



IIMC CASE RESEARCH CENTER (IIMCCRC)

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RICHIE ADVISORS PRIVATE LTD.

INTRODUCTION

On 30th January 2020, Richie Ranchordas received his degree as a chartered financial planner from IIM Calcutta. However, on the same day, India reported its first confirmed case of 2019-20 Coronavirus pandemic that originated from the city of Wuhan in China. The director-general of the World Health Organization declared the Coronavirus outbreak a "Public Health Emergency of International Concern." Like other educational institutions in India, IIM Calcutta also had to postpone its convocation.

Richie thought "even though the stock markets, and the interest rates are likely to plummet in the coming days, there would be a huge demand for investment advisory services in the wake of nervousness and uncertainties with probable liquidity easing by central banks."

Since his high school days, Richie had dreamt of owning his investment planning and wealth advisory firm. In fact, he would help his parents and relatives choose and invest in equity shares and mutual fund plans, manage taxes, and do all the associated paperwork. This was the reason why he chose to opt out of campus placement.

Thus, even with the Corovirus outbreak creating havoc worldwide, and the markets bleeding losses, Richie seemed unperturbed. Along with his childhood friends, he decided to bring the long-cherished dream into reality, and started a financial advisory company, Richie Advisors Private Ltd. The company planned to provide services like financial planning, investment advisory, and wealth management consulting, using both offline and online modes. Specifically, the company planned to offer its services largely offline, especially to high net worth individuals; and largely online, to other individuals. It was

Professors Sudhir S. Jaiswall, Manju Jaiswall and Arpita Ghosh of the Indian Institute of Management Calcutta developed this case study as the basis for class discussion rather than to illustrate the effective or ineffective running of an organization.

a fee-based revenue mode; besides, the company also looked to earn commission incomes from selling mutual fund schemes to its clients.

Richie was already aware through his family friends, who are in senior management positions of large corporates, that there is a latent demand for these investment advisory services, especially among corporates. Generally, these corporates want their employees to spend productive time on their work, rather than managing their personal investments, specifically more so, if this mundane activity can be outsourced. In fact, these corporates were also willing to avail such services for a fee to companies, like Richie Advisors. Thus, at some point in time in the future, Richie did plan to tie up with such corporates for providing these services.

Richie was very excited about his new venture, more so because, financial advisory services industry in India has been among the fastest-growing. Moreover, India by and large, did have a rapidly expanding and diversified financial sector. Not only have existing Indian financial advisory services firms experienced strong growth, but also the market has seen a surge in new entrants. Notably, the corporate investors' assets under management in March 2019 was ₹ 9.55 trillion (US \$ 136.59 billion), while those for the high net-worth individuals, along with retail investors stood at ₹ 7.52 trillion (US \$ 107.55 billion) and ₹ 6.30 trillion (US \$ 90.12 billion), respectively. India therefore, is expected to be the fourth largest private wealth market globally by 2028.¹

¹ <https://www.businesstoday.in/top-story/india-to-be-fourth-largest-private-wealth-market-globally-by-2028-says-report/story/337399.html>