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Global Indian Family Offices: Evolution of the Indian Diaspora

The Lotus

Rich in symbolism, the lotus is the national flower of India.

Representing purity, prosperity and eternity, the lotus captures the goals of Indian diaspora families and the values that bind them across generations.

Purity

Prosperity

Eternity

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Green tea plantations in Kerala, India

Foreword

New Directions for a Powerful Diaspora

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A growing class of ultra-high-net-worth individuals (UHNWI) in Asia is forging a wealth management evolution. Indian diaspora families are at the vanguard of this change. Scattered across the globe, Indian diaspora families are leveraging their wealth, education and influence to shape the future of business, philanthropy and succession globally.

To understand this evolution, DBS Private Bank embarked on this research to explore family offices among the Indian diaspora. The insights in this report were gleaned from in-depth research, expert perspectives, and a series of wide-ranging interviews with 13 representatives of Indian family offices located throughout the Asia-Pacific region and beyond, who shared their personal histories, and the factors and decisions underlying their families' success.

Discreet and powerful, family offices are a major emergent force in the global economy, and it is a structure that UHNW diaspora Indians are increasingly turning to. Family offices provide access to specialised financial advice, support the families in their succession and estate planning, and guide them in their philanthropic endeavors.

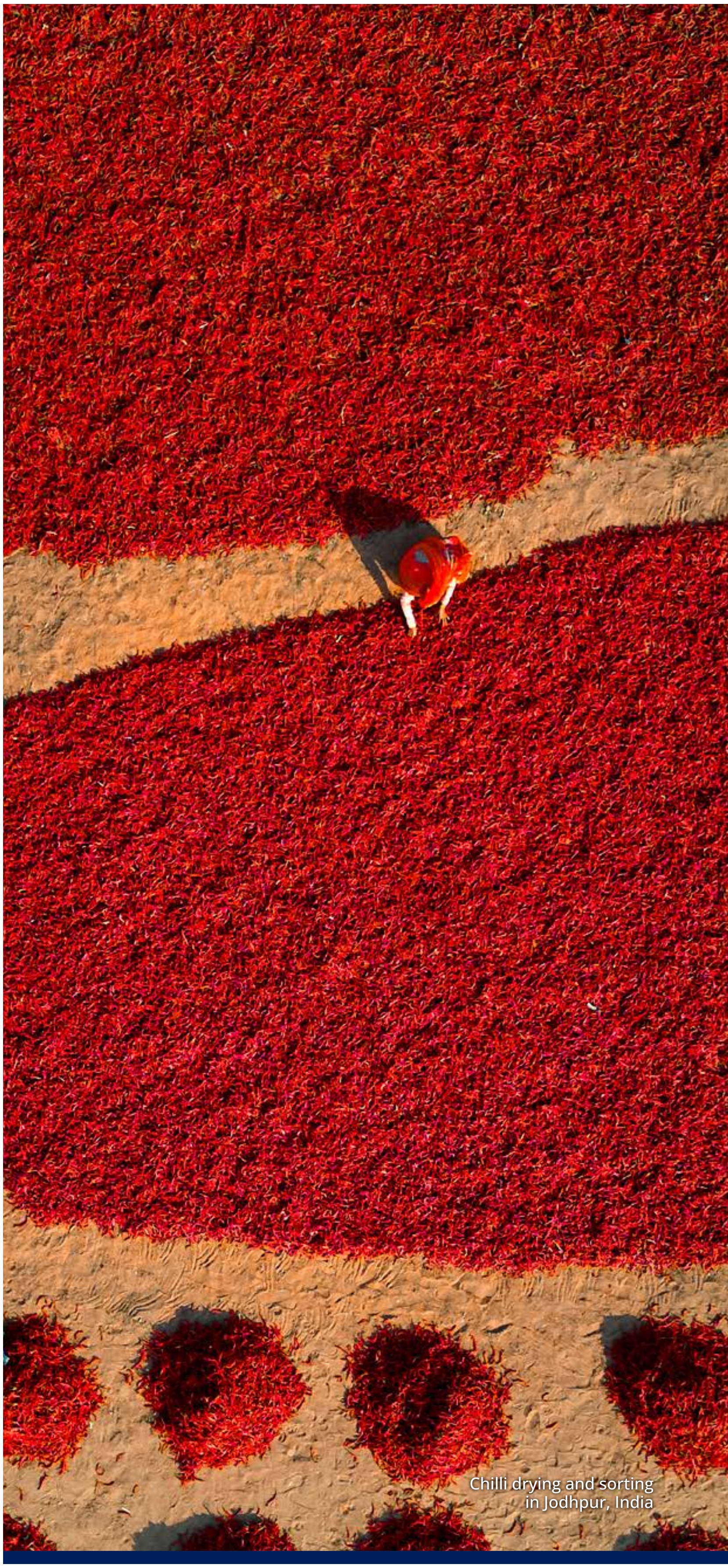
As the Indian diaspora grows its wealth, many are establishing family offices in jurisdictions all over the world. Singapore has become a key location for UHNW Indians to establish a family office outside of India. Many in the

Indian diaspora call Singapore home, and the Singapore government has been actively working to support the establishment of family offices in the city-state. Notable UHNW newcomers to the country include the Ambani and Dalio families, and others are starting to follow suit.

This report explores the rich history of these families, and highlights the emerging cohort of the next generation of family leaders. Increasingly tech-savvy, risk-tolerant and socially conscious, this group is redefining the family offices of the future.

Many UHNW in the Indian diaspora remember the bitter feuds that have emerged from some of India's richest families and are keen to avoid those mistakes. Family offices not only support the seamless transfer of family wealth and values from one generation to the next—they also provide an established structure for effective governance, communication and decision-making.

The findings in this report represent generations' worth of lessons. We hope these insights will spark new conversations and ideas among UHNW individuals as they embark on their own journeys to grow their wealth and legacy.



Chilli drying and sorting in Jodhpur, India

About the Research

Global Indian Family Offices: Evolution of the Indian Diaspora is a landmark Bloomberg Media study featuring first-hand insights into the family office operations of some of India's most successful families. Based on interviews with 13 highly successful entrepreneurs and philanthropists, the findings reveal the reasons ultra-high-net-worth individuals (UHNWI) among India's diaspora have established a family office, as well as their investment, philanthropic and succession strategies.

Through personal accounts of business success and family office strategies, the report provides a rare perspective on the values that drive the ongoing legacy of some of the Indian diaspora's most influential entrepreneurs.

The report was researched and written by Bloomberg Media with support from DBS Private Bank from January to September 2024. Bloomberg Media and DBS Private Bank would like to thank the following contributors for their time and insights:

- **Adeeb Ahamed**, Managing Director, LuLu Financial Holdings
- **Amit Patni**, Founder and Director, RAAY Foundation
- **Arvind Tiku**, Founder and Group Chairman, AT Capital
- **Ashish Saboo**, Managing Director, General Atlantic
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- **Rishabh Mariwala**, Managing Partner, Sharrp Ventures

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- **Vimal Shah**, Co-Founder and Chairman, Bidco Africa
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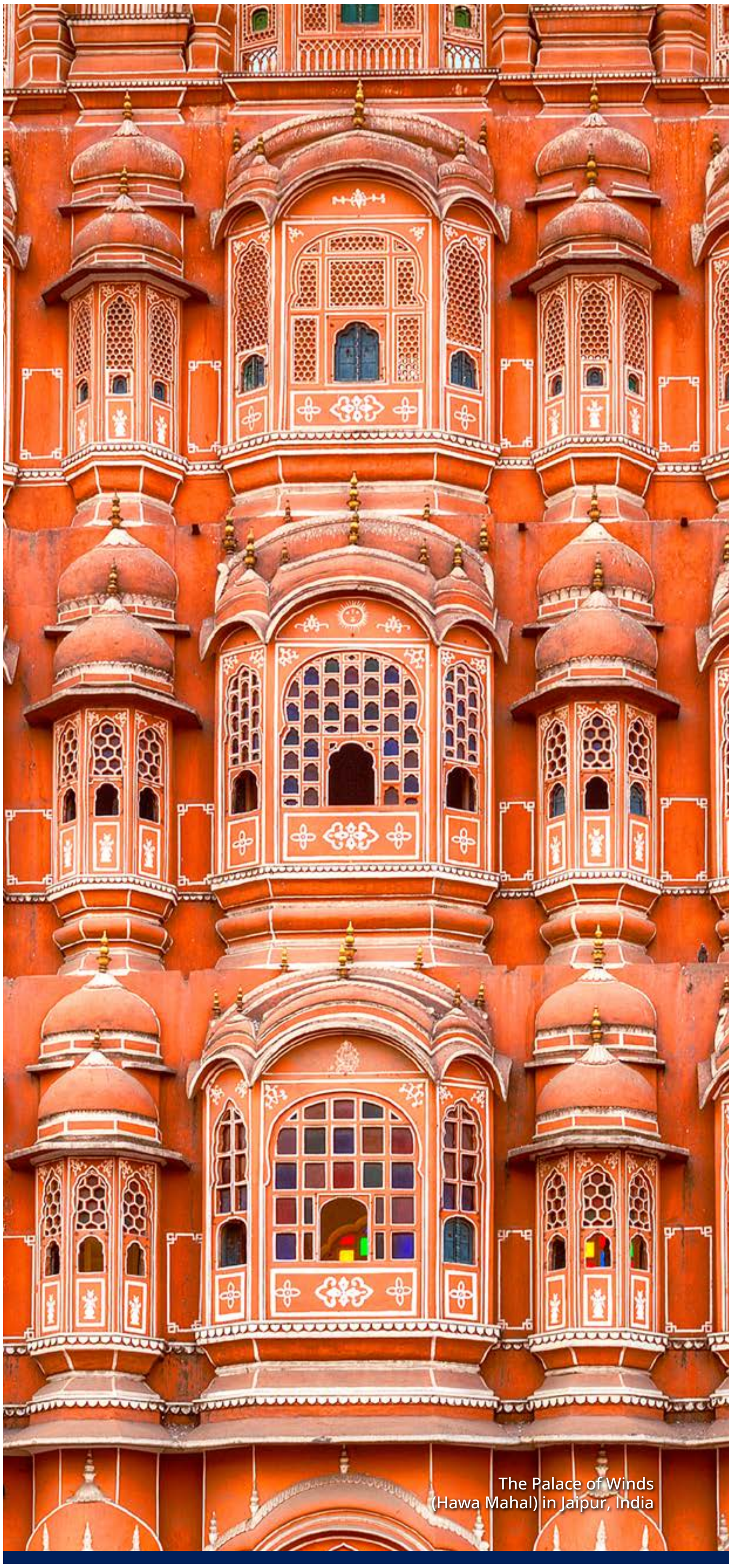

The Palace of Winds (Hawa Mahal) in Jaipur, India

Key Insights

1. The family office is emerging as a major force in the global economy, controlling a collective US$5.9 trillion in assets under management.

2. At its vanguard is a growing cohort of UHNW Indian diaspora families. In 2023, around 6,500 HNW (high-net-worth) Indians were estimated to have left India for new opportunities in Asia's financial centres such as Singapore, Dubai and Hong Kong.

3. The growth of family offices among UHNW Indian individuals is fueled by a desire to preserve and grow family wealth and pass down family values across generations.

4. Singapore is a top destination for UHNW Indian families looking to establish a family office outside of India, thanks to its stable political and economic climate, favourable business environment and tax regime.

5. Despite being far from home, Indian culture and values continue to play a key influencing role in how UHNW diaspora Indians invest their wealth and practice philanthropy.

6. Impact investing has grown in popularity, but most UHNW Indian diaspora families prefer a more conventional approach to philanthropy that centres around charity without the expectation of returns.

7. Real estate and gold are no longer strongholds for UHNW Indians' wealth—instead, families are increasingly diversifying their portfolios into public and private equity market investments, including alternatives. Family offices are increasing their international allocations as they recognise an embedded home-country bias, currency risks and tech disruptors, with many diversifying their portfolios across mature and emerging economies.

8. Startups are also attracting Indian diaspora wealth. Younger family leaders are allocating more of their wealth into growth sectors such as technology startups, positioning themselves as sources of "patient capital."

9. As the number of UHNW Indian families grows, the need for robust succession and legacy planning has deepened. Many are now considering instituting a succession plan to ensure a smooth transition to the next generation, even when their children choose to explore pathways beyond the family business.


Kuchaman Fort
in Rajasthan, India

Part One

The Indian Family Office

Discreet and powerful, family offices are emerging as a major force in the global economy. With a collective US$5.9 trillion in assets under management, the number of family offices globally more than tripled between 2019 and 2023, highlighting the increased popularity of this structure among UHNWI.[1]

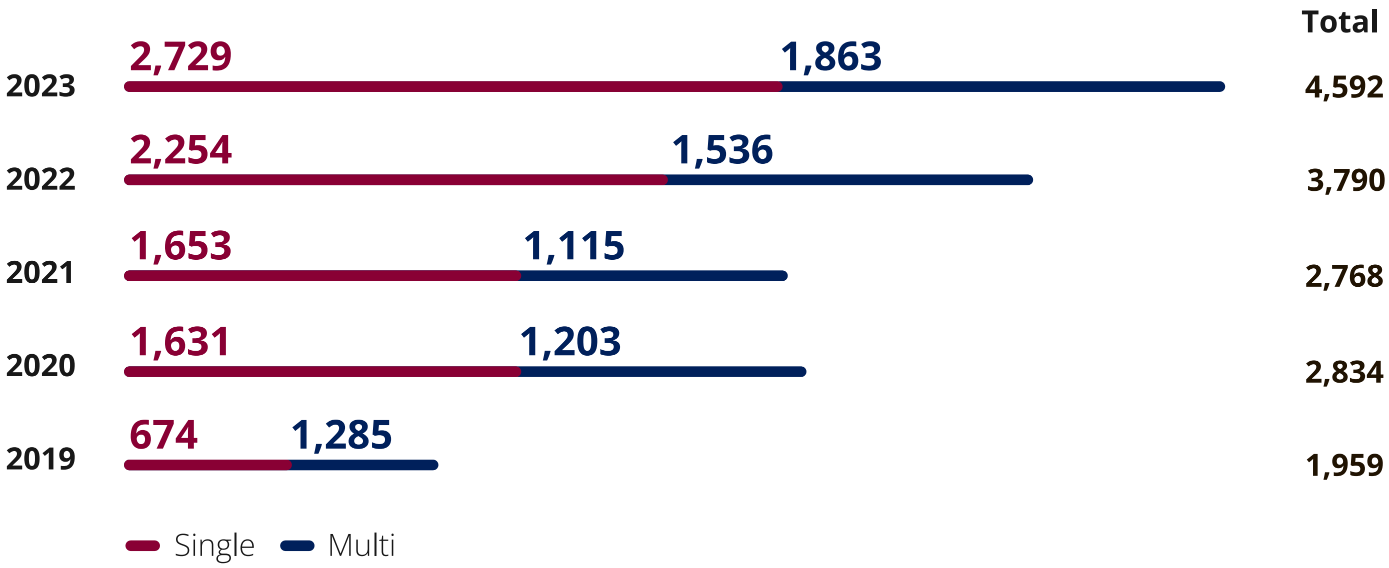
Family office numbers have risen in tandem with the growth of the global wealth pool. The billionaire population has expanded rapidly in the past decade and now exceeds 3,190, according to consultancy firm Wealth-X, with an additional 90,000 people worth US$100 million or more.

