

Nuvama Private Wealth set to Blossom in India's Fertile Wealth Management Market

In late December last year, leading Indian wealth platform Edelweiss Wealth Management (EWM) re-branded itself as Nuvama Wealth Management (NWM), and at the same time set itself on a course towards a public listing. These moves came about following the major 2020 investment for the controlling stake in EWM by the USD50 billion AUM firm Pacific Alliance Group (PAG). Hubbis spoke recently with Alok Saigal, President and Head of Nuvama Private, to hear why the rebranding and demerger exercises have been designed to help further consolidate the firm in the premium UHNW and family office segments of the market, and to learn more of the key trends and the outlook in the upper tier of the Indian wealth market.

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ALOK SAIGAL
Nuvama Private Wealth

Nuvama Private in its former guise as Edelweiss Private Wealth was created in 2010 and has enjoyed dramatic growth to an estimated AUM of 27.2 USD billion at the end of 2022. NWM is today therefore one of the largest platforms with a clientele spanning New Age Entrepreneurs, Business Owners, Family Offices, CXOs and Corporate Treasuries.

The range of services covers Investment Management – Capital Markets, Real Estate, Commodities, Currencies and Alternatives; Family Governance and Wealth Structuring; Asset Protection and Asset Transfer Strategies, Risk Management; Investment Banking; Financing; and Insurance Advisory.

A clear identity

Saigal explains that 'Vama' stands for wealth and prosperity in Sanskrit, and the name Nuvama, he adds, stands for the firm's collective and intense focus on customer centricity. "At the operational level, nothing has changed," he reports, "but the rebranding gives us a clearer identity as we blossom further from Edelweiss."

He explains that Nuvama Private as the niche wealth management practice within NWM has some major areas of focus and intent. For example, he says it is the only private wealth firm today running a dedicated practice for technology entrepreneurs, reaching out to them with their investment banking offering and ultimately aiming to manage their money.

The new wave of economic expansion

Saigal reports that unlisted companies and the vibrant start-up ecosystem are both in vogue

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in India today, where there are an estimated 115-plus unicorns, up from only about 30 in late 2020. He says wealthy private clients, often wanting to diversify their holdings from the traditional industries that brought them their first wave of wealth, are increasingly eager to buy into these new economy opportunities, especially at the earlier stages that they understand from their own formative days.

Prime mover advantage

"We have created a unique proposition for these types of entrepreneurs and founders, for managing their treasury assets, their founder capital, in structuring, and we are already even represented on the boards of some of the start-ups and are moving ever deeper into

their ecosystem," he reports. "We are building a major prime mover advantage in these areas with such clients, who have a wide range of needs. This is an example of the type of proactive and innovative approach we take to building business and connectivity."

Another key area of potential is connecting with the next generations, as India starts to go through a huge wave of intergenerational wealth transfer, with the older generations who have made huge wealth in the past several decades passing that and their businesses to the next generations.

Reaching out to the future

"We are playing what we think is a crucial role in creating programmes for the younger generations, so they are well equipped to take on these responsibilities," Saigal explains.

Another key trend is the rising wealth being created away from the biggest metropolises in the tier 2 cities. "We are striving to be in the right places at the right time as more entrepreneurial and wealth creation activity in general shifts to these other conurbations," Saigal explains. He adds that Nuvama Private currently has over 100 Relationship Managers (RMs) located mostly in three major cities of Mumbai, Delhi, and Bengaluru but is actively

building out its teams in other offices located in Kolkata, Pune, Chandigarh, Gujarat, Hyderabad, and Chennai.

He also reports that aligned with the brand-building effort since they re-launched, they are making every effort to position themselves smartly, and to appear at the right events and focus on the right target clients at the right times.

He cites for example a tie-up with the India CEO Forum in early March at which the firm hosted a golf event in Bengaluru which a lot of the private equity and younger entrepreneurs attended. They have also worked with the Entrepreneur Organizations of both Hyderabad and Rajasthan, and they even had an event planned in Dubai.

Stick to your skill sets

Saigal explains that in the entrepreneurial world of start-up and founder capital, many mistakes can be made, either by mistake or because individuals are as he puts it 'conned' out of their money or their holdings. He cites the example of one founder, who found himself rapidly diluted down from a controlling to a very minimal stake, which Saigal says could have been avoided with proper advice and planning.

"These people need sound advice so they can focus on their key skills, and we can help make sure they are able to navigate the complex corporate finance issues safely and successfully," he reports. "Raising capital and getting a new, fast growth tech business afloat with the right funding and right partners is exciting but it can also be a potentially perilous voyage. Our mission is to help them manage

the liquidity both in the company and in their own personal investments."

Scale is important

Away from the technology sector, Saigal reports that Nuvama Private is working hard with businesses and owners to help them scale up.

