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**Coverage –**

# A scheme for buying 1 kg gold and lending it to jewellers

**RiddhSiddhi Bullions targets high networth investors**

**Suresh P. Iyengar**

*Mumbai, April 20*

RiddhSiddhi Bullions (RSBL), one of the largest gold importers and provider of bullion delivery for various spot and futures exchanges, has launched an investment product "Bullion Plus Plus," that promises dual income from the likely price appreciation and lending income.

The investment scheme targets high networth investors, portfolio management companies and wealth managers who wish to buy a minimum of one kg gold valued at about Rs 22 lakh and 30 kg of silver worth about Rs 20 lakh.

Mr Ketan Kothari, Director, RSBL, said: "There are so many investors wanting to invest anything between Rs 10-50 lakh in fixed assets such as real estate and bullion. However, considering the high prices of real estate, lack of liquidity and lack of regulations, they prefer gold and silver. Our product is ve-

## How it works

**The scheme** is like buying real estate and letting it out on rent.

**Investors** should buy a minimum of 1 kg gold costing Rs 22 lakh or 30 kg silver worth Rs 20 lakh.

**Exit can be** within a year either through physical delivery or selling the stock on RSBL trading platform

ry similar to buying a real estate and letting it out on rent. It has the added advantage of lower investments, transparency, liquidity and lower transaction costs."

Under the scheme, an investor has to buy gold or silver through online RSBL Spot platform at wholesale market price. The quantum of bullion bought will be transferred to the vault.

Investors have to sign a contract with RSBL Commodities, an RSBL Group company, to act on their behalf for one year and lend the bullion against adequate security to jewellers. The borrower will pay a certain fee to RSBL Commodities, which

will be passed on to investors.

Investors also have an option to exit the scheme within a year by either taking physical delivery or selling their holding on the RSBL spot trading platform.

RSBL spot trading platform already has about 1,500 clients who are majorly jewellers and bullion traders.

The borrowers can return only gold or silver bars, which are approved under the London Bullion Market Association's (LBMA) Good Delivery Bar system as it will lend only similar quality bars.

LBMA bars can be imported and bought through in-

ternational banks. This will protect the interests of the investors when they want to take physical delivery. Independent audit will also be carried out on the stock in the vault. Details of the audit, statement of applicable charges and the income earned will be sent to investors regularly.

Mr Kothari said RSBL Commodities will act as the management company for the investors and charge a management fee of one to two per cent on the investment. "Investors' risks are limited to the extent of any price depreciation in gold or silver which is unlikely in near future. On an average an investor can earn an income of three to seven per cent depending on the market dynamics," he said.

Gold prices have risen by 28 per cent in last one year while silver jumped 133 per cent in dollar terms (London fix).