Much of the rise in wealth can be attributed to investments in real estate and technology[2], but intensifying global risks and increasingly complex financial markets are creating more challenging environments for UHNW individuals to navigate. This has necessitated the need for the specialised expertise found in a family office, growing the popularity of these structures.[3]

Reliable data on family offices can be difficult to ascertain due to the private nature of the market, but estimates for the number of family offices globally range from 4,500[4] to 10,000.[5] Single-family offices (SFOs) comprise the largest segment, according to investment data company Preqin.[6]

1. https://www.forbes.com/sites/josipamajic/2024/01/11/the-rise-and-rise-of-the-family-office-an-analysis/
   https://www.preqin.com/insights/research/reports/fundraising-from-family-offices-a-guide-to-raising-capital
2. https://www.mckinsey.com/industries/financial-services/our-insights/the-rise-and-rise-of-the-global-balance-sheet-how-productively-are-we-using-our-wealth
3. https://stories.tharawat-magazine.com/the-evolutionary-history-of-the-modern-family-office/
4. https://www.preqin.com/insights/research/reports/fundraising-from-family-offices-a-guide-to-raising-capital
5. https://www.bloomberg.com/news/articles/2024-07-16/family-offices-snub-hedge-funds-for-quant-bets-citi-banker-says
6. https://www.preqin.com/insights/research/reports/fundraising-from-family-offices-a-guide-to-raising-capital

Figure 1: The Rise of the Family Office[7]



Number of family offices worldwide (in millions)

7. https://www.preqin.com/insights/research/reports/fundraising-from-family-offices-a-guide-to-raising-capital

As the number of family offices has expanded, so too have their locations. Asia has become a prominent family office hub. An estimated 9% of family offices globally are now based in Asia, spread across financial centres like Singapore and Hong Kong.[8] With the number of UHNWI in the region set to increase by 40% by 2028, the incidence of family offices in the region is expected to follow suit.[9]


The Blue Room (Chhavi Niwas) in City Palace in Jaipur, India

Indian diaspora families are at the forefront of this family office evolution. Since 2018, the number of family offices in India has risen from 45 to 300, while many families of Indian origin have established offices in Singapore, Hong Kong and Dubai, among other locations.[10] This rise mirrors the growing wealth of India's diaspora. Presently, over 13,200 Indians have an estimated net worth greater than US$30 million, and this number is expected to increase by over 50% from 2023 to 2028, the highest growth rate globally.[11]

Approaches similar to family offices have existed in India for decades, with the *muneems* of the 1970s—wealth managers who assisted the *zamindars*, or HNWI of the time—seen as precursors to today's fund managers.[12] As the Indian diaspora grows its wealth and families start to span multiple geographies, their wealth management becomes more complex, and many UHNWI of Indian descent have turned to the more structured approach of a family office to access specialised financial advice, manage their succession plans, and shape their legacies through philanthropy and the transfer of knowledge and values.

8. https://cdn.agreusgroup.com/downloads/Agreus-2023-Global-Family-Office-Compensation-Benchmark-Report.pdf
9. https://iqeq.com/insights/family-offices-in-asia-the-booming-powerhouses-of-asset-management/
10. https://www.business-standard.com/industry/news/family-offices-rise-to-300-since-2018-tier-ii-iii-cities-in-demand-pwc-124070300714_1.html
11. https://content.knightfrank.com/resources/knightfrank.com/wealthreport/the-wealth-report-2024.pdf
12. https://inc42.com/features/decoding-family-offices-landscape-in-india/

The Vanguard of Change

One of the key drivers in the growth of family offices among India's UHNWI diaspora is the preservation of wealth. Many families have come from humble beginnings and want to ensure their prosperity is shared, along with the values that helped grow it.

Ravi Pillai, founder of the RP Group of Companies, started a construction business in India, before he moved to Saudi Arabia after a series of strikes in his hometown of Kochi brought business to a standstill. "I was 24 or 25 years old. I had $25,000 to put towards a business. At that time, the oil price was $8. There was not much of a diaspora. I didn't know anybody. It was very difficult," Mr Pillai says.

The founder and chairperson of Prime Bank Africa, Rasik Kantaria, who is based in Kenya, says his grandfather founded their family businesses after escaping dire circumstances in his native Gujarat, in India, when he was just 16. "At the time, there was a severe famine in Gujarat and his family had lost everything," says Mr Kantaria. "He traveled from Mombasa to Nairobi and settled in Limuru, where he started a shop catering to labourers and people in the surrounding area. That's where our journey started."

Shruti Lohia Horia, director of healthcare at Kindorama, says her grandfather, Mohan Lal Lohia, left India in 1973 to start a new life in Indonesia with his son (Ms Lohia's father, Sri Prakash Lohia). They went on to form the Indorama Group, and Sri Prakash Lohia is now one of Indonesia's richest men. "The Indorama Group was started by my father in the 1970s in Jakarta with just a small textile factory," Ms Lohia says. "Today, the Indorama Group's diverse holdings span agricultural products, medical gloves, mining and petrochemicals."

As their wealth has grown, many of those in the diaspora find themselves managing businesses and families across jurisdictions. Adeeb Ahamed, managing director of LuLu Financial Holdings, says although his family has been in the Middle East for over six decades, he chose not to venture into the family business, and instead charted his own path through LuLu Financial Holdings. The company has since grown into a global financial services conglomerate with a presence in over ten countries across the Middle East, the Indian sub-continent and Asia-Pacific. Meanwhile, Mr Ahamed's hospitality investment company, Twenty14 Holdings, owns landmark properties across Europe, the Middle East and India.

Many interviewees share these cross-border ambitions, as their resources have enabled their children to pursue opportunities abroad, thereby growing the Indian diaspora.
Mr Ahamed, for example, settled in the United Arab Emirates (UAE) after obtaining degrees at European universities, while Ashish Saboo, who serves as both executive director for investment and strategy at the Marubeni Corporation, and managing director of General Atlantic, made a detour to Australia before settling in Indonesia.

Modern Traditions

UHNW Indian diaspora families are now being joined by a new wave of successful Indian businesspeople, who in turn are exploring their own family office structures. In 2023, around 6,500 HNW Indians were estimated to leave the country for destinations such as Dubai, Singapore, Europe and the US.[13] They join a rarefied set of overseas family offices that includes prominent names such as Premji Invest, the Ambani family and Catamaran Ventures.

13. https://www.moneycontrol.com/news/immigration/immigration-where-are-indians-moving-why-are-hnis-leaving-india-12011811.html

Figure 2: Indian Diaspora Family Office Profiles

Premji Invest

- Based in Bengaluru, India.
- Established by Azim Premji, the founder behind IT multinational Wipro.
- Premji Invest focuses on growth-equity investments, targeted at the technology, consumer, financial and healthcare sectors.

Catamaran Ventures

- Based in Bengaluru, India.
- Set up in 2010 by Infosys founder N.R. Narayana Murthy.
- Catamaran Ventures invests in listed companies, from early to late stage across a range of sectors.

Ambani Family Office

- Based in Mumbai, India, with a branch opening in Singapore.
- Founded by the Ambani family, of Reliance Industries, the family office has diverse holdings spanning telecommunications, retail and energy.

Based on publicly available information

“What makes me proud about the Indian diaspora is our value set.”

Ashish Saboo, Managing Director of General Atlantic

As wealthy Indian families increasingly move their business interests abroad, they bring with them a new blend of attitudes and perspectives, such as more gender-equal approaches to estate planning.

“I have two daughters and they will get an equal share of everything,” says Amit Patni, a third-generation member of the Patni family and founder of RAAY Global Investments. “Nearly every family I speak to now is following a system where everyone is treated equally.”

However, close ties to home and Indian culture remain important for the diaspora, with many holding onto tradition, values and faith amid a changing world. Both Vimal Shah, the Kenya-based co-founder and chairman of Bidco Africa, and Mr Kantaria note that their Indian upbringing has provided them with a strong set of positive values that continue to influence their business decisions.

“From day one, my father insisted that we never did anything illegal or illicit,” says Mr Vimal Shah, who adds that his family business eschews dealing in any products disallowed by the Jain religion, while prioritising social responsibility.

“What makes me proud about the Indian diaspora is our value set,” says Mr Saboo. “For me, India is a place to calm down and find values when you’re in a high-pressured world.”

The Palace of Winds
(Hawa Mahal) in Jaipur, India

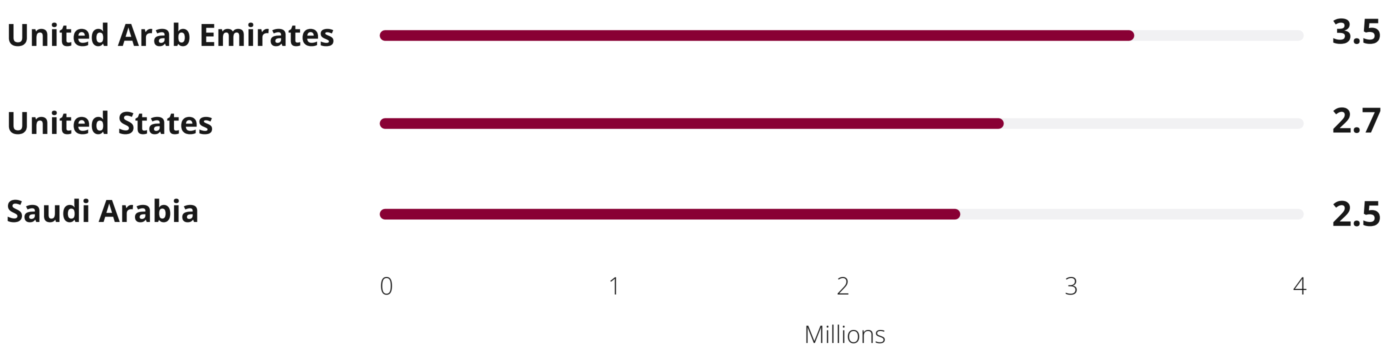
Evolution of the Indian Diaspora

The rise in wealth among India's diaspora has not been accidental. In 2023, The Economist declared India's diaspora the "most influential" cohort of overseas migrants in history, citing its significant size and achievements.[14] And although there is no single factor driving overseas Indian migration, where wealth has flowed, so too has the Indian diaspora.

Although the first migrants were 16th-century traders, the Indian diaspora began to grow substantially at the start of the colonial era, when large numbers of Indians were both forcibly and voluntarily relocated to work on plantations and construction projects overseas.[15] Following independence from Britain in 1947, this migration continued to grow as large waves of Indians moved to the UK and US to fulfil acute labour shortages in the wake of World War II.[16 17]

India has not always been known for its cohort of ultra-wealthy individuals, but following the introduction of economic reforms in the late 1980s and early 1990s, the country ushered

Figure 3: Top Three Destinations for Indian Migrants (2020)[18]



14. https://www.economist.com/international/2023/06/12/indias-diaspora-is-bigger-and-more-influential-than-any-in-history
15. https://www.migrationpolicy.org/article/india-migration-country-profile
16. https://www.mea.gov.in/images/pdf/EthnicityandDiasporicIdentity.pdf
17. https://www.jstor.org/stable/45340596
18. https://www.un.org/development/desa/pd/sites/www.un.org.development.desa.pd/files/undesa_pd_2020_international_migration_highlights.pdf

in a new age of manufacturing and foreign investment.[18] That set the stage for the emergence of major Indian family businesses such as Tata and big-name tycoons like Gautam Adani, who rode the country's rapid growth in the mid-2000s to build their immense wealth.[20 21]

The next wave of Indian success is continuing to build upon these foundations. As the world grapples with a shortage of skilled workers, India's well-educated, technology-savvy population is in huge demand in countries like the US, UK and Australia. In 2022, for example, 73% of the visas given to skilled workers in specialty occupations in America were awarded to people born in India.

A new generation of rich Indians is also coming to the fore as improvements to India's infrastructure have powered faster and cheaper logistics, and broadened access to high-speed internet. The cohort of new millionaires is younger and building wealth outside Mumbai, Bengaluru and other top-tier cities, through consumer staples and essential commodities.[22] Once established, these young entrepreneurs are also looking to overseas markets to grow their success.

Today, the Indian diaspora ranks as the largest migrant group globally, with almost 18 million people of Indian origin spread across 146 countries. These include historic populations in places like Fiji, South and East Africa, Singapore and Malaysia, to newer populations in the US, UK, Canada and Australia.[23]

Although the reasons for leaving India are as diverse as the home country itself, one fundamental driver lies at the heart of the decisions for many Indians to leave their motherland: economics. Indians have been hugely successful overseas, and many diasporas are now central to global commerce.

They are the highest-earning migrant groups in America and Australia, with median household incomes well above the national average.[24] The Indian diaspora is also reshaping some of the world's biggest companies. 35 Indian-origin CEOs run global businesses with a combined revenue exceeding $1 trillion, with Adobe, IBM, Microsoft and Alphabet, Google's parent company, all led by people of Indian descent.[25]

19. https://www.businesstoday.in/interactive/longread/indian-family-businesses-have-a-rich-history-but-it-s-the-present-they-need-to-focus-on-161-02-09-2022
20. https://www.bbc.com/news/world-asia-india-57897688
21. https://www.afr.com/world/asia/the-stupendous-rise-of-indias-new-super-rich-20180926-h15vf4
22. https://www.economist.com/asia/2024/03/11/inside-the-world-of-crazy-rich-indians
23. https://www.dfat.gov.au/publications/trade-and-investment/india-economic-strategy/ies/chapter-18.html
24. https://www.economist.com/international/2023/06/12/indias-diaspora-is-bigger-and-more-influential-than-any-in-history
25. https://www.cnbctv18.com/business/sundar-pichai-laxman-narasimhan-indian-origin-ceos-head-over-usd-1-trillion-worth-of-businesses-globally-16244911.htm/amp

Key Definitions

Family Office

A privately held entity that handles investment and wealth management services for wealthy families with significant investible assets. Family offices are generally tasked with preserving and growing wealth to be shared and transferred across generations.

Single-Family Office

Structured as standalone entities, single-family offices focus on the needs of a single family and offer a wide range of services spanning investment advisory, wealth and estate planning and philanthropic management.

Multi-Family Office

Also known as shared family offices, these are commercial enterprises staffed by investment, succession and philanthropy experts who serve multiple wealthy families from one office.

Trust

Longstanding contractual arrangement to hold and acquire assets for the purpose of preserving and protecting wealth. In a trust, assets are held by a "trustee" for the benefit of specified beneficiaries.

Succession Planning

A strategic process for identifying, developing and managing the flow of leadership role and assets between generations or individuals.

Legacy Planning

A structured process for passing on financial assets and intangible wealth, including values and social impact, to subsequent generations.