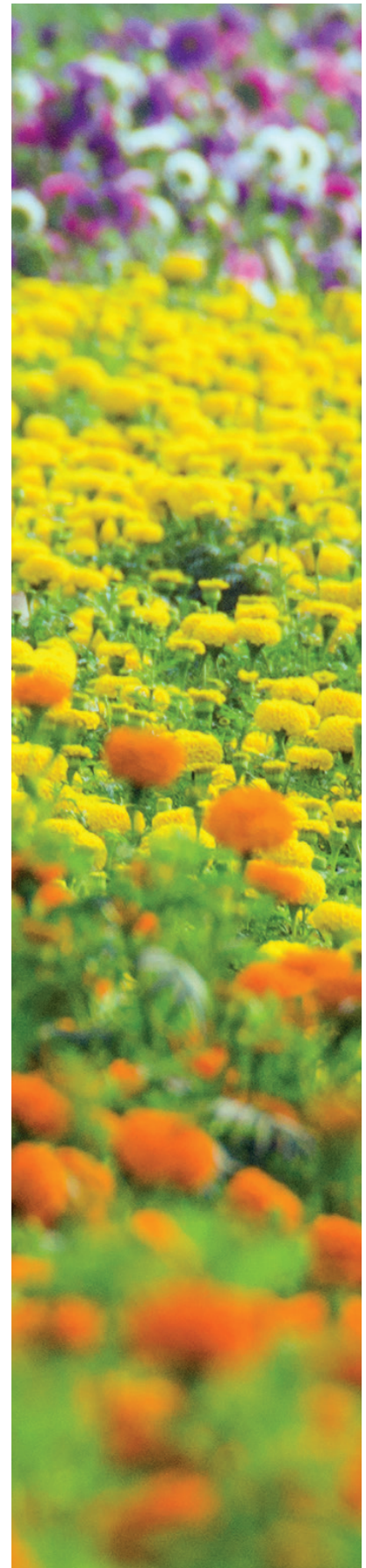
"We can add value, we can bring in new partners, we can deliver strategic advice, and we can help these owners with their private investments as well," he says. "Additionally, many of the owners and founders of older industry businesses are keen on reinvesting wealth in new sectors, in new age companies. We can match them to the tech businesses we are working with as well, so there is a genuine synergy in our activities."

He explains they have been working with one such very large, listed group, whose founders and controlling shareholders are very keen to mentor and invest in new age entrepreneurs and to help them scale their businesses, build supply chains, build distribution and so forth. "There is a lot of financial synergy and alignment of interests here, and our role in the middle brings great value to both sides of these equations," Saigal reports.

Challenges and opportunities

Saigal steps back to comment more broadly on the evolution of the wealth management landscape in India. He says the regulatory environment is moving further towards global standards of compliance, which is also favouring the larger players who have the scale and resources to handle these complex issues.

He states that as India is one



of the fastest growing wealth markets, there is room for more competition, but the dynamics and the realities of the rising operational, talent and compliance costs mean that the larger platforms and scale are more in favour.

Size and credibility

The larger platforms also offer a wider range of asset investment opportunities across the globe and also increasingly skewed to private assets and alternative markets. The thrust towards diversification is most prominent amongst the wealthier private clients, but also spreading across the mass affluent type of clients as well.

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“It was relatively easy in the past just to be a standalone independent financial advisor and handle some basic investments, but today the clients need a far wider range of assets in which to invest and they need much more support in a while range of areas,” he explains. “Unless you have a significant platform, you cannot properly serve these larger, wealthier clients.”

Additionally, Saigal reports that talent is in short supply and now very expensive, especially as a lot of new private equity money has flooded into some of the wealth management firms. Private wealth is exponentially growing

in India and most institutions want significant pie of this. However supply of talent has not kept pace with opportunity at hand. Hence most institutions are struggling to scale up their operations. We at Nuvama not just only hire alternate talent but also invest in building fresh talent pool for the industry by hiring freshers from campus and putting them through rigorous on the job training.

Rolling with the punches

Moreover, he adds that there had been significant growth in the family office space, which is also providing more competition for talent.

“We can say that the industry has lost some good people to some

family offices, although in these cases there is a silver lining as we can maintain or build relationships with them in their new roles,” he explains. “Actually, a few of our key RMs all left with a good ongoing relationship with us, and we continue to work closely with them. Maintaining relationships is vital in these markets.”

Saigal relates another nuance around talent, namely that he observes the smarter and more skilled bankers and advisors are increasingly realising that the regulatory environment is making it more difficult to take clients with them if they should move, and this favours the larger platforms where

these bankers have more and larger clients.

“Clients increasingly worry that they will end up getting crushed by new documentation and KYC and all that if they move to a new firm or bank to follow their advisors,” he explains. “Consequently, the good bankers are realising that moving clients from one platform to the other is not that easy.”

He says for the more junior bankers, it is perhaps easier to move as they do not have so many or such significant clients. For more experienced bankers, the goalposts have shifted substantially. “For example,” Saigal reports, “we lost a senior banker last year, but we retained 99% of his business, which has since expanded as we passed those clients to our other bankers, who have been working even harder to build their share of wallet.”

Bigger = better

Saigal concludes his observations by noting that virtually all the developments and key trends are playing into the hands of larger platforms such as Nuvama Private.

“We now have some USD 27.2 billion of AUM and we are clearly a major force in this market,” he says. “With the scale we have and that we will build further, we can achieve those efficiencies to offset the rising business, talent and compliance costs. We believe the regulatory and business landscapes will evolve in ways that will actually offer us additional advantages over the smaller players, all leading to further consolidation of the client base and the industry at large. And we have a clear grasp on our market areas of focus and the opportunities ahead.” ■