

“Refining Today, Defining Tomorrow.”



SOVEREIGN
METALS LIMITED

Gold Recycle & Refining Dept., Sovereign Metals Limited

“We find people rarely, whom the glamour of gold fascinates barely.”

Gold being the symbol of wealth and prosperity, always stands as cream & smart investment in anyone’s portfolio. Though digital gold investment is in trend, it cannot significantly narrow the demand and fondness towards buying physical gold in form of coins, jewelry/ ornaments.

The massive market of scrap & old gold jewelry offers promising opportunities for gold recycling and refining units to establish scrap gold collection centers to scoop up old broken gold and turn it into high quality gold bars. Furthermore, the government has become more involved in the refining industry. In few past years, Bureau of Indian Standards (BIS) introduced Indian Good Delivery Standards (2020), a range of standards for gold bars including purity, weight, markings and dimensions, enabling BIS-approved refiners to sell their bars that meet the requirements of commodity and stock exchanges.

Per se; along with exciting opportunities, there comes several challenges as outlined below to encounter with.

Capital & Resource Intensive

The refining set up requires substantial upfront funding for high-tech machineries, specialized equipment, qualified personnel & security measures. Also the rapid innovations in technology and up-gradation in processes, entails sizeable ongoing outlays.

Regulatory Framework & Ethical Sourcing

The gold industry is stiffly regulated to combat money laundering and prevent unlawful gold which enters the market through unorganized channels. In order to avoid any litigations and disputes, it is onerous to check the authenticity and legitimacy of such supplies. One has to strongly comply with all the applicable regulations and strictly adhere to ethical sourcing practices by implementing the proper KYC checks and keep accurate records of documents involved.



Competition from Unorganised Refiners

The other challenge is from the unorganised refiners in India. At present, most of the refining is done by small-scale refiners, using ancient and traditional practices, who primarily deal with the local jewelers, capturing the dominant share of domestic market. Further, the prevalence of cash transactions in the scrap market also affects the steady and consistent supply towards the organized and large scale refiners.

Lack of Awareness and Knowledge

The majority of supplies of scrap & old gold comes from the unorganized sources. Most of the jewelers prefer and are strongly influenced by local refining units which are rooted in the market since decades. It is very difficult for the refiners who are using advanced technologies & refining processes to get supplies from these customers due to lack of awareness and knowledge among them. One of the major challenge is, which purity testing method to rely upon. Most of the domestic suppliers reckon on widely used XRF techniques as they are quick and fast in delivering the testing results. On the other hand, refiners use fire assay as the primary tool for crediting their customers. Certainly, the test reports using two different methods will vary up to some extent and even a small difference will matter. To take these customers into confidence and build their trust, it is utmost important to educate and spread awareness among them regarding such technical aspects.

Quality Control & Expertise

It is also very crucial in gold scrap refining to ensure production of high-quality gold bars to maintain goodwill in the market. One shall continuously monitor and optimize the refining processes, impart training to develop skill and expertise in sampling and assaying, regular maintenance of equipment to improve efficiency and maintain quality.

It goes without saying that refining business offers immense opportunities for those who are willing to face challenges, by minutely learning and understanding the market dynamics, regulatory compliances, complexity of refining process and commitment towards ethical practices.

With the right outlook, we Sovereign Metals Limited, aspire to continue serving our partners and customers with veracity and supremacy, living up to our brand promise of **“Refining Today, Defining Tomorrow.”**