Ultra-High-Net-Worth Individuals (UHNWI)

Wealthy individuals with more than US$30 million of investible assets.

High-Net-Worth Individuals (HNWI)

Wealthy individuals with US$5 million to US$30 million of investible assets.

Key Takeaways

- The Indian diaspora is the world's largest diaspora. Almost 18 million people of Indian origin are spread across 146 countries.
- 35 Indian-origin CEOs run global businesses with a combined revenue exceeding $1 trillion, are led by chief executive officers of Indian origin.[26]
- The growing importance of the Indian diaspora in global commerce and the modernisation of Indian business enterprises have accelerated the need for families to look beyond India for wealth management, while embracing new capital deployment optionalities.
- Offshore family offices are an increasingly compelling proposition for HNWI and UHNWI. Singapore is a jurisdiction of choice, trusted by the Indian diaspora for decades.

Landscape of Leh in Ladakh, India

26. https://www.cnbctv18.com/business/sundar-pichai-laxman-narasimhan-indian-origin-ceos-head-over-usd-1-trillion-worth-of-businesses-globally-16244911.htm/amp

Part Two

Family Office Frameworks

The family office was born amid the rapid industrialisation of 19th-century America. Modelled on European-style stewardships, the first formal family office was established in 1838 by Joseph Morgan, followed by other titans of industry, like J.P. Morgan and J.D. Rockefeller, who appointed teams of professional and administrative staff to manage their vast wealth.[27]

Although the shape and nature of the family office has evolved and become more sophisticated, its purpose has remained the same. At its most basic level, the family office provides a formal structure for the management and governance of a family's wealth and philanthropic activities and facilitates succession planning.

Usually small and intimate, family offices are staffed by management teams that work hand-in-glove with members of a family across a variety of different structures. Though each family will have its own natural—if informal—approach to managing interrelations, a family office provides a structure for communication, decision-making and role assignation, both within and outside the family, that can also pre-emptively mitigate potential conflicts.

27. https://stories.tharawat-magazine.com/the-evolutionary-history-of-the-modern-family-office/

Figure 4: Inside a Family Office[28]

1. Strategy Legacy
- Family Vision and Charter
- Strategic Planning
- Family Governance
- Family Communication
- Service Offerings
- Education Plans

2. Succession
- Create Estate Plans
- Serve as Trustee
- Organise Training
- Leadership Succession Planning
- Wealth Transfer Planning

3. Enterprise
- Operate Family Businesses
- Manage Real Estate
- Business Governance
- Philanthropy

4. Operations
- Recordkeeping
- Reporting and Analysis
- Bill Management
- Property Management

5. Technology
- Network/IT Support
- IT Controls
- Cybersecurity
- Accounting and Investment Systems
- CRM
- Document Management

6. Compliance
- Tax Planning and Returns
- Insurance
- Policies and Procedures
- Risk Management and Control

7. Investments
- Asset Allocation
- Investment Management
- Performance and Risk
- Due Diligence
- Governance

28. https://www.pwc.com/id/en/services/entrepreneurial-and-private-business/family-office.html

Among India's UHNW diaspora, this structure can differ greatly. Just as no one family is alike, each family office is unique in its goals, strategy, investment approach and the services it provides. Many family offices can begin as an informal system that is embedded within an existing operating business, with no legal or organisational separation between assets.

> **"People tend to use company cash flow to keep expanding without thinking about safeguarding enough money for the family."**
>
> Amit Patni, Founder and Director of RAAY Foundation

"Typically, what you'll find in the joint family system is that the operating company will also manage the family's investments," explains Mr Patni. "People tend to use company cash flow to keep expanding without thinking about safeguarding enough money for the family."

However, as family wealth increases, these structures can become challenging and create compliance and governance issues. This has led many UHNWI among India's diaspora to develop a formal family office to hold and acquire their assets, with the goal of preserving and protecting wealth, and to distribute wealth to subsequent generations, both at home and abroad.

Many HNWI in the Indian diaspora who aren't yet in the billionaire category—typically families with more than US$5 million in investible assets—make their first foray into this type of structure through a multi-family office (MFO).

These shared family offices have emerged as a fast-growing segment of the industry and serve multiple branches of the same family, or groups of different families, through one office.[29] Usually managed by a skilled investment professional supported by a team of experts, a MFO enables families to pool their resources to access high-calibre, personalised financial advice while remaining cost-effective.[30]

29. https://waterfieldadvisors.com/vault/exploring-the-four-distinct-family-office-structures
30. https://www.iiflwealth.com/newsroom/in_the_news/indian-family-offices-rise-challenge

Two distinct types of MFOs have emerged as the industry has grown. Privately held MFOs usually have a single family to anchor the structure and contribute 50% or more of the assets under management. These serve multiple branches of the same family, or groups of different families with shared backgrounds or interest, and typically limit the number of families to eight.

Commercial MFOs operated by financial institutions with significant expertise and resources such as banks, wealth management firms and asset management companies are also becoming popular. Although primarily created as a standardised solution, commercial MFOs have evolved over time and can provide bespoke services tailored to individual families.

Technology is also making headway in the family office industry in the form of virtual family offices (VFOs). A relatively new structure that leverages digital solutions to serve the needs of HNW families, VFOs are flexible and cost-effective, and eschew the need for physical premises and in-house staff in favour of teams of remote professionals that provide the same concierge services enjoyed by more traditional family offices.[31]

Given the private nature of their wealth and the preference for privacy, most UHNWI prefer a single-family office (SFO) to manage their often complex personal and investment needs. Organised as standalone business entities, SFOs were originally focused on providing investment advice, but offer a range of additional in-house services. These can span strategy development, estate, tax and succession planning, and management of the family's philanthropic activities, through to planning and booking family holidays and coordinating diaries.

These family offices have also become vital for many UHNWI in the Indian diaspora to ensure that core family values are shared with and grown among the next generation.

"Understanding the family philosophy, which I'm trying to share with my son, is a great thing. To put it into words and have it documented helps to preserve that legacy," explains Mr Saboo.

31. https://www.crestfos.com/the-rise-of-the-virtual-family-office/

Catalysing the Indian Diaspora Family Office

There are multiple and varied reasons why UHNW families among India's diaspora decide to establish a family office. For some, like Mr Patni, the catalyst was the sale of a family business that resulted in the division of family wealth. Aware of the risks of not properly managing such an opportunity, Mr Patni established a family office to ensure that his inheritance became a vehicle for growth and entrepreneurship.

"With the money I got from my father from the sale of our family's IT business, Patni Computer Systems, in 2011, I started my own single-family office, RAAY Global Investments, and my brother and I ventured into the asset management business," Mr Patni says.

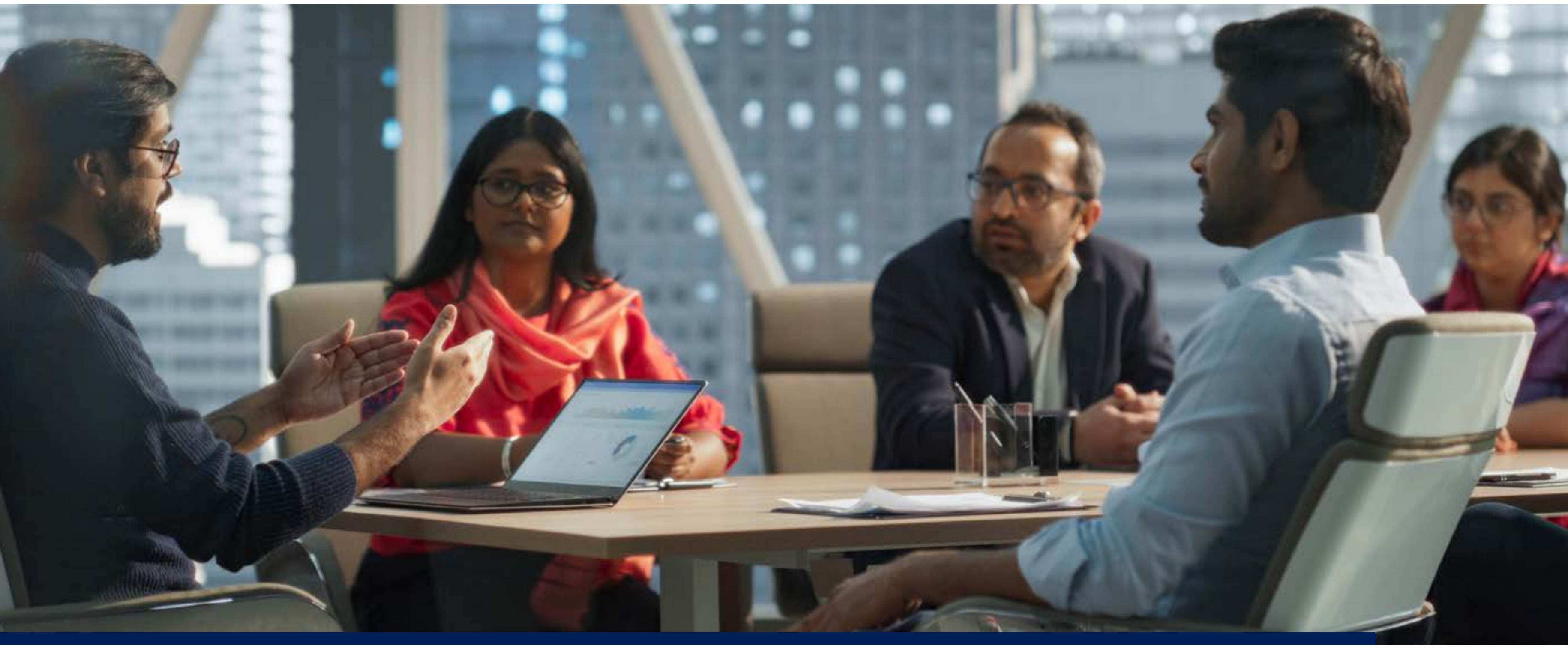
The formal structure of a family office can also play a crucial role in separating personal and business assets to ensure the preservation of family wealth for future generations. When a well-known entrepreneur divested from his family's consumer mobility business, he started his family office in a bid to introduce a formal governance structure for the business and its investment activities.

"The chairman had a clear vision to institutionalise his investment office—from how talent is structured down to the due diligence processes—so that we could operate the way an institutional investor would," explains the senior vice president of the family office's venture investment firm. "That way, there would be no individual bias in the decision-making that would end up driving the business, and we could create a high-return business portfolio that is set for perpetuity."

As Mr Ahamed's business grew, so did the need for a robust structure to manage his family's expanding portfolio of assets and investments. This led to the establishment of a family office—an essential step for many UHNWI.

Through the creation of a centralised structure, family offices not only facilitate effective wealth management, but also ensure continuity and stewardship across generations, allowing business leaders like Mr Ahamed to focus on expanding his business footprint while safeguarding his legacy.

Specific motivations and situations may differ, but a common denominator among all the Indian diaspora who have established a family office is concern for the next generation. Family offices are viewed as crucial tools to secure and plan their children's future.



This is especially the case for those just starting to establish a family office, like Manoj Punjabi, an Indonesian-based filmmaker and co-founder of MD Entertainment. He says he sees a family office as a financial bulwark against the high-risk nature of the media industry. "My business is a very high-risk game. So, my family office, my investment portfolios, will be at a very low risk as of now. That may change in the next two, three years, but I want my value to be even bigger than it is now," he explains.

Structures of Preference

Just as each family has different motivations for establishing a family office, families also vary in their involvement in the management and structure of their family offices.

Mr Patni likes the simplicity of a trust and has built this into his family office approach. "My family office has done all the trust management and estate planning for my children, so if anything happens to me, it will continue working for the family without any confusion," he says.

In some scenarios, family members have direct involvement in how the family office is run, as is the case with Rishabh Mariwala, managing director of Sharrp Ventures, the Marico family office. At the start, Mr Mariwala split his time between Marico's operating business and the family office, but as his venture capital experience and success grew, he shifted entirely to focus on Sharrp Ventures.

"I've become the decision-maker when it comes to deploying capital, though there is still a discussion with the family when it comes to asset allocation," says Mr Mariwala.

The development of Sharrp Ventures also offers insight into the ways that family offices themselves can evolve into businesses. Mr Mariwala emphasises that while Sharrp Ventures benefits from leveraging Marico's network and resources, it also depends on the expertise and advice of investment professionals who enable the family office to harness market opportunities in a more structured and organised manner.

Most Indian UHNW families also tend to have a relatively low level of involvement in their family offices and are often content to appoint chief investment officers (CIOs) like Mr Mariwala, who are left in charge of the day-to-day operations. The owners and family members may only engage in overarching strategy on a half-yearly or quarterly basis and prefer to stay removed from the day-to-day operations.

Others, like Mr Pillai and the Lohia family, will engage their CIOs when it comes to certain asset classes or ticket sizes, and remain hands-off with most decisions. Mr Patni agrees with this approach and says that while he has leveraged his family office to launch a gamut of ventures and projects, he believes the family office operates more effectively if he remains hands-off in its direct management.

"I've learned not to interfere too much with my family office CIO because that leads to misdirection sometimes," he says.

Regardless of the level of involvement, most families will establish guidelines that shape their investment teams' activities. In one prominent family office, for example, the chairman's philosophies and perspectives have been "operationalised" into formal investment criteria and processes, according to its senior vice president.

"The vision that our chairman has is very clear. He wants to institutionalise this investment office," the senior vice president explains. "By institutionalising, he means the structure, processes, talent and the depth of due diligence, and fortunately for us, a compensation that aligns with the approach of institutional investors. This enables [the office] to be set for perpetuity."

