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EMPOWERING TIMES



THINKING ALOUD

Wealth and responsibility

Jay

PODIUM

Rajmohan Krishnan
Principal Founder & MD,
Entrust Family Office



WE RECOMMEND

What to do when you are
blessed with plenty?
Reviewed by Jay

Dear Reader,

Earlier in the year, India reported a healthy growth in the number of billionaires, highlighting that this number is expected to rise. With this, the country ranked third in the billionaire population globally in 2021 only after the US and China. This expanding pool of ultra-high net-worth individuals (UHNIs) and high net-worth individuals (HNIs) has fuelled the need for specialised wealth management firms such as family offices.

Family offices go beyond just being advisory friends providing financial services. Their purview extends to offering a holistic approach by providing a range of customized services. With family offices helping HNIs and UHNIs to preserve and grow their wealth, family philanthropy is slowly gaining traction and is fuelling the economic engine of the country.

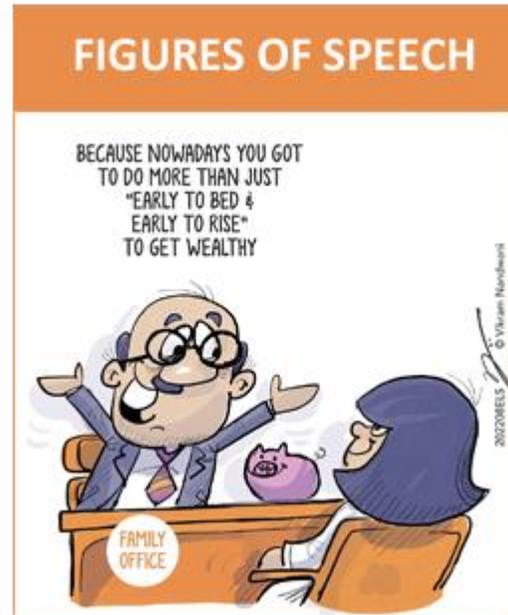
ET this month looks at *'The importance of Family Offices.'*

In the **Thinking Aloud** segment, **Jay** looks at the concept of wealth and the responsibilities that come with the three trillion-dollar Indian economy. On the **Podium**, **Rajmohan Krishnan**, Principal Founder & MD, Entrust Family Office, shares some nuggets of knowledge on the role of family offices amid the rising number of billionaires in India. In the **We Recommend** section, Jay reviews Rajmohan Krishnan's book - **'Wise Wealth'** - which gives insights of how a select group of 35 ultra-high net worth families from across India created, preserved, and deployed their wealth with an intent on leaving behind a better world.

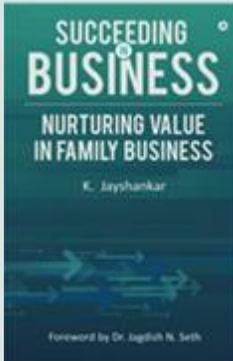
In **Figures of Speech**, **Vikram's** toon share some wealthy, words of wisdom!

Please also [Click Here](#) to check out our Special issue of ET, which is a collation of selected themes that were featured over the years highlighting the changing landscape of the business world. This special edition has been well received and can be [Downloaded Here](#) for easy reading and is a collector's item.

As always, we value your opinion, so do let us know how you liked this issue. To read our previous issues, do visit the Resources section on the website or simply [Click Here](#). You can also follow us on [Facebook](#), [Twitter](#) & [LinkedIn](#) - where you can join our community to continue the dialogue with us!



Succeeding in Business: Nurturing Value in Family Business



What makes some family businesses grow from strength to strength? How do you ensure that value is created and not destroyed when a business passes hands from one generation to the next in the Indian context? How can old families incorporate new ideas to revitalize themselves? Is there a role for professional management in Indian family business?

*This book offers answers to the vexatious issues that families face in their growth journey. The pointers provided can be used as a guide for nurturing the business and to leverage the traditional strengths that family businesses possess. As a counsellor and trusted advisor, the author, **K. Jayshankar (Jay)**, has had a ring-side view of how family businesses have functioned. The practical insights drawn from his experience of four decades has been combined with conceptual elements to become a valuable primer for a family that wishes to succeed in the competitive marketplace that is India.*

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THINKING ALOUD

Wealth and responsibility

Jay

The pursuit of money has its hazards, especially in a society that is hypocritical. While the quest for the American dream - 'a land in which life should be better and richer and fuller for every man, with opportunity for each according to his ability or achievement' (James Adams) - has been popularised in the public mind, in India we are still stuck with empty slogans like Garibi Hatao. Consequently, being rich has its occupational travails in a society where wealth is viewed with suspicion.

