

11TH MAY 2026

ELECTRONIC GOLD RECEIPT(EGR)

With NSE launching the EGR segment, India's gold market has taken a meaningful structural step forward. For investors who have always valued gold but have been frustrated by the informality around buying and holding it; this warrants a closer look. An EGR is gold on an exchange; you buy units on NSE, each backed by physical gold in a SEBI regulated vault, credited directly to your demat account. The underlying gold must conform to LBMA (London Bullion Market Association) or India Good Delivery standards before it is even eligible for deposit. The transaction is structured across three stages as deposit and creation of the EGR, exchange trading and conversion back to physical gold if the investor wants it. At no point does the gold leave the vaulting infrastructure unless the investor explicitly requests withdrawal.

India's gold market has always suffered from the same problems i.e. inconsistent purity, opaque pricing and informal storage. EGRs address all of this structurally. Pricing is exchange determined and transparent. Vault Managers are SEBI registered, mandated to physical inspections and required to carry comprehensive insurance covering theft, fire, fraud and force majeure. The gold in the vault is reconciled daily against the electronic record of outstanding EGRs making this an audited and regulated system. The Storage charges are fixed, disclosed upfront and collected systematically and no hidden costs are involved while settlement is T+1. Investors can also withdraw gold from a different vault than where they originally deposited, a practical feature for investors across cities.

Attribute	Electronic Gold Receipts	Physical Gold	Gold ETF	Sovereign Gold Bond
Regulator	SEBI	Unregulated	SEBI	RBI / Govt. of India
Backed by physical gold	Yes - vaulted	Yes - held directly	Yes - custodian	No - notional
Physical delivery option	Yes	Yes	No	No
Exchange traded	Yes	No	Yes	Secondary market only
Storage cost	Vault charges apply	Locker / insurance	Embedded in expense ratio	Nil
Tax treatment (LTCG)	As per securities	As physical asset	As per securities	Tax-free on maturity

Taxation on EGRs further strengthens their appeal. EGRs are treated as securities, which means buying and selling units on the NSE attracts no GST, offering clean and efficient trading without the 3% tax that typically applies to physical gold. GST is applicable only at the point of physical withdrawal from the vault. On the capital gains front, conversion of physical gold into EGRs (and vice versa) does not trigger a taxable event, allowing the original cost of acquisition and holding period to carry forward seamlessly. Sales on the exchange are subject to standard capital gains taxation applicable to listed securities. This tax-efficient structure positions EGRs as a cleaner and more convenient alternative for investors seeking meaningful gold exposure without the friction associated with physical or informal holdings.

EGRs sit in a genuinely useful middle ground because Gold ETFs offer no physical delivery, physical gold comes with purity risk and informal storage and SGBs lock you in for 5 years. EGRs sidestep all three. For investors with meaningful gold exposure, it presents a compelling case as a cleaner, more regulated way to hold the yellow metal. The regulatory architecture is sound, and investors should treat it as a long term structural allocation and monitor the segment as it matures.

Website: www.privus.in | Email: research@privus.in | Landline: +91 22 4896 5600

DISCLAIMER: This report/presentation is intended for the personal and private use of the recipient and is for private circulation only. It is not to be published, reproduced, distributed, or disclosed, whether wholly or in part, to any other person or entity without prior written consent. The report/presentation has been prepared by Privus Advisors (Firm) based on the information available in public domain & other external sources which are beyond Privus' control and may also include the Firm's personal views. Though the recipient recognizes such information to be generally reliable, the recipient acknowledges that inaccuracies may occur & that the Firm does not warrant the accuracy or suitability of the information. Neither does the information nor any opinion expressed constitute a legal opinion or an offer, or an invitation to make an offer, to buy or sell any financial or other products / services or securities or any kind of derivatives related to such securities. Any information contained herein relating to taxation is based on the information available in the public domain that may be subject to change. Investors/Clients should refer to relevant foreign exchange regulations / taxation / financial advice as applicable in India and/or abroad about the appropriateness and relevance / impact of the views or suggestions expressed herein, related to any Investment/Estate Planning / Succession Planning. All investments are subject to market risks, read all related documents carefully before investing. The Firm is registered with SEBI as a non-individual RIA bearing Reg. No. INA000019752 & BSEASL membership No. 2230. Registration granted by SEBI, membership of BASL and certification of National Institute of Securities Markets (NISM) in no way guarantees performance of the intermediary or provide any assurance of returns to investors.