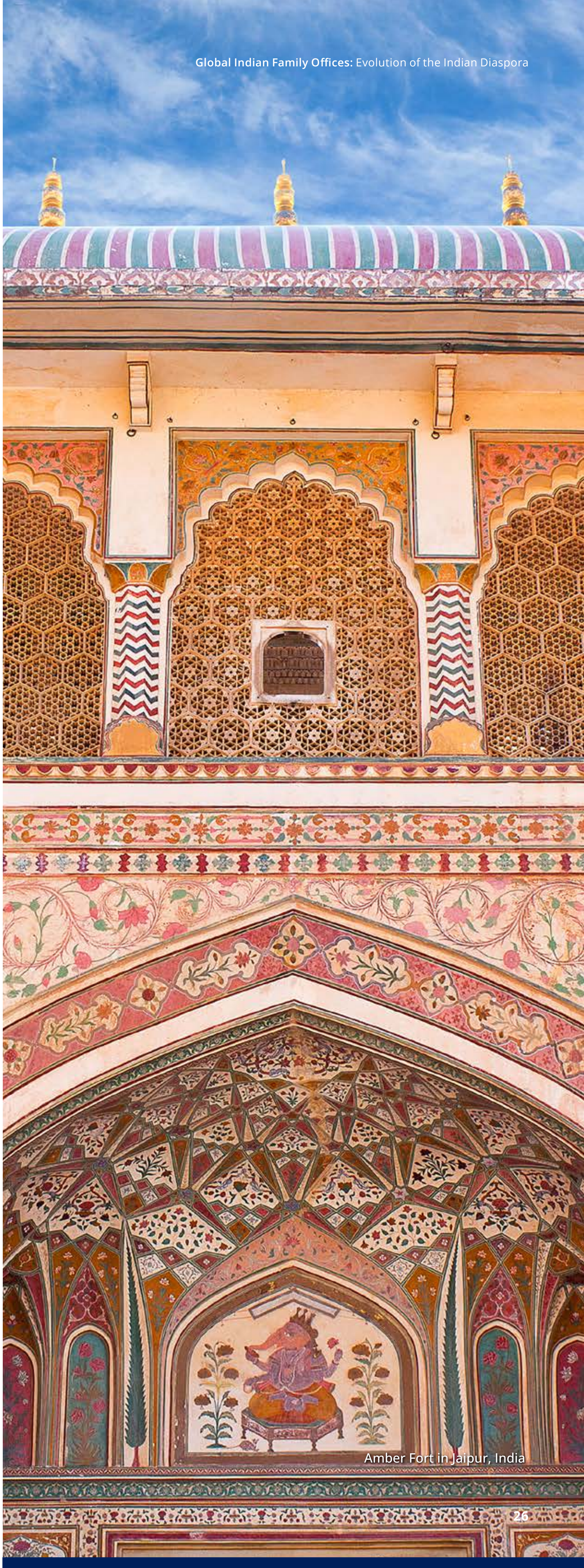
Dynamics may also differ within multi-family offices. The main Lohia family office has oversight over members' personal entities, helping to coordinate research and investment recommendations for the family to make decisions as a unit. "I have my own portfolio construction that's separate from what the main family office is doing, and I work hand-in-hand with my chief investment officer," Ms Lohia says.

Bidco's Mr Vimal Shah takes a unique approach to the family office, opting to rely on a network of multi-family offices scattered across Singapore, Mauritius, Dubai and Switzerland, rather than establishing a single-family office.

"They provide us with all the details and advice about where to invest, which the family then digests before deciding what we want to do," he explains.

Mr Vimal Shah's structure demonstrates the highly international approach that is increasingly being applied by UHNW Indians in the diaspora who are seeking opportunities beyond their homeland.

"It's managed within the group but coordinated with advisors who run the show every day. It's a different approach that brings us insights into new investment opportunities," he explains.



Amber Fort in Jaipur, India

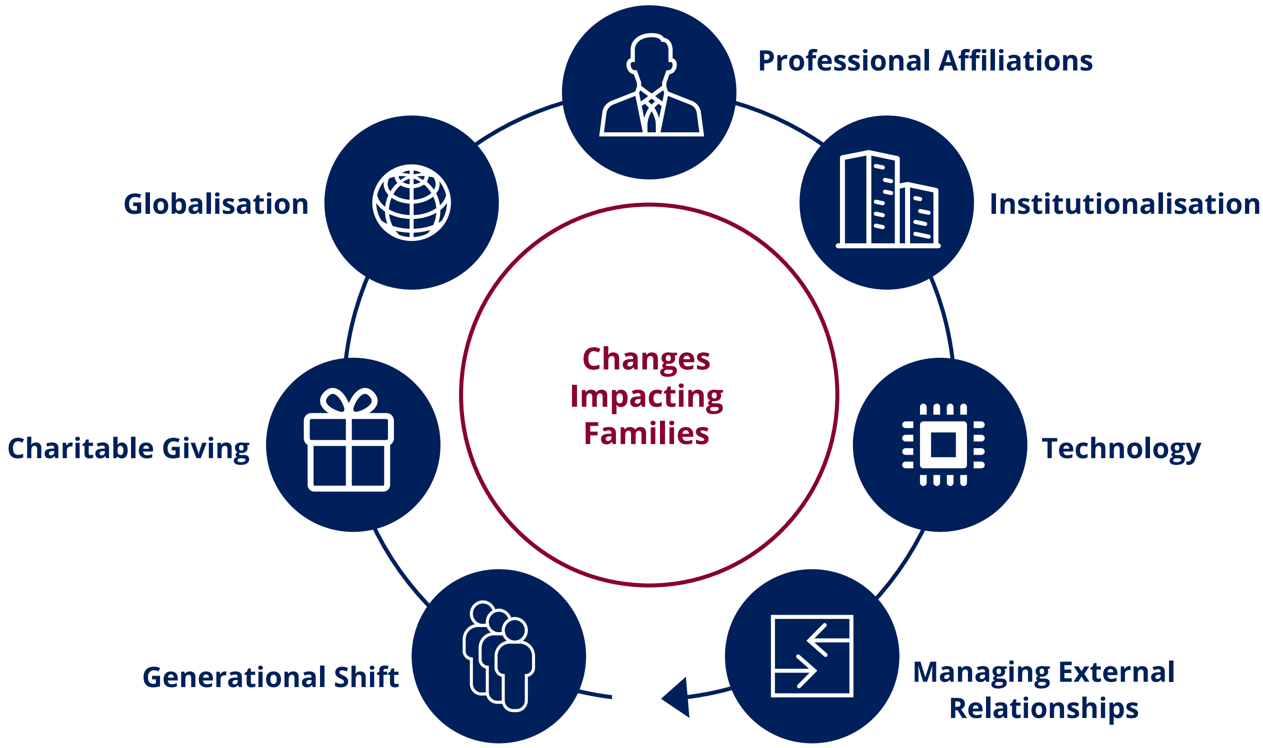
A Modern Family Office

The increasingly globalised approach of families is just one of the many factors forcing changes to the way that the Indian diaspora manages their family offices, with technological advances and increased regulatory pressure now impacting every aspect of a modern family office.

Technology as an investment opportunity is one aspect of this change. UHNWI from the Indian diaspora are increasingly investing in technology-based startups to build wealth, especially family members from younger generations and those living abroad. Over the past two decades, Indian family offices have backed more than 200 startups, and remain active participants in startup funding rounds.[32]

As artificial intelligence and the Indian technology sector—both homegrown startups and those founded by expat Indians living in Silicon Valley and elsewhere—continue to evolve at a rapid pace, many family office members believe this type of investment is only likely to grow in importance for returns and for societal advancement.

Figure 5: Factors Accelerating Family Office Evolution[33]



32. https://inc42.com/features/decoding-family-offices-landscape-in-india/
33. https://www.pwc.com/id/en/services/entrepreneurial-and-private-business/family-office.html

"There has been quite a focus on technology, but [we hope to use it to] try to solve more core problems, be it a reduction in carbon emissions or greenhouse gases," says Mr Patni. "I'm always looking for the next wave of growth. Of course, a lot of it is in technology. That's not without its risks, [but if you are not] taking risks, you can't realise that growth."

However, despite their awareness of the importance of technology in shaping the future, family offices are often laggards when it comes to digitalising themselves.[34] Most interviewees say their family offices have not digitalised much beyond adopting basic information management systems, with one noting they still heavily rely on paper-based systems.

Cybersecurity also remains a largely unaddressed issue for these family offices, which could pose major problems when they do digitalise. These findings are unsurprising given the complicated, multigenerational nature of family structures. However, the entrance of younger generations is set to drive digital adoption in the near term.[35]

A major area of change lies within the realm of regulations and their impact on where a family office is located. While some governments, like the US[36], are increasing their oversight of family offices and implementing stricter compliance requirements, others are actively working to enact policies to encourage the establishment of family offices.

Among these, Singapore has actively developed policies to support the establishment of family offices, such as tax exemption status for fund vehicles managed by Singapore-based fund managers.[37] As a result, the country is now home to 59% of Asia's family offices,[38] while inbound migration of HNWI increased from 2,800 to 3,200 between 2022 and 2023. This has helped fuel the growing trend of Indian UHNW families moving their portfolios and their families abroad, with notable newcomers to Singapore including the Ambani and Dalio family offices.[39]

Regulation plays an important role in determining how and where families choose to set up their offices. Indian diaspora families say they consider several factors when assessing jurisdiction for their offices, including the available legal structures and tax implications.

34. https://www.forbes.com/councils/forbesfinancecouncil/2022/07/11/embracing-digital-transformation-in-family-offices/
35. https://www.pwmnet.com/younger-generations-urge-family-offices-to-embrace-digital-world
36. https://www.risk-strategies.com/blog/family-office-preparing-for-a-new-regulatory-landscape-and-increased-oversight
37. https://compliance.waystone.com/tax-incentive-schemes-for-fund-and-fund-managers/
38. https://www.empaxis.com/blog/family-offices-singapore
39. https://www.empaxis.com/blog/family-offices-singapore

Where family members aim to move out of India and helm the family office, then factors such as children's education and lifestyles also enter the discussion.

Among the Indian diaspora, Singapore is seen as one the best places to establish a family office due to the country's stable environment, ease of doing business, large talent pool, favourable tax regime and the quality of living it affords.

"Compared to Dubai, Singapore is a lot more stable," says Mr Saboo. "I think it's a bit more regulated and has a proven track record."

Singapore's regulatory environment, as well as its credibility and transparency, also places it ahead of other destinations, according to Arvind Tiku, the founder and group chairman of AT Capital. "Singapore thinks ahead of itself in its responsiveness and regulations," he says.

"Singapore is a very attractive destination for setting up family offices due to its strong governance frameworks, supportive regulatory environment, expertise in financial services and international business facilitation," continues Mr Tiku.

Several interviewees also contrasted Singapore's political stability against Hong Kong's recent history, and highlighted Singapore's strategic location, which is a short flight from any Indian city. For many Indians, Singapore also offers a sense of familiarity, given the large Indian diaspora—both locals and expats—in the Southeast Asian city-state.

"Singapore thinks ahead of itself in its responsiveness and regulations."

Arvind Tiku, Founder and Group Chairman of AT Capital

"When I look back, my decision to move to Singapore was probably the best one I made for my business as well as my personal life," says Rohet Tolani, managing director of Tolani Shipping.

Dubai is also a popular choice for Indian family offices, such as Mr Mariwala's Sharrp Ventures, especially with the introduction of the 2023 Dubai International Financial Centre Family Arrangements Regulations, which are tailored to the needs of family offices.[40] Much like Singapore, Dubai boasts a business-friendly environment and tax advantages, a high quality of life and a good education system.

40. https://economictimes.indiatimes.com/industry/banking/finance/dubai-evolving-into-a-hub-for-family-offices-seizing-the-opportunity-and-navigating-the-shift/articleshow/103354275.cms?from=mdr

Its strategic location also makes it easy to access India, as well as countries in the east and west.

"The UAE has the added advantage of operating in all of the world's time zones, so you can literally capture markets all the way from Australia to Latin America within a single day," says Nirav Shah, chief investment officer of the RP Group of Companies.

Families also take into consideration practicalities such as where the family and its assets are based. Despite being costlier than other jurisdictions, Mr Saboo says he is likeliest to set up his family office in Singapore because of its proximity to his business in Jakarta, Indonesia, coupled with the city-state's economic and regulatory stability.

For some, like Mr Kantaria, whose family office is in Nairobi, Kenya, their reasons may even be sentimental. "I feel I owe everything to this country, and it's pointless to have a family office where you aren't residing. My wealth is here, so whatever I have will be here," he says.

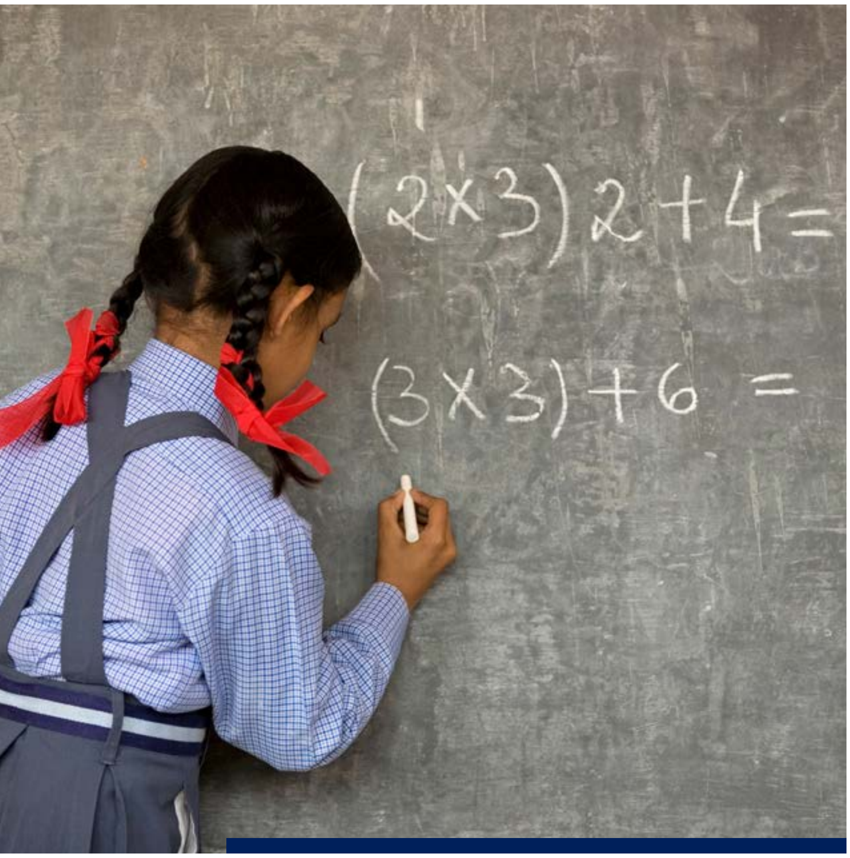
Key Takeaways

- The emergence of a younger generation of wealth holders is catalysing a sea change in attitudes among UHNW Indian families, especially those in the diaspora. They are taking a more organised approach to managing their family's wealth, growing momentum for the adoption of family office structures among UHNW Indian families.
- Family offices are favoured among the Indian diaspora for their flexible and unique structures that are adaptable to each family's specific needs and dynamics. These family offices differ in the involvement of family members, and many rely on teams of investment professionals tasked with running day-to-day operations or providing financial advice.
- Thanks to its stable political and economic climate, favourable business environment and tax regime, Singapore is a top family office destination for UHNW Indian families in India as well as the diaspora.

Part Three

Shared Prosperity: Philanthropy in Indian Diaspora Family Offices

Philanthropy is a tool to redistribute wealth. For the family offices of the Indian diaspora, it is also a powerful legacy creation strategy, and a cornerstone of their ability to give back to the world and improve the lives of others.



Although family offices can claim numerous tax benefits on charitable donations, philanthropy is seen by most interviewees as an essential and effective tool to build a legacy for future generations by channelling funds to solve major social issues or important family causes.

Regardless of how each family office practices philanthropy, charity and giving back to the community are core characteristics of the Indian identity at home and abroad. Over the next five years, private philanthropy is expected to expand 10-15%, thanks to the combined strength of corporate social responsibility (CSR) and family and retail philanthropy.[41]

"Philanthropy has always been deeply ingrained in our family values and culture, but now the third generation is taking a more structured and strategic approach to ensure our efforts create lasting, meaningful impact," says Mr Ahamed.