The chief question is the origin of the wealth. There are those who inherited it - and tracing the taint can lead to skeletons in the cupboard. And, then there are those who suddenly get wealthy after a short stint in public office. The plethora of political heavy weights with bulging balance sheets is too many to recount, leading to the common comment that India is a poor country with rich politicians. Then there is the breed of the old business class, notorious for being in cahoots with the politicians. Their business grew due to the mutual patronage, a fact that has been widely acknowledged but often never proven in law. All this coupled with a feudal, divided society with a sanctimonious attitude towards money, makes for a potent combination where duplicity becomes the norm.

It took a hard knock to the country's prestige with the economic crisis of 1991 for the wakeup call to be sounded, and many herald July 1, 1991 (when the reforms were initiated by the Narsimha Rao government with the devaluation of the Rupee) as the beginning of the second independence movement for the country, certainly an economic one. That watershed year has transformed the country not just economically but socially too, as new thinking dared to challenge socialist shibboleths that were firmly entrenched in the Indian psyche. Thus unfettered, a new class of entrepreneurs has sprung up, contesting the firm grip of the old powerbrokers over the economy.

The rise of information technology has played a powerful role too as it announced the advent of the service economy, over-riding the industrial mindset where hard resources could be hoarded through cornering licences. With the world as its playground, new entrepreneurs boldly ventured into fields that brought them foreign exchange benefits, thus providing them with a stronger lever for wealth accumulation. Reportedly there were two billionaires in India up to the mid-1990s and in its last count in April 2022, Forbes listed 166 billionaires. And, when

consider the reality of the rise of the Indian unicorns (start-ups with valuation of USD 1 billion) - 103 of them till June 2022, with at least 50 more in the pipeline - there is bound to be more in the Hurun India Wealth list soon.

How does one shed the tag of being a stereotypical robber baron, the hoarder of resources, who is in the minority amidst a mass of have-nots? The answer does not lie in demonizing the wealthy - as was the convention in the socialist era of the '70s. The image of the obnoxious, uncaring, conspicuous consumption-oriented philistine does little justice to the reality that many Indian billionaires are socially conscious and aware citizens, seized with the dream of raising standards in all aspects of Indian life. Therefore, many of them have accepted that they need to apply their resources and special talents in a manner that justifies the fortune that they have been gifted with. Imbibing the Gandhian spirit of trusteeship, some families see themselves as guardians who must protect what fate has provided them, so that they can provide more benefits to others around them. Their philanthropic choice could range from education, scientific endeavour, health, women's empowerment, sports, etc., to many other causes - there are enough projects that need addressing, anyway - but what is special today is that charity has given way to impact projects that are run professionally. While their vehicle of giving could be routed through Family Offices, Trusts, Section 8 firms, or by participating in global pledges, or in some other creative manner, what makes it unique is that they go beyond the cheque book to offering their time in a passionate manner. It is this dedication that generates multiplier effect to their monetary contribution.

To my mind, Warren Buffett's philosophy that one should 'leave the children enough so that they can do anything, but not enough that they can do nothing,' is a good axiom to filter wealth from one generation to the next by ensuring that the spirit of enterprise continues to thrive in the family and prevents the dissipation of liquid capital.

Some reports indicate that the abysmal truth of the three trillion-dollar economy called India is that the top 1% of the population possessed more than one-fifth of the national income in 2021, with the bottom half securing barely 13%. Without getting into the partisan discussions of poverty numbers (and its causes) - of what use is blame attribution? - we can only emphasize that it makes more sense to understand that with great wealth comes great responsibility to others (with apologies to Spiderman). And, the good news: the wealthy in India are going beyond the legal ambit of Corporate Social Responsibility to reach out to their unfortunate and under-privileged brethren, and help them in multiple ways. But this is a journey that needs additional action from the benefactors. To echo Daniel Kahneman, 'Money does not buy you happiness, but lack of money certainly buys you misery.' And that, sadly, we have in plenty around the world.

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Podium

Rajmohan Krishnan

Principal Founder & MD, Entrust Family Office



Rajmohan Krishnan (a.k.a Raj) leads the team of Entrustians' with his relationship-centric service mindset and uncompromising professionalism, which has established Entrust as a pioneer in the pure breed Family Office space. With his deep understanding of the financial services industry and over two decades of advisory experience across a wide spectrum like Real Estate, Business Succession, Estate Planning and Social enterprises Investments etc., Raj is one of the most renowned Family Office advisors in the country.

