is desirable.

[http://goldconference.in/presentation/Day2/Nick\\_Spencer.pdf](http://goldconference.in/presentation/Day2/Nick_Spencer.pdf)



**Mr Ramkumar Chandrasekharan, Gold Storm DMCC:** We are Singapore's headquartered company with a full-fledged office in Ghana to source and export gold dore. Regulatory requirements are stringent in Ghana. We do

undertake regular mine visits and have a complete traceability system. Ghana's market is moving in an organized way. Small-scale miners have their own challenges mainly in poor cash management and book-keeping. They need financial support. Besides some require technical and operational support. Together, these could lead to a sustainable supply of gold dore. The key is "financial and technical partnerships". In a way, we are bringing LSM practices to the ASM sector.

[http://goldconference.in/presentation/Day2/Ramkumar\\_Chandrasekharan.pdf](http://goldconference.in/presentation/Day2/Ramkumar_Chandrasekharan.pdf)

**Mr Philip Newman: Can you please explain about Gold Strom FATE model?**

**Mr Ramkumar Chandrasekharan:** Foundry, Analysis, Trade, and Export (FATE). We have a formal onboarding process for any mine. It involves KYC, mine-site visits, and an analysis of the challenges faced. It is not only for mines but also for aggregators and export licensed holders. It can be adapted for refiners and also for miners from other countries.

We plan to expand the model to the rest of west Africa. We plan to move to Indonesia in 2023.

**Mr Philip Newman: Minister, you mentioned about Minerals Commission and Alternative Livelihood project. Could you please elaborate?**

**Hon. Dr Kwabena Okyere-Darko Mensah:** Minerals Commission is responsible for the regulation and management of mineral resources. Alternative livelihood projects are programs to support small-scale miners. There is a lot of informality in the ASM sector. As a result, traceability is a challenge. Bank of Ghana's gold purchase program is one of the formalization programs to support ASM. As you are aware, there are illegal mining activities in Ghana. When we banned illegal gold mining, we had to provide an alternative mechanism for these people to support their livelihood. So, we help them with opportunities in other sectors such as afforestation, and so on. The University of Mines Technology trains some of these people on the safe mining process, mercury-free mining, and so on.

**Mr Philip Newman: Nick, where do you think the industry would be five years from now?**

**Mr Nick Spencer:** At the moment there is only one mine. Five years from now, five mines each with a production of two tonnes each per year is a possibility. Execution is very challenging in India. India could move to 100 tonnes per year from 20 mines 15 years down the line.

**Mr Philip Newman: Minister, could you share some of the challenges faced in organizing the sector?**

**Hon. Dr Kwabena Okyere-Darko Mensah:** The main goal of ASM, which contributes 43% of gold production in Ghana, is to create jobs. ASM creates between one million to 2 million jobs. Community mining has created 50,000 jobs.

Challenges- Some of the mines do not follow sound mining practices. The government has banned mining in riverbeds and mining in forest areas. This is to protect the environment and ensure sustainability. Investment in the ASM sector is another challenge.



**Excerpts of Online Speech by Mr David Gornall**  
Senior Consultant, LBMA

Congratulations to all the stakeholders for making IIBX go live. The launch of the exchange marks an important milestone which reinforces

India's position as the major consumer of gold apart from providing greater and wider market access. Bringing the consumer and suppliers under the regulated exchange framework would transform IIBX as an official marketplace.

It is worth mentioning that this is the first time that any gold exchange has introduced pre-funded metal and currency accounts in order to bring about the idea of the same day based settlements. LBMA hopes to have a second London Good Delivery refiner along with a bullion bank that participates in gold auctions which is yet to be realized. After receiving and reviewing the feedback from potential refiners on non-technical eligibility criteria for LBMA London Good Delivery Status a review of these criteria would be conducted in the coming months that will include the current £15 million total net worth level. Alongside the annual ten metric ton production floor for those gold refiners who also produce a significant tonnage of silver would be looked into. To make LBMA membership more relevant in global precious metal space membership criteria would also be looked into.

Three months pilot scheme of the Gold Bar Integrity Programme jointly implemented by LBMA and WGC which aims at increasing transparency, accessibility, and fungibility of gold across the industry has been completed involvement of a selected group of mines, refiners, mints, banks, and vaults, as well as one exchange and a retailer in order to test the attributes of the two block chain-based systems being trialed. Gold Bar Integrity Programme would not be limited to just London large bars but will also be extended to all production from LBMA good delivery refiners

Another initiative between LBMA and WGC is to establish a working group with key industry participants to help define and align the definition of sustainability for the industry. The association would like to see more of you within the membership and the good delivery list as you are and will remain a hugely important part of the market. Thank you and all the best to you