41. https://economictimes.indiatimes.com/small-biz/sme-sector/private-philanthropy-to-expand-at-1015-annually-in-next-five-years-neera-nundy-partner-dasra/articleshow/110483369.cms?from=mdr

The Roots of Indian Philanthropy

For all its development and modernisation, India remains a deeply religious country, and its diverse faiths have played a significant role in driving philanthropy. While funding is often given to the poor, the lion's share of Indian philanthropy goes to religious organisations, which accounted for 75% of all charitable donations in India between 2021 and 2022.[42]

"During my grandfather's time, I remember him spending a lot of money building temples," says Ms Lohia, echoing a similar anecdote from Mr Patni.

Mr Vimal Shah's religious upbringing directly influences his decision to eschew any philanthropy that involves aspects prohibited by Jainism. It also shapes his philanthropic activities in Kenya, where he is a major supporter of education, flood relief efforts and poverty alleviation.

However, more so than religion, family values are a major force in shaping Indian UHNWI attitudes towards philanthropy, especially diaspora Indians who view their parents' philanthropy as legacies passed down through generations.

"Coming from India, philanthropy isn't new to us. Our parents and grandparents taught us the importance of giving back very early on," recalls Mr Saboo.

Mr Patni says that he didn't just learn about philanthropy from his grandfather, but also adopted many of his priority causes, such as healthcare. "My grandfather started the largest homeopathic clinics in India, using his trust to go from town to town to provide free treatment to the poor. That's why I do a lot of work on health clinics," he explains.

Philanthropy in Mr Tolani's family was similarly shaped by his grandfather's legacy. "After the partition of India, my grandfather set up a number of non-profit educational institutes, including a polytechnic, a commerce college, and colleges of humanities and sciences," he says. "Later, my father founded a college of commerce in Mumbai, and a major campus-based residential maritime college near Pune in western India."

Mr Tolani has continued to uphold this legacy, taking his focus on education overseas. Educated in the US, he established professorships at Cornell and Carnegie Mellon, his father's and his own alma maters, respectively.

42. https://www.livemint.com/news/india/religion-is-biggest-driver-of-philanthropy-in-india-finds-study-11695557706239.html

Philanthropy not only brings family values to life, but also roots overseas Indian families within communities in their adopted homes. Mr Kantaria's family has contributed extensively to communities in Nairobi, Kenya, helping to fund hospitals and schools for underserved Indian and Asian communities. "The basic value of our family was to give back to society, so if there was any funding distress in the community, we would participate," he says.

While philanthropy remains central to Indian identity, the way it is practised is evolving among UHNW Indian families. Mr Ahamed is emblematic of a younger generation of philanthropists who are taking a more "organised" approach to their charitable activities, opting to work through trusts rather than on a piecemeal basis.

"In the past, philanthropy was more about just giving, but now it's more structured through programs and planning," adds Mr Vimal Shah. "It's more proactive than reactive."

Mr Ahamed also notes that philanthropy has expanded geographically, and that many Indian family offices now support communities well beyond their homes. This is the case with the Lohia family, which now supports communities in their operating markets worldwide, including Indonesia, Nigeria, Uzbekistan, Egypt, Turkey, the US and other countries.

However, many UHNW Indian diaspora families are still focused on solving issues back home. Despite being based in Abu Dhabi, for instance, Mr Ahamed's foundation works extensively in his native region of Kerala, providing healthcare and educational opportunities. Mr Patni's RAAY Foundation also continues to focus on India, where he says the need is greatest compared to the other markets he operates in.

Another relatively recent trend in the Indian philanthropy landscape has been the gradual expansion of the concept to include CSR contributions. According to Ms Lohia, every group in Indorama has its own CSR focus, centred on improving the quality of life in the communities where it operates. Initiatives include providing communities with healthcare, better infrastructure, clean water and sanitation, educational allowances, and the building of schools and hospitals.

"Philanthropy now is more structured through programs and planning. It's more proactive than reactive."

Vimal Shah, Co-Founder
and Chairman of Bidco Africa

“My father has this important belief that wherever we set up a factory, we’re benefitting the business, so at the same time, we should share a bit of the profits with the communities around us,” she says.

Education and healthcare are mainstays of private Indian philanthropy, but the emergence of the younger set of philanthropists is helping to expand focus to include underrepresented areas such as climate change, gender equality and diversity.[43]

Ms Lohia’s own philanthropic activities focus specifically on providing healthcare to women and children, a departure from her father and grandfather’s preferred focus on education and general medical access. Mr Punjabi, on the other hand, has not ventured into philanthropy, but expresses a desire to explore expanding access to filmmaking education and opportunities in Indonesia.

43. https://www.bain.com/insights/india-philanthropy-report-2024/

Figure 6: Family Office Philanthropy in the Indian Diaspora

Amit Patni

Mr Patni's philanthropic work is channelled through his RAAY Foundation, which he manages with his wife.

The RAAY Foundation's work focuses on five key pillars: disabled children, medical assistance for the poor, women's empowerment, support for orphans, and training and mentorship for children in economically challenged areas.

Rasik Kantaria

Mr Kantaria's philanthropy has largely focused on communities in Nairobi, where he has established hospitals and schools in support of local Asian/Indian communities. Through Jaipur Foot, he has brought in technology from India to fund artificial limbs, and has also founded the Jalaram Medical Services Centre.

Rohet Tolani

Mr Tolani's family has long focused on nonprofit education, following in the footsteps of his grandfather who set up a number of colleges in western India, focused on tertiary education. Mr Tolani has also established several professorships at US colleges.

Shruti Lohia Hora

Ms Lohia's charitable works are funnelled through Indorama's corporate philanthropic initiatives, where individual companies under the group share the vision of providing assistance to nearby communities in the areas of healthcare, education, infrastructure and ad hoc needs.

Ms Lohia's own Kinder Trust Foundation focuses on providing free healthcare to underprivileged women and children in Bengaluru and Kerala, where her hospitals operate.

The Lohia family has also been active in educational philanthropy. Among other initiatives in public education, Ms Lohia's father has invested significantly in Dayanand Anglo-Vedic schools, overseeing over 900 schools, 75 colleges and a university.

Adeeb Ahamed

Mr Ahamed's philanthropic work is managed through the Adeeb and Shafeena Action & Research Foundation, which he established with his wife Shafeena Yusuff Ali. The foundation funds projects in the areas of education, healthcare and community development, and seeks to uplift marginalised and underrepresented communities.

Ravi Pillai

Around 25% of Mr Pillai's revenue is dedicated to charitable work, with a focus on supporting senior citizens with housing and medical needs.

Under the Norka Roots program, Mr Pillai also helps Indian jobseekers in the Middle East find work.

Rishabh Mariwala

Under the Mariwala Health Initiative, the company makes mental health accessible to marginalised communities.

Personal Fulfilment from Philanthropy

Ms Lohia says that from a purely transactional perspective, philanthropy can bring additional benefits that enhance a business family's reputation. "During Covid, we collaborated with governments to provide medical gloves, and that helped them understand that our company is there to provide support."

However, many interviewees—including Ms Lohia—say their philanthropy is not only about improving the family office's bottom line or reputational standing, but also includes reaping personal fulfilment.

During her visits to communities in Indonesia, Ms Lohia says she has experienced for herself the impact of her family's philanthropic work. "Wherever I've been, people come forward to thank us and show gratitude for what we've done. We've always focused on that feeling of family when we're there," she says.

Mr Saboo agrees and says that philanthropy is a crucial tool for social good, as it provides a way to support existing institutions, like temples, which are a very big source of charity for people of Indian origin. Mr Vimal Shah adds that his efforts to provide education for his employees emerged out of a desire to "fulfil a need in the communities we operate in."

For many of the Indian diaspora, the joy of philanthropy also lies in the satisfaction of building something that can last across generations. "Having seen what my grandfather and father did for their communities, I decided to build my own trust as a legacy for my children," says Mr Patni.

Challenges to Indian Philanthropy

Even as Indian family offices remain committed to practising philanthropy, challenges persist. "There is so much to be done, and I know I can't do everything," says Mr Patni. "We work on a fixed budget every year, so the biggest challenge is figuring out how to allocate what we have."

Philanthropists also find themselves forced to navigate intricate webs of relationships, especially on issues with political undertones or significant red tape. Mr Tolani recalls the hurdles his family faced in its efforts to acquire land to establish tertiary colleges in India.

Despite their deep commitment to philanthropy, balancing these initiatives with their extensive business responsibilities often proves challenging for some business leaders. “I don’t have a large team that I can divert to do this on a full-time basis,” says Mr Ahamed. “Our current team collaborates with other individuals or institutions, and whenever we find a cause that aligns with our values, we support it with funding, research and expertise.”

Some rely on consultants or philanthropic advisors to offer recommendations, or partner with experienced institutions. Others, like Mr Pillai, have embedded teams and frameworks within an operating company.

“Around 25% of my revenue is set aside for charity,” he says. His philanthropic ventures are split across his core focus areas of education and healthcare, especially for senior citizens.

Mr Patni's RAAY Foundation, on the other hand, limits itself to five pillars, spanning support for disabled children, women's empowerment, healthcare, orphans and education.

Measuring Impact

Balancing business imperatives against a commitment to philanthropy remains a challenge for many family offices, especially given the difficulties of measuring the impact of charity for social good. Effective impact measurement is key to ensuring good governance of philanthropy, creating accountability and providing essential information for families as they plan their future activities.[44]

Measuring the effectiveness of impact using philanthropic assessments can encompass a range of methods, including an evaluation of goals versus outcomes, or the return of investment (ROI) of an initiative. But while each method has its own value, many interviewees say they are subjective measures. Moreover, some argue that this approach takes away from the spirit of philanthropy and the desire to do good.

"I prefer putting my money into philanthropy because there, I don't expect any kind of return; I just feel good about doing it," says Mr Patni. "Whenever these discussions come about, I feel that 'impact' has just become a word people use when they want to make money."

Other interviewees are even more sceptical about mixing philanthropy with business.

"A successful business can contribute to many worthy causes. I prefer to keep them separate and not intertwine the two," says Mr Ahamed. "Philanthropy is about creating lasting impact that goes beyond financial gain, focusing on meaningful change in society."

44. https://www.grantthornton.global/en/insights/articles/why-measuring-impact-is-vital-for-charities/

Impact or Investment?

Though the line between philanthropy and impact investing can be blurred, there is a distinction between the two. Both seek to produce positive outcomes for society and the environment, but impact investing also aims to generate financial returns.

Impact investments flow into multiple causes among Indian diaspora investors, with the environment and sustainability major areas of focus for many interviewees, including the Lohia, Patni and Mariwala families.

"I'm sitting in Dubai. We had the worst floods this week, and it's connected to climate change. Those issues are real, and I think solutions to sustainability, solutions to climate change are something that we are actively evaluating and thinking about," Mr Mariwala says.

Figure 7: Impact Investing vs Venture Philanthropy[45]

	Impact Investing	Venture Philanthropy
Expectation of Returns	Range of financial returns	No short-term expectation of financial return
Time Horizon	Typically shorter investment horizon	Interested in a longer-term horizon
Non-Financial Support	Less hands-on non-financial support	Can offer hands-on non-financial support alongside grant capital
Risk Tolerance	Lower tolerance for risky business models	Willing to fund innovative but potentially risky business models
Stage of Maturity	Greater stage of maturity	Can provide early-stage seed funding for proof of concept; uses convening power to mobilise other funders

45. https://cbey.yale.edu/sites/default/files/2020-02/CBEY_REPORT_BRIDGING%20THE%20GAP_Feb%202020.pdf

Impact investing has received renewed attention in recent years, as investors look for opportunities to align their values with competitive returns. Amid a generally sluggish market, the global impact investing market has exceeded US$1 trillion in assets under management and is expected to grow at double-digit rates through 2030.

Impact deals worth over US$10 million more than doubled in India in the past five years, but family offices and UHNWI represent a sliver of the impact investors. Between 2016 and 2022, Indian family offices and UHNWI comprised only 7.5% of impact investors, and most focused on providing small amounts at the seed stage. Attitudes towards impact investing also vary, with some believing that doing good can generate profits—while others strongly disagree.

"I think you can use an impact fund to make good returns," says Mr Mariwala. "[Sharrp Ventures] is invested in a fund in India called United Seed Fund which has had pretty high returns, so I think there are models out there that prove you can make money."

Green tea plantations in Kerala, India

"We are looking at investing for impact. It is about monetary returns, but also how our funding can help the families or communities we're focused on," says Ms Lohia. "We're taking time to understand how to measure it, so it's only a small component of our family office now."

Mr Tiku is also a strong believer in impact investing, and says partnerships with people who have on-the-ground knowledge and experience are important in ensuring success. He also believes that impact investing correlates with sustainability and community growth, which in turn drive profits. "I don't see renewable energy as impact investing because it just makes sense today," Mr Tiku says.

However, others express scepticism about impact investments, and believe that the distinction between philanthropy and impact investing should be much clearer. "Impact investments are just another form of investment," Mr Vimal Shah says, arguing that wealthy individuals should not claim impact investments are part of their philanthropic activities. "Philanthropy has no conditionality to it," he adds.

Mr Kantaria echoes a similar perspective, noting that giving towards a good cause should not come with the expectation of returns, "which is why I stay away from microfinance practices that impose high interest rates."

For Mr Tolani, there are practical considerations in drawing a distinction between his philanthropic and impact investment activities. "I like to keep the two separate because it's easier to track," he explains. "On one side, you have something that's benchmarked against market returns, and the other side is pure philanthropy, where we're just looking at outcomes."

Mr Saboo takes a different perspective and says while his returns take priority, he would never invest in something that his "conscience would not allow."

"The first and foremost thing I'm looking for when I'm making an investment is to make sure that I'm optimising my return, but I will not invest in anything which is negative for the society," he says.

"Philanthropy has no conditionality."

