

Building Dedicated Offshore Platforms in Dubai and Singapore for India's HNI, UHNI and NRI Communities

Alok Saigal, President and Head of Nuvama Private, is never short of words when it comes to opining on the evolution of the Indian wealth management market, in which he has a genuine passion and fascination. Nuvama Private, the Private Banking Arm of Nuvama Wealth Management Limited, also known as Nuvama Group (formerly known as Edelweiss Securities Limited) emerged from re-branding in its current avatar in late 2022. In 2020, Pacific Alliance Group (PAG) acquired a 51% stake in Edelweiss Securities Limited for USD ~300 mn. Nuvama (NSE, BSE: NUVAMA) is now a publicly listed firm. Hubbis met with Alok in Mumbai in January to learn about Nuvama Private's plans to build full-fledged independent wealth businesses in Dubai and Singapore. The new operations, which will be properly licensed and staffed, will service the firm's Indian HNW and UHNW clients diversifying offshore, including the increasing number seeking to establish overseas family offices. The Dubai and Singapore platforms will also reach out to the numerous NRIs seeking specialist guidance and expertise to help them expand their onshore India investments amidst the country's ongoing bull market.

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ALOK SAIGAL
Nuvama Private

Nuvama Group has enjoyed remarkable growth and manages client assets of USD ~40bn as of Q3FY24*. Nuvama Private is positioned as one of the largest non-bank wealth platforms in India and caters to diverse clientele encompassing New Age Entrepreneurs, Business Owners, Family Offices, CXOs and Corporate Treasuries.

The firm's comprehensive suite of services includes Investment Management across Capital Markets, Real Estate, Commodities, Currencies and Alternatives; alongside offerings in Family Governance and Wealth

Structuring, Asset Protection and Asset Transfer Strategies, Risk Management, Investment Banking, Financing, and Insurance Advisory.

The call of Dubai and Singapore

Alok directs the conversation towards the firm's overseas aspirations, disclosing plans to establish operations in Singapore and Dubai. "HNI's in India are embracing global perspectives and seek support beyond Indian borders," he remarks. "They are inclined towards currency diversification, given the substantial portion of their wealth tied to India and the Rupee. Moreover, these clients are increasingly sophisticated, yearning for diversified assets and markets."

He underscores lifestyle diversification and enhanced educational opportunities for their children as additional incentives, highlighting both Dubai and Singapore as prime destinations. Proximity to India and cultural affinity make Dubai a natural choice, while Singapore's strategic location and sizable Indian population make it equally appealing.

At home overseas

"The clients based in Singapore and Dubai find comfort in the locations and hence attract a lot of capital and interest from India," Alok notes. "A lot of Indian businesses have created wealth outside of India through the extensive offshore business interests and income. Dubai's proximity to India coupled with its access to markets of North Africa and Europe, makes it a natural extension for them to set up business operations in the city, leading to growing demand for specialised, India-centric wealth management services with a proven track record."

Addressing real needs

Alok stresses the importance of addressing unmet needs within the Indian diaspora "Our focus lies on offering specialized services tailored to Indian clients, markets, and relevant investment opportunities".

The second key driver is the Non-Resident Indian (NRI) market to draw their money back to Indian investments. "With India's robust economic growth, there is burgeoning interest among Non-Resident

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Indians (NRIs) in re-investing in India, and hence we need to establish operations in those offshore markets to deliver conduits for these investments and specialist advice.”

Partnerships in excellence

Alok added “Planned custody solutions is another service relevant to Nuvama’s expansion, as the firm is set to be a licensed External Asset manager (EAM) in both jurisdictions. In Singapore we also hold the capital markets (CMS) license, allowing us to provide full-fledged wealth management services. We are also looking to establish formal tie-ups with banks and other institutions for both products and custody including our preferred partners from India.”

