Family office gains ground among India's super rich

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Mumbai: The concept of a family office to manage, preserve and grow wealth is gaining ground among the country's super rich. In India, 45 business families have already created such structures, which manage an average of $318 million (Rs 2,226 crore).

Family offices have a much wider role than that of financial advisers, or even wealth advisers, whose services are used by high net

WEALTH ADVICE

worth individuals (HNWIs), a term used to describe those with liquid assets over $1 million (Rs 7 crore). This is an advisory firm that looks after wealth, which includes assets like properties (real estate), paintings, yachts and other investments for the super rich (with over $100 million). It also provides counselling and concierge services to family members, and enables a smooth transition of wealth from one generation to another.

Amit Patni, part of the family that had founded Patni Computer Systems, was one of the first to take the family office route to manage wealth. The family office was founded after General Atlantic invested $100 million in the company in 2002. It came in useful when Patni Computer Systems was sold to iGate in 2011 for $1.22 billion. Impressed with the structure, Patni partnered with UK's Campden Wealth Connect to set up RAAY Investments, which advises families.

The first ever study in India has been done by Edelweiss Private Wealth Management, and Campden. According to Campden Wealth CEO Dominic Samuelson, there was a need for such a firm that would provide advice across generations as less than 3% families have successfully transitioned wealth beyond the third generation, and less than 30% have transitioned from first generation to the second.

Anshu Kapoor, private wealth management head at Edelweiss, said India has 1.5 lakh high net worth families with $2 trillion.