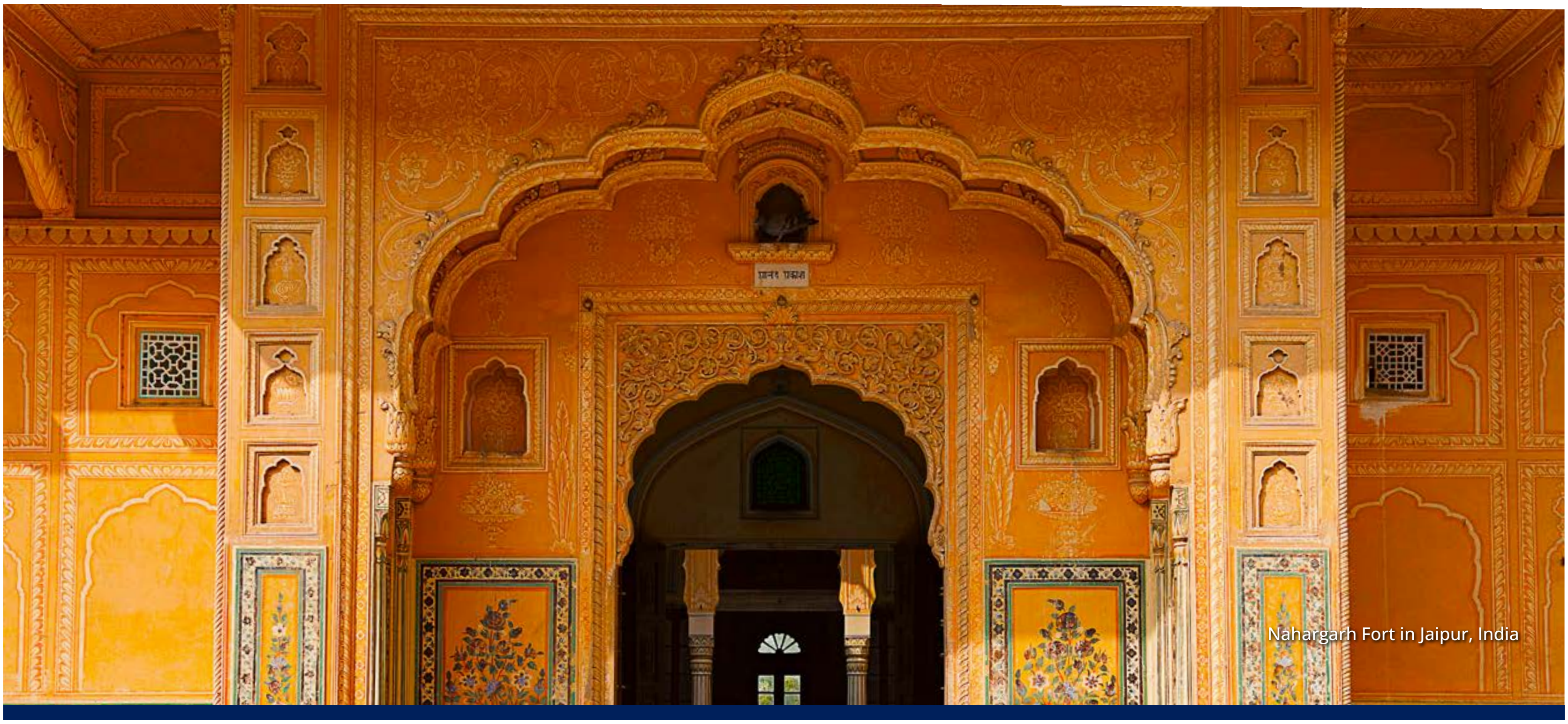
Vimal Shah, Co-Founder and Chairman of Bidco Africa

Several Indian family offices remain on the fence about impact investing, expressing curiosity and openness to its potential. However, nearly all of them emphasise the importance of metrics and returns to justify their investments, while also lamenting the difficulties of measuring impact in the first place.

"I think impact investment is a bit of a misnomer because how do you measure if something has helped society?" Mr Patni asks.

Key Takeaways

- Many UHNW Indian families at home and abroad consider philanthropy a central family value seeded by previous generations, and instilled in them by example.
- Philanthropy not only brings family values to life, but also roots overseas Indian families within communities in their adopted homes.
- Education and healthcare remain philanthropic staples, but younger generations are expanding the focus to gender equality, climate change and social inequity.
- UHNW Indian families are divided on whether impact investing goes hand in hand with philanthropy, noting that philanthropy has no expectation of financial return.



Nahargarh Fort in Jaipur, India

Part Four

Risk and Reward: Investment Decision Drivers

Solving the issues of succession planning and intrafamily conflict have always been central to the purpose of family offices. However, a subtle shift is underway among the Indian diaspora as they increasingly focus their family offices on wealth creation and investment management, especially against the backdrop of today's turbulent macroeconomic environment.[46]

Where family offices have traditionally been more conservative than other private institutional investors, the emergence of younger, more risk-tolerant generations with overseas experience and greater sophistication is catalysing widespread change in how family offices among the UHNW Indian diaspora think about their investment portfolios.

Until recently, wealthy Indian families were most likely to invest their wealth in physical assets like real estate and gold. Around a third of UHNWI assets comprise residential real estate properties, both at home and abroad.[47] However, high interest rates and soft property markets post-Covid have left some families rethinking the value of their real estate investments.

> **"A successful investment process must have oversight, checks and balances."**
>
> Arvind Tiku, Founder and Group Chairman of AT Capital

"Real estate is loved by everyone in India, but I don't think the yields are that good, unless it was historically in the family," says Mr Patni. "Investing in real estate in India isn't as easy as it might be in Singapore or elsewhere, and it's also a very volatile sector. I thought for a long time that the real estate environment in the UK was very good, and then Brexit, Covid and the Ukraine war hit, and suddenly the returns weren't great."

Today, Indian diaspora family offices are diversifying their asset mixes to incorporate more public and private equity market investments, including alternatives.

46. https://www.institutionalinvestor.com/article/2c8mb1dmwmnfk9lxq2qdc/corner-office/family-offices-care-less-about-succession-right-now-instead-its-all-about-returns
47. https://housing.com/news/indias-ultra-rich-invest-32-of-their-wealth-in-residential-properties-report/

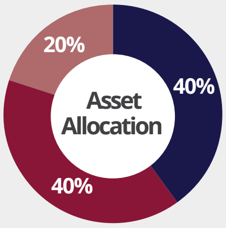
In the past five years, 40% of Indian UHNWI have doubled their allocations to private markets, harnessing the international education and technological savviness of younger family members.[48] These trends indicate a shift among these offices towards more active, growth-oriented investment strategies that feature assets in mature as well as emerging markets.

The family office of a New Delhi-based venture investment firm, for example, started with a portfolio that largely comprised debt mutual funds, but it has now evolved to include equity investments. "We've essentially gone from a really safe risk spectrum to become a well-diversified asset manager across several asset classes," says its senior vice president.

48. https://www.livemint.com/money/personal-finance/family-offices-how-do-india-s-ultra-rich-make-investments-11661881326817.html

Figure 8: Asset Allocation by Indian Diaspora Family Offices

Indicative Compositions as Shared by Eight Interviewees

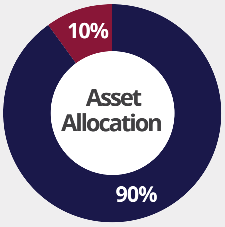


Amit Patni

- 90% of investments are within India, and the rest are diversified globally, including the US, UK and Singapore.

Arvind Tiku

- Previously focused on real estate but the family office's investment perspective has evolved.
- Primary focus is on renewable energy.
- Has a private credit business that invests in metals and mining.
- Balances the portfolio with European shipping and private market investments.

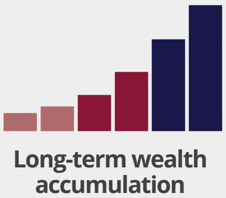


Ashish Saboo

- A significant portion of the portfolio is in the US (50-60%), with Europe (20%) and the rest of the world as secondary geographies.

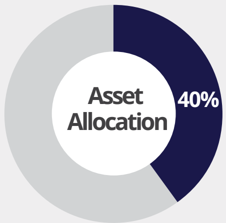
Manoj Punjabi

- Portfolio is more liquid, with debt only comprising 2-3%.
- Most wealth is locked in fixed deposits and physical assets such as hotels.



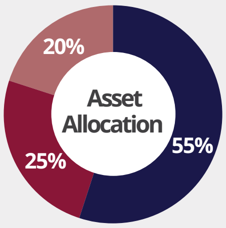
Rasik Kantaria

- Prioritises long-term wealth accumulation over short-term profits, with a focus on investing in real estate and equities within Kenya.



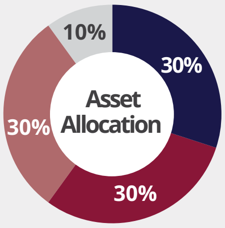
Rishabh Mariwala

- Unlisted assets, mainly in consumer businesses, make up 40% of portfolio.
- In terms of company maturity, the family office prefers companies at the pre-Series A stage, usually at the US$1-5 million revenue point, where it can yield a larger stake of the business with a relatively smaller investment.



Name Withheld

- The US is the key allocation destination.
- India, the Middle East and, to some extent, China, Hong Kong and Singapore are, in combination, the second most important geography. Europe amounts to a small share ("a distant third").
- In India, the family office has invested heavily in companies across hospitality, real estate, industrial construction and contracting, all of which it already has extensive experience and expertise in.



Name Withheld

- The US market is the preferred location for investing, followed by India and China.
- The family office is looking at other trends such as nuclear waste, climate change, decarbonisation (carbon credits) and technologies like artificial intelligence (AI).

How a family chooses to structure its asset mix depends on several factors, according to interviewees, including the size of the family office and the industry from which the family's wealth is sourced.

Mr Pillai, for example, is heavily invested in sectors that reflect the family's business operations, such as hospitality, real estate, industrial construction and contracting. Similarly, tech-enabled sectors are among the diversified investments of Mr Patni's family office, reflecting the origins of his family's wealth.

Some families leverage their investments to enter new growth sectors, especially in technology segments like AI and the Internet of Things (IoT). Startups are fast becoming staples of Indian UHNWI portfolios, with Mr Patni starting various funds, including Nirvana Ventures and Ideaspring Capital. These funds focus on a broad range of tech investments, which include consumer tech, internet tech, software-as-a-service (SaaS) and AI, with significant potential for scale.

In contrast, Mr Mariwala's family office largely focuses on pre-Series A ventures, primarily in the consumer sector. "When you come onboard in the early stages, you're not only able to get a higher degree of ownership in the business, but you're also able to actually add value and support because the entrepreneurs are actually listening to you," he says.

Geography also matters to Indian diaspora family offices when it comes to portfolio allocation decisions. Data shows that UHNW Indians prefer the US for global investing, although the portfolios of the interviewees' family offices indicate that emerging markets like India and the Middle East are also top of mind.[49]

UHNW Indians living overseas also demonstrate a greater preference for investing outside of India, compared to those who reside at home. Mr Kantaria, for example, prefers to invest only in the markets where his business is located, while younger family leaders like Mr Mariwala demonstrate a preference for investing in developed markets like the US and those in Europe.

In contrast, Mr Pillai, Mr Patni and Ms Lohia's investments are largely based in India. Ms Lohia says she is focused on the Indian healthcare segment mainly due to the positive growth and strong opportunities of the tertiary care sector for women and children. And although his portfolio demonstrates a preference for mature markets in the US and Europe, Mr Saboo says he is "bullish" on India. However, he says good opportunities are difficult to find.

49. https://www.livemint.com/money/personal-finance/family-offices-how-do-india-s-ultra-rich-make-investments-11661881326817.html

Slow and Steady Capital

One common quality that nearly all the family offices among the Indian diaspora share, whether abroad or at home, is their long-term perspective on investment.[50] This "slow and steady" approach reflects the role of the family office as a steward of the family legacy and wealth, as well as the inherently conservative attitudes many Indian UHNWI tend to inherit from their forebears.

Mr Ahamed and Mr Patni, for example, take a more cautious approach to investments, preferring to utilise the family office as a tool for wealth preservation rather than wealth creation.

"Beyond preserving wealth, a family office serves as a repository of the accumulated wisdom and lessons we've gained over the years," says Mr Ahamed. "It ensures that future generations can build on this foundation rather than relearning those same lessons."

However, not all family offices share this perspective. Mr Mariwala says his family office was intentional about wanting to create wealth rather than simply preserving it, an approach that is reflected in Sharrp Ventures' high-risk, growth-focused portfolio.

These differing approaches also reflect he more risk-tolerant nature of younger generations of the Indian diaspora ascompared to first-generation UHNWI.[51]

Subsequent wealth holders benefit from having been born into a legacy and feel freer to experiment with ventures to build upon the existing wealth they come from. They also have greater exposure to different investment strategies from their education and careers abroad—as Mr Saboo did through his careers in Australia and the US.

"I listen to many, many views and I meet various business and bank leaders; I hear from everybody. I also read a lot and then I form a view. And once I form a view, I don't change. I'm very aggressive, but with the philosophy and with the investments I am targeting, I diversify through different funds," Mr Saboo says of his investment approach.

Mr Mariwala says that Sharrp Ventures is also able to be more "aggressive" and take more risks because it has the backing of Marico's constant flow of capital. "We're a river, not a lake," he says.

The senior vice president of the venture investment firm echoes this view and says the firm is also able to aim for higher returns because of its secure investment pool. His strategy for the family office is premised on deploying large amounts of capital over a 10-year horizon, which he says enables the firm to buy into "good quality assets" that can essentially "sit on autopilot and have the potential to generate 30-40% returns."

50. https://www.ey.com/en_lu/insights/wealth-asset-management/the-future-of-family-offices-a-look-ahead-to-2024
51. https://spearswms.com/wealth/wealth-management/how-the-rising-generation-of-uhnws-will-shape-the-future-of-wealth-management/

"The nature of our capital is perpetual, so you're able to better understand the long-term nature of capital, and essentially dial up your equity and debt exposure," he adds.

Mr Patni also believes the long-term nature of his investments means that he can take a more hands-off approach, trusting in the professionalism and skills of his CIO and family office team to handle day-to-day responsibilities. Similarly, Mr Tiku notes that "a successful investment process must have oversight, checks and balances."

From this perspective, many interviewees believe their family offices are uniquely positioned to succeed in the venture space as they are highly informed, have long-term horizons, large financial capabilities, access to professional advice and no responsibility to external shareholders.

"We're long-term, patient capital," explains Mr Mariwala. "We're not a venture fund, so we don't have to pay our investors back within four to five years. Our ability to hold is an advantage."

Key Takeaways

- The investment focus among family offices of the Indian diaspora is shifting from a conservative, wealth preservation approach to a focus on growing wealth through investments with higher returns.
- Harnessing the international education and technological savviness of younger family members, these family offices are diversifying their asset mixes to incorporate more public and private equity market investments, including alternatives.
- Real estate assets remain important, but more active, growth-oriented investments in mature as well as emerging markets are becoming equally important.
- Startups are also attracting Indian diaspora wealth. Younger family leaders are allocating more of their wealth into growth sectors such as technology startups, positioning themselves as sources of "patient capital."

Part Five

Defining the Future: Succession and Legacy Planning

One of the keys to family office success has been the structure's ability to grow the legacy of a family and ensure the longevity of family wealth across generations. To this end, a successful family office needs to employ strong governance structures that facilitate the harmonious transfer of wealth and ensure that operating businesses can continue undisrupted even as subsequent generations take over, settle abroad or step away from the business.

Importantly, a strong family office structure also helps maintain the values and lessons of the past while bolstering transparency and investor confidence.

Good family office governance establishes and defines predictable decision-making processes, lines of communication, and the distribution of roles and responsibilities of family members as they relate to the management of the family wealth.[52] These processes may be administered by a secretariat of trusted executives tasked with fulfilling families' myriad needs, from succession planning and intrafamily communication to risk management and hiring key staff.

How a family chooses to establish governance will vary with its circumstances and needs, but it is considered best practice for families to start by defining their family office's purpose and establishing robust structures for hiring and dismissing staff.[53] These lay the foundation for the family office to identify its long-term goals, delegated authorities, investment strategies, and compensation and incentive structures.