Controlled delivery

Alok emphasizes Nuvama’s intent to maintain full control over client outcomes, a strategy underpinned by deep client engagement and trust cultivated within India. “We aim to replicate this level of personalized service offshore. We know and understand the needs and aspirations of an Indian client, their style and preferences, and

how they like to be engaged with,” he says. “We have learned through experience that they want us to be involved directly, at a level of trust and engagement similar to that established in India.” He explains, “We have developed close relationships with our clients in India, focusing not only on selling products but on providing advisory services and long-term asset allocation and planning. We want to replicate that for them offshore.”

Two-way flows

Alok is confident that this route is the best way forward. “We are providing full-service operations in those markets for our Indian clients, and at the same time, Nuvama’s Dubai and Singapore operations and our bankers will be reaching out to the wealthy NRI communities in those markets. It is an excellent scenario with two-way flows leveraging our skills and expertise.”

He explains that Indian families with wealth often have established business structures outside India and require professional advisory, investment and structuring services to help manage the offshore wealth that they are constantly generating.

Indian SFOs offshore

Additionally, there are many Indian clients seeking to establish bridgeheads offshore, especially in the form of Single-Family Offices (SFOs). He cites the example of a large business family from Mumbai, with one brother having decided to move to Dubai, where they already have significant assets of around USD100 million, separate from their estimated USD400 million of wealth in India.

Trust and history

The primary requirement of wealthy Indian families is assistance in long-term legacy planning, including succession and estate planning, and setting up a comprehensive family office, Alok explains. They seek trusted partners like Nuvama with whom they have built long-standing relationships, he adds further.

“Clients prefer partnering with experts that have the ‘local’ expertise and guidance from people they know and trust,” he elucidates. “Nuvama can provide full-fledged family office services tailored to the unique needs of these high-net-worth families and at the same time, help devise a holistic approach to the overall estate and legacy planning and structuring.”

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Spotting an opportunity

As to building the NRI client base through Dubai and Singapore, Alok has some forthright views. He highlights that the challenge in the space is with some of the big banks that are leaders in the NRI market. For various strategic and other reasons, they have become less dominant in the space.

“Amongst some prominent global and Asian names, we are seeing a period of instability and uncertainty within these banks’ NRI segments, and that to some extent spells opportunities for us to be hired as a specialist in the NRI space, as those bankers seek more stable, dedicated and fully committed firms to work with,” he reports.

Talent for hire

Alok extends his thought process to examine the wider options for hiring Relationship Managers (RMs) and advisors in Dubai and Singapore. He highlights the concerns expressed by senior bankers, who feel that their focus is overly directed towards dealing with administrative and

compliance matters at their banks. In the EAM space, regulatory and compliance burdens are perceived to be lighter – as is the case as the accounts and custody are still vested with the banks.

“The bankers in the independent space can focus more on core business activities, helping raise our appeal for those individuals,” Alok elucidates. “There is a perception that the independent segment offers more scope for product and advisory curation that is truly valuable to their clients, whereas banks are often corralling their RMs towards ‘simple’ products such as leverage, FX, fixed income and deposits. “The lack of room to deliver diverse and innovative product offerings at the banks might also be driving the more dynamic and versatile bankers towards the independents,” he says.

A valuable proposition

Alok added that Nuvama envisions itself as a dedicated provider of relevant expertise and specialized knowledge that offers clients

considerable incremental value in comparison to the current players in markets.

“The Indian market is a favourable investment to most investors and the attention of most NRIs is very much on investing back at home. As subject matter experts, this is a significant opportunity for us to build a platform over the next three to four years to deliver real value.”

Careful navigation

Alok re-iterates Nuvama’s long-term vision, emphasizing on the commitment to build a robust, well-regulated wealth management operations in Dubai and Singapore. rather than relying on basic product and banking partnerships.

“Our understanding of the clients and the reputation and track record we bring are foundational to the success we anticipate in Dubai and Singapore. He hints at broader aspirations to deliver a practice that mirrors the expertise and approaches they have established in India.” he states. ■

*Please note, a conversion rate (as of Dec 29th, 2023) of 1 USD equal to 83.1164 INR has been used.