Raj was one of the founding team members of Kotak Wealth Management and was responsible for the P&L across the North and South India regions. Resultantly, Raj has mentored some of today's successful wealth managers in the country at various points in time. Clients and peers alike acknowledge his ability to weave in practical solutions and improvements. He is a postgraduate of the University of Madras and an alumni of executive programs conducted by the Indian School of Business and IIM Ahmedabad.

*Raj is an avid golfer and a devoted art enthusiast. He is a fan of Carnatic classical music and has founded the Entrust Foundation to support art, culture, and elderly care. Recently, Raj made his debut in the literary world with his book '**Wise Wealth**'. The book is a curation of heartfelt conversations with some of India's foremost industrialists, entrepreneurs and changemakers who are ardent believers and practitioners of the philosophy of wise wealth.*

Raj believes that one must embody the spirit of giving in every sphere and circle of life. Family members, colleagues, clients, communities, and the whole of society must benefit from an individual's talents, persona, and achievements.

ET: What is a family office and what role does it play in perpetuating family wealth? At what stage of a family's income growth does it make sense to opt for a family office?

RK: A family office is a private wealth management and financial advisory firm that caters to high net worth (HNI) and ultra-high-net-worth (UHNI) individuals and families. In essence, it is a unique firm that is designed exclusively

for wealthy families and their financial needs. Family offices assist HNI and UHNI business-owning families with everything - from investments and taxation to succession planning and philanthropy, they have a host of tailor-made solutions for each of their boutique set of clients. They are starkly different from traditional wealth management firms that offer financial and investment services en-masse on a commission-based model.

Family offices play a crucial role in helping HNI and UHNI families to build and preserve wealth because their approach to finances and investments is rooted in a long-term approach. Family offices don't focus on short-term gains within the next quarter or even the next year. Thus, instead of obsessing over ROI, a family office takes a strong stance against wealth depletion because, in most many families, wealth gets squandered by the second or the third generation. Family offices, thus, work hard to diversify financial portfolios and ensure that there is an airtight succession plan in place for a business-owning family. They also go as far as to provide mentorship to the next generation so that hard-earned familial wealth is preserved for generations to come.

Typically, families with at least \$100 million in investable assets should look to opt for a family office. Also, family offices should be opted for when a business-owning clan has reached the decision that they want to maintain control of their assets, create a wealth legacy, and need a dedicated team of experts providing them sound financial advice in order to help them achieve their long-term goals.

ET: What has been the trend of family offices in India? With the rising number of billionaires, are they becoming a meaningful option in India?

RK: India is witnessing an unprecedented growth in liquid wealth and the number of ultra HNIs in the country was up significantly by 11% in 2021 at 13,637. India also ranks 3rd when it comes to the global billionaire population. Hence, entities like family offices are poised to play a key role in managing this growing wealth.

India currently has over 200 formalized family offices that are helping UHNI and HNI families to invest, manage, grow, and preserve their wealth. And their role is gaining increasing prominence because they add real value to their clients' lives in times such as ours that are characterised by geo-political instability and economic volatility. Family offices help their clients with not only their financial needs such as taxation, succession planning, investment planning, will and trust formation, and legal advice but also work to provide other intangible customised value-added benefits such as lifestyle and property management and concierge services. Hence, for the ultra-rich, family offices become a one-stop comprehensive solution to all their financial and non-financial requirements, and therefore fast-becoming a go-to option among the HNI and UHNI community.

ET: From your experience, please share whether family offices have been a key player in funding start-ups in India?

RK: Absolutely, family offices are in a unique position to help start-ups in India garner funding. India today boasts of the third-largest start-up economy in the world. And start-ups, like any other nascent entrepreneurial venture, are perennially in need of financing. Most founders are constantly exploring fundraising avenues such as VC funds and angel investors, however, family offices were never considered the first option. This is changing now because family offices have access to a unique network of HNIs, UHNIs, investors and business leaders that start-ups can leverage to garner funding and market their company. Also, most family office founders were once entrepreneurs themselves and they have a strong grounding in finance, banking, and other business sectors. Hence, their in-depth knowledge and decades of experience could easily benefit start-up CEOs. Family offices can be used as a sounding board for business strategy ideas, and they can also provide advice on relationships with investors.

ET: You are an advocate of 'Wise Wealth'. Please tell us more about this concept & how high net worth families are playing a role in philanthropy (going beyond the usual mandated CSR activities).

RK: The Mahatma believed that one cannot own wealth - one can only be custodians of it. You will find echoes of this idea in Wise Wealth. The wisely wealthy are those who earn wealth ethically and sustainably, spend it prudently and unassumingly, invest it patiently and in a manner that creates positive social impact and also personally involved in philanthropic ventures that make the world a better, a more equitable place.