Some UHNW families rely on trusts to protect and distribute wealth to subsequent generations, both at home and abroad. Among the earliest types of wealth structures, trusts have stood the test of time in safeguarding personal wealth from external pressures. Some interviewees, like Mr Tiku and Mr Patni, consider trusts a key part of their succession planning.

Mr Tiku says he uses two trusts to manage the family's portfolio of personal real estate and investments to ensure that his children will always have access to essentials like housing, regardless of what happens to the family business.

52. https://www.financialexpress.com/money/preserving-prosperity-how-indias-uhnwis-are-securing-their-future-generations-3499899/
53. https://www.forbes.com/sites/paulwestall/2023/01/24/family-office-governance-best-practice/

"We have a team of four or five people in Singapore who work with institutions, like DBS Bank, our trustee bank, so that our business is managed professionally," he says. "DBS Bank provides world-class banking and trust services which enable clients to leverage Singapore's business-friendly environment."

Meanwhile, Mr Patni notes that his family office has done all the trust management and estate planning for his children, so if anything happens to him, it will continue working without any confusion. "The trust is also set up for perpetuity, so it's there for my children's children and grandchildren," he says.

Family offices' succession and planning roles will only become more important as the so-called "Great Succession," described by Bloomberg as a generational shift in the leadership of India's best-known companies, begins to ripple across Indian society and the diaspora.[54]

Mukesh Ambani, chairman and managing director of Reliance Industries, is expected to yield control over his business empire to his three children in 2029. He is among the first of the nation's billionaires to lead this broad shift among India's largest corporates.[55] Facilitated through his family's Singapore-based family office, the Reliance Industries transfer marks the start of an estimated US$4 trillion transfer of wealth from one generation to the next among the Indian diaspora, giving rise to a new generation of young UHNWI.[56]

While the most effective succession plans are the ones put in place long before they are needed, a 2019 survey by consulting firm PwC found that only 21% of Indian family businesses had established a "robust and documented succession plan."[57]

"We know about large families who have been left without proper wills and estate planning, which then leads to a lot of conflict and fights," says Mr Patni. "Wealth transfers will happen, one way or another, but having systems, processes and values in place will help that wealth last for generations."

"Wealth transfers will happen, one way or another, but having systems, processes and values in place will help that wealth last for generations."

Amit Patni, Founder and Director of RAAY Foundation

54. https://www.bloomberg.com/news/newsletters/2023-08-31/india-has-an-aging-billionaires-problem-ambani-is-just-the-tip-of-the-iceberg
55. https://www.bloomberg.com/news/newsletters/2023-08-31/india-has-an-aging-billionaires-problem-ambani-is-just-the-tip-of-the-iceberg
56. https://www.asianinvestor.net/article/india-family-office-boom-brings-changing-asset-preferences/496146
57. https://www.pwc.in/assets/pdfs/research-insights/fbs/2019/pwc-india-family-business-survey-2019.pdf

"It is important for the family trust to benefit from oversight from independent professionals."

Arvind Tiku, Founder and Group Chairman of AT Capital

Although not all UHNWI among the Indian diaspora have a comprehensive succession plan in place, there is widespread acceptance of the importance of such structures. Mr Patni's estate, for example, has already been equally divided between his children and grandchildren, while Mr Kantaria says that control over Prime Bank will be directly handled by a professional board of directors.

Mr Tiku has also created a family constitution. Although still a work in progress, it sets out a framework for the family's affairs, and guidelines for the family's values, conduct and communication across current and future generations. "This is in order to responsibly preserve, promote and enjoy the family's wealth, including my children being able to explore career paths within or outside the family business," he notes.

The constitution also emphasises the family's commitment to maintaining the independence of the board of directors that governs the family's business. "We have three independent board members, and the tenure is six years. No family members are currently on the board. I'm not on the board. My brother works closely with me and he's not on the board," he explains.

"It is important for the family trust to benefit from oversight from independent professionals. If we invest in a new business, first we need a clear strategy. We work with our management team to formulate the strategy. We then present the business plan and the strategy to the board. If they approve, only then do we proceed."

These systems and processes within those family offices that do have plans in place include open and honest communication, which helps to develop a transparent transfer framework where all parties' values and expectations align.

Strong succession plans also include education programs that prepare future leaders to assume control of not just the financial know-how of a family's business, but the continuation of a family's long-term goals and value systems. Many of the Indian diaspora, including Mr Kantaria, Mr Punjabi and Mr Nirav Shah, all speak of the need to ensure that the next generation of business leaders has the financial smarts to manage the business, along with the family values to continue its legacy.

Mr Mariwala speaks of his own, decades-long drive to develop the same depth of understanding as his father, and the "journey to understand the business" he still needs to complete to successfully assume control of the business when the time comes. However, while he and his sibling plan to maintain the family's involvement, he says neither of them will be running the company day-to-day.

"I've got an entire learning plan, in terms of my indoctrination and my understanding of the business. But one thing's very clear: neither me nor my sister are going to be operationally involved in the business," Mr Mariwala explains. "I see myself as a steward of the business, ensuring that the values of the business stay the same—the culture, the thought process, the cultural fabric of the organisation doesn't change. But the company itself is going to be professionally managed and family-run."

> **"My father gave me and my brother the choice of joining the core or non-core business, but we had to prove that we could grow that business."**
>
> Shruti Lohia Hora, Director of Healthcare at Kindorama

Planning a Path to Succession

Among the Indian diaspora, several factors can make succession planning challenging. This includes the large size of many Indian-origin families, some of which have multiple branches scattered across the globe, and their varying degree of involvement in the business.

Hierarchy and patriarchal norms often persist in many Indian business families, which can contribute to a lack of transparency between family members and lead to difficult behaviours, such as an elder's reluctance to cede control even if they lack the experience needed to run a business.[58 59]

Women also remain underrepresented in many family offices globally, although gender attitudes are clearly shifting among UHNWI in the Indian diaspora, as they express more progressive perspectives on gender equality.[60]

"In the past, things used to be very paternalistic, with boys getting everything, but it's changed completely today," explains Mr Vimal Shah, sharing a belief expressed by all the UHNW Indian diaspora individuals interviewed, whether in India or overseas.

58. https://www.priwexus.com/wp-content/uploads/2023/12/Family-Office-Benchmarking-Study-Report_2023.pdf
59. https://thesecretariat.in/article/succession-planning-in-corporate-india-why-the-godrej-family-is-an-outlier
60. https://www.mishcon.com/news/growing-impact-of-women-in-family-offices

This is apparent in the Lohia family, where succession and legacy planning are deeply intertwined with its strategy to cultivate its next generation of leaders, whether male or female. From an early stage, both Ms Lohia and her brother were expected to prove themselves worthy and capable of managing what they will inherit and were given small projects through which to develop their skills and experience.

She says that her father's strategy to diversify the family business was driven in part by a desire to provide a range of gateways for his children to enter the business. "He gave me and my brother the choice of joining the core or non-core business, but we had to prove that we could grow that business."

This aspect of choice is important to the succession and legacy plans in place in many of the family offices among the Indian diaspora. Most are concerned not only with the longevity of the businesses they have built, but also with giving their children the freedom they need to explore their own interests.

"I want to ensure my children have financial security, so they can navigate uncertainty with the freedom to explore and take risks," says Mr Ahamed.

"As a parent, we have three obligations to our kids," adds Mr Tolani. "First, to inculcate good values in them. Second, to get them the best education we can afford. And third, to give them every opportunity to develop a range of passions—that will dictate how well they do."

There are clear examples of this in action, with Mr Vimal Shah's son harnessing his father's can-do mindset to establish a successful fintech startup. Meanwhile, Mr Mariwala was able to experiment with venture funding because of the support of his father and the operating business' significant resources.

Yet while wealth provides freedom to some of the UHNW Indian diaspora, there is also noticeable anxiety among some members about how the affluence they have built will affect their children's attitudes to wealth.

"My kids know this legacy won't be handed over to them on a silver plate," says Mr Punjabi with a smile. "They know they have to work hard to grow what we have built."

This attitude is more apparent among the UHNWI who have created wealth for themselves, but it also reflects a generational gap. Older UHNWI in the Indian diaspora are more likely to demonstrate conservative attitudes towards money and view their family office as a tool for wealth preservation and succession rather than growth. Younger members, in comparison, tend to be more willing to take risks because of the safety net their family wealth provides.

Most significantly, younger family members do not feel the same obligation to continue the family business, nor do they feel the same connection to the source of their wealth as those in older cohorts. Mr Tolani's children, for example, live in the US and have expressed no interest in the family business. Both Mr Mariwala and Ms Lohia also opted not to join their family's core operating businesses, choosing to work on their own peripheral projects instead. In these cases, the professional management of the family business rises to the foreground, with family members increasingly choosing to position their companies for continued growth through inclusive policies and by bringing in the best—whether within or outside the family.

Furthermore, a family legacy is not purely about the transfer of tangible assets, but also the bonds, narratives and values that lie at its heart, and shape the long-term trajectory of the family business. For many if not all Indian families, the passage of positive personal values is more important to sustaining and building a family legacy, with several noting their own values were inherited from their forebears.

"Having grandparents and parents who have instilled those values in you is so important. If I can instill similar values into my son, I will be very happy," Mr Saboo says.

"My kids know this legacy won't be handed over to them on a silver plate. They know they have to work hard to grow what we have built."

Manoj Punjabi, Co-Founder and Chief Executive Officer of MD Entertainment

The Values of Success

Every family has its own way of doing things—its own stories of success, failure, values and dynamics, all of which shape its history and the trajectory it takes as it grows and evolves. However, across the family offices interviewed for this report, certain values unite these disparate stories and tell a shared story of success that children carry with them into the future, at home and abroad.

Despite their immense wealth, many UHNW Indian families remain focused on living within their means, avoiding debt and unnecessary risks wherever possible.

"I learned this from my grandfather, especially," says Mr Patni. "We've seen plenty of large business families fail because they got greedy and over-leveraged themselves."

These lessons are why Mr Patni has a moderate risk appetite and prefers a balanced portfolio that will conserve wealth for his children for years to come. "Conserving wealth is more important than multiplying it," he says.

Money isn't everything, but it certainly affords one the freedom of choice. Like many of his contemporaries, Mr Ahamed too emphasises the importance of staying humble and recognising the opportunities that have shaped their journey. "Success may allow for a few more luxuries, but it's crucial not to take these for granted," he says.

"It's important to instill in the next generation the value of hard work and appreciation for what they have, ensuring that each achievement is earned through hard work and discipline."

Understanding their privilege also shapes how families think about sharing their wealth, with many choosing to channel portions of their profits back into communities and society through philanthropy.

"You want to leave the world a slightly better place and help as many people as possible," says Mr Tolani. He adds that this treatment should extend not just outwards, but also to the people they come directly into contact with at home or in the office. "It's paramount to be honourable, to have integrity and to treat people with dignity."

That sense of integrity extends to how business should be run as well. "I'll always take money from my own pocket rather than take even a dollar from someone else in the wrong manner," explains Mr Saboo.

"Whatever we do should be done ethically, and that is reflected in our business. We have a very clean, measured and professional approach, and we take care of our people," adds Ms Lohia. "We treat our employees like family—there is loyalty, trust and teamwork."

Most importantly, whether in India or overseas, all the interviewees emphasise the importance of remaining in contact with their Indian cultural heritage, which fosters and feeds their sense of value and community. They see these Indian values seeded by their parents and grandparents as the key to prepare the next generation to lead, providing them with the guidance they may need to make wise decisions, wherever in the world they might be.

"I see myself as a steward of the business to ensure that the values of the business, its culture, thinking and cultural fabric don't change," says Mr Mariwala. "The holding power that family offices have is phenomenal."

Key Takeaways

- An estimated US$4 trillion of wealth among the Indian diaspora will be transferred from one generation to the next in the coming decade.
- This transfer, along with the rising number of UHNW Indian families, highlights the need for robust succession and legacy planning among Indian diaspora family offices.
- A far more progressive perspective on gender equality is emerging among Indian diaspora family offices. Individual success, rather than gender, is driving the development of the next generation of family business leaders.
- Many families are now instituting a succession plan to ensure a smooth transition to the next generation, even when their children choose to explore pathways beyond the family business.
- As succession plans are drawn up, there is noticeable anxiety among some members about how the affluence they have built will affect their children's attitudes to wealth.

Conclusion

Whether at home or overseas, Indian business families are in a state of flux. What happens next will depend on their ability to embrace change and leverage emerging opportunities, while upholding the values that have seeded their success so far. There is immense potential for the Indian diaspora to continue to be drivers of change globally as a younger generation prepares to step up, bringing with them fresh ideas, perspectives and strategies.

As the Indian diaspora grows its wealth, many are establishing their second or third family offices outside their home jurisdictions. Singapore, with its close cultural and geographical proximity to India, has emerged as the preferred location, and is favoured by UHNW Indians as a springboard to emerging as well as established markets.

Through the generations, the values and knowledge that have been fostered by highly successful Indian business families are being preserved and will continue to influence the legacy of India's UHNW diaspora. Yet as the next generation looks to new investments and philanthropic paths, diversity and sustainability will define the next stage of UHNW Indian families' evolution and open the doors to new horizons.

Insights and Reflections

Creating the Most Impact

Naina Subberwal Batra
Chief Executive Officer,
AVPN†

For most of the UHNW Indian diaspora we spoke with, philanthropy has become a key family office goal. What do you think is driving the growth of philanthropy in these family offices?

Philanthropy has deep cultural roots in India, where the concept of *daan*, or charitable giving, is ingrained in the fabric of society. India has one of the world's fastest-growing populations of wealthy individuals. As the fortunes of the Indian diaspora have risen, so too has their awareness of social inequality and the need for systemic change.

For the diaspora in countries like the United States and the United Kingdom, growth in giving has been buoyed by formal groups like the American India Foundation and the India Philanthropy Alliance.

While an increasing number of projects are being supported across India and overseas communities, philanthropic contributions as a proportion of family office wealth among the Indian diaspora is significantly lower than Asia's regional average, which is around 5%.

Many of the UHNW Indians today are first- or second-generation family members and often come from humble backgrounds, which means they may have a more frugal mindset that is not as disposed to philanthropic giving as holders of more established wealth.

† Previously known as Asian Venture Philanthropy Network

As these families grow and the influence of the younger generations who are more attuned to social and environmental challenges increases, the wealth of the Indian diaspora will increasingly be used as a force for good.

How do global Indian family offices manage their philanthropy?

The Indian family offices that are AVPN members typically approach philanthropy through a combination of structured giving, direct charitable activities and the adjacent activity of impact investing. Many work with groups in the countries they live in. An increasing number of Indian family offices are also establishing dedicated foundations or trusts to manage their philanthropy more professionally.

Regardless of their location, many Indian diaspora family offices prefer to direct their giving to the family's home cities or states in India, often through charities or people that they know personally. This can sometimes create challenges, as it can mean that the offices become a magnet for any number of charities seeking donations. This can make choosing who to support difficult, and can often mean that donations become piecemeal, and have less impact than a well-managed, single, large donation to a trusted partner.

