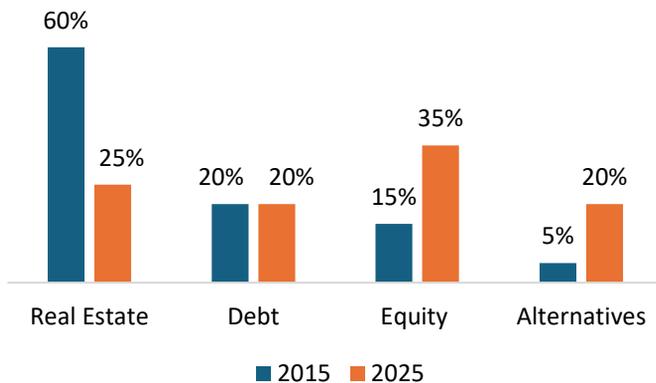


Overview –

Over the past decade, Indian family offices have evolved from passive wealth managers into active private equity (PE) investors. With rising intergenerational wealth and professionalized governance, family offices are now shaping India’s alternative investment landscape, bridging the gap between traditional promoters and institutional PE funds.

Change in Family Office Portfolio Allocation

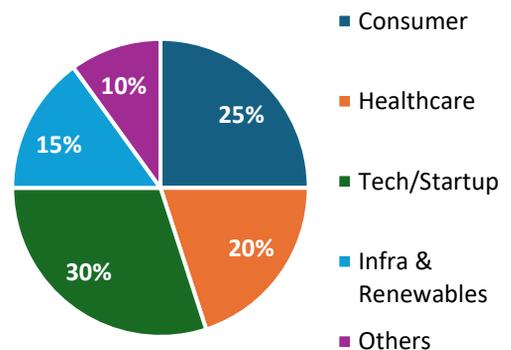


Why Family Houses are Gaining Ground

- **Capital Independence:** Unlike institutional PE funds constrained by LP agreements, family offices enjoy flexibility in ticket size, sector, and holding period.
- **High Conviction Investing:** Many family offices back themes they understand—manufacturing, healthcare, or fintech—leveraging operational expertise rather than chasing valuations.
- **Professionalization & Governance:** Second-generation promoters are recruiting ex-investment bankers and CFOs to institutionalize decision-making and align with PE-style diligence.
- **Regulatory Clarity:** The rise of AIF (Alternative Investment Fund) structures has enabled smoother co-investment opportunities and clearer tax regimes.

Driver	Traditional Focus	Emerging Focus (2020–2025)
Asset Mix	Real Estate, Debt, Gold	Direct Equity, VC/PE, Structured Deals
Investment Style	Passive, Dividend-driven	Active, Growth-driven
Governance	Promoter-led	Professional CFO/Advisor-led
Time Horizon	10+ years	5–7 years (aligned with PE cycles)

Sectoral Distribution of Family Office Investments (2025)



Finval Perspective

- From a valuation standpoint, family offices often prefer **longer-term IRR targets (15–18%)** compared to **PE funds (20–25%)** due to reduced fund pressure and internal capital cycles.
- In fundraising, their participation acts as a stabilizing capital pool—especially in mid-market or bridge rounds where institutional dry powder remains selective.

At **Finval**, we see family offices emerging as *strategic partners*—not just financiers. Their operational synergies, patient capital, and governance maturity make them pivotal in India’s private capital ecosystem.