CSR is mandated by the law. But Wise Wealth is mandated by a strong ethical upbringing and a sense of empathy and responsibility towards the whole world.

To fully understand how the wisely wealthy approach philanthropy, you will have to read the Philanthropy section of my book titled Wise Wealth. However, let me offer the highlights:

In addition to money, they believe in investing their intellect, time, effort, and network to make philanthropic projects succeed. Simply put, they think that writing cheques is the first step, not the final gesture, of philanthropy.

They choose causes that have a strong emotional resonance - they know that the philanthropic journey is often fraught with failures and unforeseen challenges, and they don't want to lose motivation halfway through.

They make every attempt to make philanthropy sustainable and scalable - in developing countries like India, it is not enough that a few thousand children are educated, or a few thousand widows are empowered. Philanthropic models must work equally well for hundreds of millions of people.

They believe in collaborating with the government. In fact, many of them feel that once they establish proof of concept, they should share their intellectual property with the government, take a step back and allow government

institutions to roll out solutions for the entire country. That's why they "white label" their solutions - meaning, they don't ask for or claim credit.

They collaborate with the target communities to create solutions instead of assuming that they know the grassroots better.

The wisely wealthy blend vision, humility and operational excellence while implementing philanthropic projects. And the results are there for all to see.

ET: Please share more about your entrepreneurial journey in building the Entrust Group of firms.

RK: My first attempt at entrepreneurship had already occurred when in 1985, I opened a sweetmeat shop named Tastemakers in the Madhavaram area of north Chennai. It was run by my father and stayed operational for around three years. The second attempt at entrepreneurship was a joint venture with my brother - in late 1994 or perhaps early 1995, while I was working in the Dalal Street Journal Group, we founded a consultancy services firm for government agencies, but it did not last long.

When I quit the Dalal Street Journal Group in December 1996 and joined Karvy, I founded a bill discounting company named Credit & Funds. Not only did it provide extra revenue for me, but it also helped Karvy drive business and trim down their payment cycles. Meanwhile, as an employee of Karvy, I set up multiple branches in various cities, recruited relationship managers, acquired new clients, and serviced them with a bevy of financial products. It was a fruitful time which ended when I quit Karvy in 1999; not coincidentally, I also closed Credit & Funds.

So far, I had failed thrice in my attempts to become an entrepreneur. But it was difficult to feel too disheartened because I was entering the big league. It was in 1999 and I was now the Vice President of Kotak Mahindra Bank. Thus began a thirteen-year stint at a company that has a special place in my heart. My major focus areas were creating and leading a team of private bankers and, more importantly, client servicing. As I enrolled new clients, managed their portfolios, and deepened my relationship with them, I knew I had found my niche. This is what I wanted to do for the rest of my life, except that I wanted to do more of it and expand the manner in which a client's financial needs get serviced.

I suppose Entrust was an idea waiting to happen. When I founded it, the first core tenet I gave myself was that I will earn no commission when I choose financial products for my clients because that is a clear conflict of interest. I therefore gave myself the mandate to create a viable business model in which all the revenue comes from one

solitary source: the client. There would be no mixed loyalties at Entrust. With us at the helm of their financial affairs, our clients will sleep easy and feel reassured while pursuing their career ambitions.

This core tenet laid the foundation of Entrustian culture. Two years later, the journey of the book began with an organisation branding project. Since then, the idea of Wise Wealth has become more deeply entrenched in my psyche and, I dare say, the collective Entrustian psyche.

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Mumbai Roti Bank, a non-profit, food rescue organization initiated by Roti Foundation, Mumbai, bridges the gap between hunger and excess food. Started in December 2017 under the able mentorship of former Director General of Police, Maharashtra, Mr. D. Sivanandhan, the organization aims to eliminate hunger, malnutrition and food wastage, many meals at a time. Help make a difference by calling +91 86555 80001 to donate food or by making a [contribution](#).

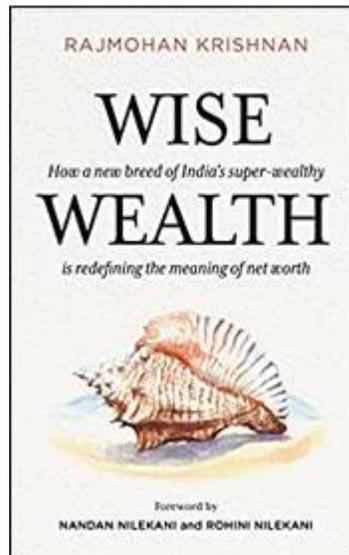
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We Recommend

What to do when you are blessed with plenty?