The biggest challenges we hear about often relate to difficulties in obtaining meaningful and reliable data that shows the impact of family office giving. Ensuring the scalability and sustainability of philanthropic projects can also prove difficult. Many family offices globally, not just among India's diaspora, struggle with how they can make their charitable initiatives self-sustaining, or how they can scale their efforts to ensure that a charity can grow and provide positive change to more people.

Family offices should be careful to ensure that any charity they work with is open and transparent about their ratio of operating costs and their impact on the ground. They should also develop a strategy to ensure the legacy they aim to create will have real impact.

What are some areas where global Indian family offices can create the greatest impact with their philanthropy?

Philanthropy in Indian family offices is becoming more professional, and increasingly focuses on strategic giving and partnerships. More family offices are also expected to adopt formal governance structures to manage their philanthropic activities, bringing in experts and using technology to ensure their initiatives are impactful.

Partnerships can be important for family offices, particularly for first- or second-generation owners, as joining forces with other families of a similar mindset or with a community organisation can ensure that monetary giving has a real impact on the ground. It can also alleviate some of the challenges around measurement, reporting and management, as these responsibilities can be shared. Collaboration between family offices, corporates and government entities can also provide the potential for collective action in targeting the most pressing social challenges.

Many families among the Indian diaspora have focused their philanthropy on education, in the belief that it is likely to have the most impact on helping people out of poverty. Education is vitally important, but if there are no jobs once someone graduates from university, then it can be a wasted effort. There is a huge opportunity for Indian diaspora family offices to focus on training and job creation, and not just education, to ensure that youths in India and in their communities abroad have access to stable employment once they finish their education.

Spotlight on India

Deval Sanghavi
Co-Founder,
Dasra

Ami Misra
Associate Director,
Dasra

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Team Lead,
Dasra

How has philanthropy among UHNW Indians evolved over time?

We catch ourselves when saying there are traditional versus non-traditional ways of giving, because it's dependent on the times. Starting a school or a hospital was innovative 40, 50 years ago. As infrastructure and government tax collection have caught up, some of these things are not needed as much, so the focus has shifted.

We think it is also a misconception that early-generation philanthropists only wrote cheques. We've spoken to UHNWI who, even if they're in their 70s today, still remain engaged with a school they had invested in 25 years ago. These individuals still know the principal's and teachers' names, and still make an effort to go out there and be engaged and involved, so it's not just chequebook philanthropy in that sense.

Looking towards 2047, which will mark the 100th year of India's independence, we are excited about how philanthropy can unlock India's development in the next two decades, especially with growing interest from the diaspora in connecting with their roots.

What are your thoughts on the distinction between philanthropy and impact investment?

Both come from good places. Philanthropy typically focuses on direct aid and support, while impact investing aims to generate social and financial returns through investments. There's a lot of debate on whether the two should overlap.

In India, regulatory barriers restrict the use of charitable funds for impact investing. And if Dasra were to advise philanthropists on impact investing, we would have to register with the Securities and Exchange Board of India and pretty much become a wealth advisor—that's something we don't want to do. There's a greater wall between the two in this country because of regulations.

Furthermore, the wealth level of the communities you're trying to serve need to dictate where impact investing can play a role, and where it shouldn't. So if a person who pulls a hand rickshaw for a living spends 30% of his/her income on a low-cost private school, and if a large percentage of that goes to an impact investor versus being spent on healthcare and nutrition for the individual's family, should that be considered impact investing? These are the dichotomies.

Do you have any guidance for members of the Indian diaspora who would like to be more involved in India, but are not based there most of the time? Where should they begin their journey?

Whether living abroad or in India, it is crucial to trust and support local leaders and organisations who understand the community's needs. Our advice is to trust local knowledge and local solutions, fund local non-governmental organisations (NGOs) and provide long-term support. Investors are not necessarily entrepreneurs in this particular realm, so it's important to partner those with lived experiences.

Most of the work we do is taking families on that journey. There is no silver bullet to philanthropy, so it always starts with research, education and exposure. When they start meeting NGO leaders and doing site visits, their understanding can change. This leads to engagement, which mirrors the business world. And families appreciate that because they would never go into a new industry just writing cheques. They would spend six to nine months understanding the industry, meeting the top players and figuring out the white spaces. We need to create a similar experience for them in philanthropy.

What are some future directions for giving among the Indian diaspora?

We realised that the Indian diaspora, on average, earns two times more than the average American, but contributes two times less than the average American. While the sentiment is there, a lot of outreach still needs to happen in terms of raising philanthropic capital.

The diaspora really stood up for India during the pandemic, but we don't need to wait for a crisis. Gender equity, climate action, health and livelihoods are constant needs within the Indian context, at least for the foreseeable future. So supporting community-based organisations in some of these fields would be very critical.

Apart from this, we also feel like there is a need to look at underserved regions and underserved communities, including those who have been left behind and historically marginalised on account of caste and remote geographies, for example.

India is not a single-solution country, so the hope is that UHNW families will not only look at the village their grandparents came from, but at the villages that need the greatest support. We feel the diaspora can lead that conversation because they have that borderless vantage point, and they can partner with existing philanthropists in India to support those issues in a more collaborative manner.

Where do Indian family offices stand to create the most impact?

What we've seen is that families are able to talk about the NGOs they support with as much inspiration and as much ambition as they talk about their businesses. Other than financial contributions, we would love for families—and family offices—to open up their networks, make more NGO connections and contribute their skills. We've seen prominent business families support fundraising strategies, help build strong teams, join boards, and provide other forms of mentorship and guidance.

These experiences often stay with them and nudge them to do more, both in terms of contributing their time and financial support.

We would also love for members of the diaspora to actively lend their voice in advocating for India. We get so excited—and rightfully so—when celebrating Indian companies that have gone global. The same can happen, and is already happening, with Indian NGOs like Noora Health, Magic Bus, Digital Green, Pratham and many more, which all started in India and now work across the world.

We're trying to speak to families from the Indian diaspora very intentionally, to profile and amplify their giving journeys and foundations. Spotlighting and bringing more voices to the table really sends the message that so much is happening, and inspires more to reflect and double down on their own giving journeys.

We'd also like to see more wealth managers connect with the family on values versus just profits, and excite the family to create greater wealth—not just for personal consumption, but also to give back. It takes a leap of faith to have those conversations because giving may seem like a short-term risk. But in the long term, the family will stick with wealth managers because of that.

A New Mindset: From Owners to Stewards

Dr. Chaitali Mukherjee
Partner, McKinsey & Company

Which conversations are top of mind among global Indian family offices?

Beyond wealth management, the tripod of success for global Indian family offices has two other legs: the preservation of values and legacy across generations, and governance and succession.

Succession is on the mind of almost every family I'm aware of. Among many Indian family-owned businesses, the second or third generation is just coming into the business, so there is a lot of variance in thinking. Today, not everybody wants to be involved in the family business. And from a time when it was only about sons getting involved in the business, Indian-origin families are now creating equal space for daughters. That's a big shift, and a very welcome shift.

Succession has two parts: one where the family is the owner and running the business, and another where the family is the steward, and brings in professionals to scale the business. Many family-owned businesses want the second route, but don't necessarily know how to do it.

What's a good starting point for succession planning?

I think the most critical role is that of the first generation, or the promoter running the business. The next generation often looks up to this person, who similarly looks for their own reflection in the following generation. I think the transition starts with an adjustment of expectations.

The second is a huge mindset shift. This is, to me, at the heart of delivering succession across multiple generations. An owner is always going to remain focused on problem-solving for today. The steward is thinking continuously about what he or she needs to do for the success of tomorrow— and they can only do this when they professionalise the family office.

The other big difference between owners and stewards is preserving versus growing wealth. A first-generation owner usually operates from the premise that they need to preserve whatever they have built or inherited and hand this over to the next generation, versus growing wealth for the future. Stewards also match the next generation's strengths and aspirations with their roles in the business, rather than assuming family members will automatically excel at their assigned jobs.

Finally, succession can never happen until the running generation moves out. So creating space and building a transition roadmap is critical.

What constitutes a strong transition roadmap?

It begins with clarifying the purpose of the family for the business. For example, in our work with families, a first step is often to clearly define roles: e.g. between executives of the business, governors of the business, and owners of the business. All three are very distinct roles. As the complexity of the business increases, the family will have to think about where they want to put their time and where they want to make decisions across investments, strategic plans, entry and exit, senior leadership and hiring.

Some family members don't want to be involved in the family business, while others want to run it day-to-day. They might say, "I only have three kids. Decisions that we make now will only be visible in 20 years, so we don't want to pull ourselves out yet." How do they build the bandwidth for governance? How do they manage a portfolio? These are questions to put on the table.

In contrast, some families will say they want to be serial entrepreneurs who keep investing in new ideas. Which decisions for execution and governance will they bring to the table as part of the family council? That's our approach to governance when deciding and enabling succession across multiple generations.

What are future directions for succession and legacy planning among the Indian diaspora?

Family businesses among the Indian diaspora are unique in that they tend not to be solely inward-looking. There's always a view of giving back to society and giving in return. Part of the reason is that in the family lineage, there's very often someone who has worked very hard and has a humble background.

It is very important to the family that they never forget their roots and think not only about business, but also about legacy. How can they become a centennial organisation that thrives for 100 years and beyond?

At the same time, the next generation is growing up in a very open environment. Instead of working in a family-owned business, they have the option of doing their own thing. While senior generations often view the next generation as crucial assets of wealth and value creation, they first need to get the next generation's mindshare on board. Succession is never successful if it doesn't take into cognizance what individuals want to do, because then they will be living somebody else's dream—that's a golden trap.

The Next Engine

Bala Vissa
The André and Rosalie Hoffmann
Chaired Professor of Family Enterprise,
INSEAD

What key shifts have you noticed in the investment preferences of the Indian diaspora?

I think the investing behaviour described in the report—of the diaspora diversifying from the usual Indian mentality of gold and real estate—is a natural evolution.

Several Indian-born American entrepreneurs who made it big in Silicon Valley, like Suhas Patil, Kanwal Rekhi and Desh Deshpande, were involved in setting up The Indus Entrepreneurs (TiE) in the mid-1990s as a platform that fosters entrepreneurship and connects entrepreneurs of Indian heritage worldwide. Later, TiE's charter moved beyond Indian-origin founders to become one of the world's largest entrepreneurial networks. Investors who were previously not too interested in startups suddenly became interested.

The entrepreneurial ecosystem in India was created around 2000 (during the first dot-com boom) and really took off around 2014. Family offices and family businesses that had been putting money in gold, real estate and the public stock market started to realise that a lot of value was being left on the table. So I think there's been a shift in family offices' investment behaviour, with a lot of old money in India and abroad putting some of their wealth into the Indian entrepreneurial ecosystem.

Typically, family office involvement in the ecosystem is through serving as limited partners in venture capital and private equity funds. In addition, some family offices directly invest into new ventures. Note that in emerging markets like India, private equity is usually growth and expansion capital (and not buyout funds like in the west).

What is driving the success of the Indian diaspora?

When American universities were recruiting technical talent from the 1960s to 1980s, waves of skilled Indians migrated to the United States. That's where I think the story really begins. Then with the first dot-com boom, there was a lot of frenzy around Indian-born American entrepreneurs making it really big. That became a kind of role model or a stereotype for Indians around the world: we can do this too.

Another way to think about this is that in 20th-century India, if you were lucky enough to be born into some communities which had the social structures to support entrepreneurship, you could become a great entrepreneur. In 21st-century India, various complementary formal organisations like financial institutions (venture capital and private equity firms), collective institutions (like TiE), educational institutions (like the Indian Institute of Technology and Birla Institute of Technology and Science), and incubators and accelerators come together to provide a more modern entrepreneurial ecosystem. This ecosystem allows almost anyone to try their luck as a business founder of a high-growth potential new venture, hence the new energy in the Indian economy.

Note that this includes not just first-generation founders with no prior family history of entrepreneurship, but also the scions of multi-generation businesses. For example, I know somebody in the diamond industry who didn't want to go back to the traditional family business after university. Instead, he started what is now a billion-dollar company, selling lab-grown diamonds and disrupting a huge industry.

How are you seeing this mindset shift play out in the succession of Indian family businesses?

I think there's a lot of new thinking around succession. In the past, succession would mean handing over the keys to the family business. It was about inheriting an ongoing business and managing it. Now, it's more about inheriting an entrepreneurial mindset.

I was talking to a third-generation business owner who wanted to grow 3x but didn't have finance. There's a host of private equity shops in India that partner companies in this situation by providing capital in return for a minority equity stake. But this particular business owner's challenge was that he didn't want to dilute his ownership. He would look only at debt and not equity because control is so important to him.

These are some of the issues that come up in succession: how do you grow in a setting where the previous generation may be reluctant to take in equity because they don't want to share ownership?

Another perspective is that perhaps some traditional family businesses feel there's not much room for growth because so much consolidation is going on in their industry. With ongoing disruptive changes wrought by digital transformation as well as decarbonisation, I'm guessing there's also going to be substantial changes to incumbent companies. Many are feeling threatened, but another, more helpful orientation is to view these disruptions as an opportunity to renew wealth. This is because, if done right, the family enterprise (perhaps led by a next-generation scion) could build completely new businesses, leveraging its proprietary resources such as brand, contacts, advisory boards and access. This requires next-generation scions with the entrepreneurial nous to leverage all the open doors into success.

What makes good succession planning?

It's a seemingly simple question, but truly complex. I'm not sure anyone can do justice to that.

I can say that it's very important to have open, honest conversations within the family. When it's the second generation, it's probably easier. As you go down to the third, fourth and fifth generations, it becomes ever more difficult. You need to have very strong governance structures and practices—not just corporate governance, but family governance, which means family charters, councils, meetings, all of that.

I was just talking to a senior member of the Mulliez family in France. They're probably the fourth or fifth generation now, with around 900 family members, including partners. They have a very structured way of doing things, including an app for the family. They also have an incubator/accelerator (club des entrepreneurs) to foster entrepreneurship within the Mulliez family; in addition, they run an open-ended VC fund (Creadev) to invest in non-family entrepreneurs in a long-term, open-ended partnership. Many French brands which are household names, like Decathlon and Leroy Merlin, are associated with this family's efforts to foster and support entrepreneurship.

Doing something like this requires substantial monetary and non-monetary investments. But it could be important for business families in a context where disruptive changes mean that the future is not going to look like the past.

What are your aspirations for India and the diaspora?

India has the potential to be a growth engine for the next decade and more. I would say growth has to be earned. There has to be stability and reform, in and outside India. I'm personally optimistic about India, but I keep cautioning everyone that growth is not a foregone conclusion.

And as India grows, how do we nurture entrepreneurship in a digital climate amid demographic shifts? We are living in an era of disruption, which could be an opportunity for incumbent business families—not just for wealth preservation, which is always important, but for wealth creation as well.

That can happen in at least three ways. One way is encouraging next-generation scions to become new business founders—rekindling the "founder spirit." The second way could be transforming existing businesses, which is again a huge entrepreneurial act. Transform an oil and gas business into a clean energy one, for example. And third, serve as partners and investors, helping first-generation founders on their journeys. Those are three big directions for wealth creation because a wealth preservation mindset alone is probably not enough.

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