- Reviewed by Jay



The world of the uber rich has always sparked curiosity; more so in today's intrusive world where someone always has eyes on you (and a camera too). Fuelled by popular imagination (and television shows, think *Bad Boy Billionaires*) that offered scandalous tidbits drawn from tabloids, the rest of the population is either in awe, or jealous, or both, of the super-wealthy. A recent count put the number of billionaires in India at 166, and the press loves to play the tracking game of 'Spot the richest' ('Is it Mr. A or is it the other Mr. A; oh, hang on, Mr. P is rising rapidly, post Covid!'), as if it was a bird count undertaken by the Bombay Natural History Society.

To the really rich, this obsession by others is understandable, they say - but not material to their lives. So, what is it that matters to them? What is their world-view and what role do they wish to play in a developing nation where they alone are in an island of plenty, amidst a sea of teeming poor?

Rajmohan Krishnan has offered us a closer look at this world of India's super wealthy through his book, '**Wise Wealth**'. Crafted through some deep conversations with a select group of 35 ultra high net worth families from across India, Krishnan outlines his paradigm of those who have created, preserved and deployed their wealth with certain characteristics: the wealth was generated in a **clean** manner; the families believed in **simple** living; they believe in **patiently** growing their capital through sedate investment; money was **a means to an end** to them (and not an end in itself); and, they are intent on **leaving behind a better world**. Terming this as *Wise Wealth*, he distinguishes these families from the run-of-the-mill individuals who are constant features on Page 3 for their ostentatious living, capricious actions, and immoral activities.

Rohini and Nandan Nilekani (in the Foreword) say it best when they downplay their own personal capacity (and net worth), calling themselves accidental philanthropist and accidental entrepreneur. This self-awareness has led

them (and the many others featured in the book) to view themselves as trustees of wealth, and express a keen willingness to give forward, and not to hoard their financial blessing for their own use.

The book has featured some first-generation wealthy, and some who have been privileged due to inherited wealth. Krishnan's work lays out not just the source of the wealth, but interlaces individual stories with their views on a host of matters: entrepreneurship, investing, values, philanthropy, etc. Sharing glimpses of their private self to the author, the families have also recounted their tryst with adversity, how they overcame challenges, and the lessons they took to heart. Thereby, the book becomes an invaluable cache of information that can be mined by others who wish to learn from these wise individuals and families, if they wish to begin their philanthropic journey.

This seminal book comes at an important time. While financial and social disparities have always been present in every society, we are living at a time when humongous wealth is being concentrated in a few hands, causing general consternation and social unrest. However, there is a greater consciousness amongst the haves that they need to do more for those who have not been equally fortunate in receiving a share of the wealth that has been generated through combined economic and social activity. It is often acknowledged that the post-liberal business environment in India has created transformation all around, displacing the traditional old money with a new crop of techno-rich class. This book tells us that the social conscience of the ultra-rich in India is alive to the realities around them, and they are working earnestly to offer their support for elevating standards in the field of education, health, the arts, and many other fields. The social challenges that confront us all in India are so overwhelming that even the most welfare minded individual from the ranks of the wealthy despair at times. Real change needs scale, and hence, partnership with the government at all levels is the route that the wise have chosen to ensure real returns for their social investment.

While the book alternates between storytelling and becoming a primer for family offices, it carefully steers clear of all controversies that is but natural when vast wealth is generated in a largely socialistic society, riddled with corrupt dramatis personae. Perhaps to the author, delving into them would only distract from the purpose of this book. The uniqueness of this work is that Krishnan, with his decades of experience of dealing with the ultra-affluent, has ventured to explore aspects that are otherwise very much in the personal domain of the wealthy. Getting these very discreet and prudent individuals to open up about their financial outlook, family philosophy, and many other matters, is indeed a creditable achievement, as not all of them have large public persona.

With the growth of business literature in India, I am sure this book will inspire others to study the field of the burgeoning billionaires, especially as the phenomenon of the unicorn is creating a class of nouveau riche. In fact, it will bode well if some of them with new money took a leaf out of the lessons highlighted in Krishnan's book.

THROUGH THE LENS



Our in-house photographer, **Rupesh Balsara** spots the rare Blyth's Tragopan, Nagaland's state bird. Since it inhabits in subtropical and temperate, evergreen forests, these birds face the constant threat from deforestation, as a result of shifting cultivation. Blyth's Tragopan is an omnivorous bird, which feeds on various types of seeds, fruits, and vegetative shoots as well as insects and small frogs.

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