

How do family offices and venture capital firms differ in evaluating early-stage investments?

Case study of Premji Invest and Nexus Venture Capital

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ABSTRACT

Financing norms differ between venture capitalists and funding by family office. This paper analyses the legal and organisational shape of capital in the Indian financial startup ecosystem. Premji Invest, a family office and Nexus Venture Partners a representative venture capital firm are used in the study. The study looks at available investment data taken from IPO prospectuses stock exchange filings and financial news. It covers six portfolio companies: Lenskart, FirstCry and MedPlus for Premji Invest; Delhivery, Turtlemint and India Shelter Finance Corporation for Nexus. It tracks the extent of original funding, at which stage and the value of each investment decision at the time of exit. Both models were studied in the Indian context. Both systems of funding were minutely studied and compared. There was professionalism which entered the family office model especially after the 1990's. Both models differ in terms of investment decision taking a place on the board and the timing of exit. It was found that the family office had a different set of parameters that they worked on and their exit in post cases was partial. On the other hand venture capital had a definitive time frame that they needed to complete their investment along with a time frame for exit.

Keywords: Family office, Venture Capital, Initial public offering(IPO), Limited Partners(LP's), Patient/Evergreen capital, Startup Financing, Due diligence

1. Introduction

It is important to understand the roles played by both 'venture capital' and 'family office' towards various investment decisions as a basis on the extent of earnings that both achieve over a period of time. Both of them function on different trajectories with different set of values and targets. The mindset with respect to investment decisions are very different from each other.

Venture Capital (VC) is a type of private equity financing provided to early-stage innovative companies with high growth potential but also high level of uncertainty and investment risk. Venture capital firms invest in exchange for an equity stake (ownership) and do not charge interest on the loan as traditional lenders do. Their performance is tied to the company's future performance and higher valuation. Venture capital looks primarily for companies with scalable business models, disruptive technologies or innovative products that have the potential to produce significant long-term growth. Since most startups fail, venture capital investing is a high risk, high return model where a few investments are expected to do very well to make up for losses in the rest of the portfolio.

Venture capitalists usually do not put their own money in. Instead, they raise capital from outside investors known as Limited Partners (LPs). Typical Limited Partners include high net worth individuals (HNIs), Pension funds, Insurance companies and foundations. The venture capital firm is the General Partner (GP), responsible for sourcing investments, performing due diligence, managing portfolio companies and generating returns for investors. These funds tend to have a defined life (~10 years) which puts pressure to grow portfolio companies and realize exits within the life of the fund.

Most early-stage companies do not qualify for bank financing because they lack collateral, revenue track record and a proven operating history. Venture capital is for investing in businesses whose value lies in the future, not the present. These firms are more comfortable with uncertainty than traditional lenders, which means that entrepreneurs can commercialise technologies and business models that may never otherwise see the light of day. Venture capital therefore addresses a market failure in entrepreneurial finance, by providing capital where conventional financial institutions are unwilling or unable to invest. [1]

A family office is a private company formed to manage, preserve and grow the wealth of one or more ultra-high-net-worth (UHNW) families. Unlike banks or investment funds, it is owned by a particular family and is there to serve the interests of that family, not those of outside clients. The defining characteristic of a family office is that it invests family-owned capital. Because the money belongs to the family, investment decisions are made in accordance to the family's long-term goals, rather than those of outside investors. Family offices, long known for their role in wealth preservation, have evolved into sophisticated investment vehicles, *deploying capital across public markets, private equity, venture capital, real estate, infrastructure, and direct investments in operating businesses*. Family offices are becoming more active in early-stage investing, seeking attractive long-term returns with the benefit of entrepreneurial experience passed down over generations.

The primary objective of a family office is to grow and preserve wealth across generations, rather than to maximize short-term financial returns. They are not only involved in investment management but also in coordinating succession planning, estate management, tax planning, philanthropy, governance and education of future family generations. They also tend to focus on financial sustainability, family legacy and intergenerational continuity, unlike institutional investment firms that may be working to quarterly performance targets. Many investment decisions are based not only on expected financial returns, but also on whether an *opportunity is consistent with the family's values, expertise, reputation or long-term strategic interests*.

Family offices can be of two types- the first is a single family office(SFO), A Single Family Office is a family office that manages the wealth of one family. It provides highly personalised investment management since all resources are focused on achieving the family's financial and personal goals. The decision-making authority in such an office is typically controlled by family members and a small group of trusted advisors.

Single Family Offices are usually found among billionaires and ultra-wealthy families, as managing a family office is extremely expensive and therefore unviable for all but the wealthiest families.

The other type is a Multi family office (MFO) A Multi Family Office offers similar services to multiple affluent families. As a result of being able to share overhead expenses, Multi Family Offices allow less prosperous families to enjoy the benefits of an SFO. While investment advice may be tailored to each family's particular needs, the governance tends to be more formal since there are multiple sets of stakeholders to please. [2],[3],[4]

2. Background

2.1 Family offices and family-held capital in India

Long before big venture capital firms arrived in India people used to fund their businesses in simpler ways. Most people used their savings money they kept from past profits or help from relatives and close business friends. Family-controlled business groups also played a part. These methods did not replace banks or government finance groups in addition personal ways of funding were vital. They helped businesses that did not have much property to show as collateral or a long history of trading.

Family offices grew out of this method of managing family money. A family office is a place where a family decides how to protect, move and grow its wealth. It might put money directly into startups or running companies. Sometimes a family office will invest through funds or mix financial investments with the family business. Usually the process involves finding deals

through friends, checking if the deal makes economic sense, deciding how much money to spend and watching the investment closely once the deal is done.

An Indian family office depends on how professional the family wants investment decisions to be undertaken. Some of them keep all the choices within a small group of family members and trusted associates. Others hire investment professionals and set up committees to manage all decisions. Others may use experts to help with legal work, taxes or business checks. An Indian family office can use the family's knowledge of certain industries and their good name to judge a new venture and entrepreneur. As they are a family office they often have the freedom to help a company for a long period of time. This does not mean every family office moves fast or takes big risks. Many family offices prefer to focus on protecting their own family wealth keeping money safe for the business and staying away from industries they are not familiar with.

2.2 The arrival and functioning of venture capital in India

Institutional venture capital started enter the Indian economy during the 1980s. Technology Development and Information Company of India (TDICI) was formed as a joint venture between ICICI and the Unit Trust of India (UTI). It started in 1988 and was an homegrown first VC institution in India. When the economy opened up in the 1990s things became easier for all kinds of VC firms-public, private and foreign. This led to increasing demand for private jobs, tech startups, increased global links and larger number of companies looking for growth capital. These firms helped in funding startups. The primary aim of VC firms involves finding new companies to invest, checking on the growth path of a company, investment terms as well as helping management companies address their portfolio after the funding being provided by a company. A VC firm does not just look at one investment at a time, instead it builds a portfolio, it also knows that some investments will fail, while a few good ones will make a lot of money. In India the early VC ecosystem had hard times. It was hard to find money hard to find businesses and hard to get money back out. Dossani and Kenney (2002) say that a good VC market needs more than money from investors, it also needs a market tech companies, smart investors, stable policy measures and ways to sell the business at a later date. Liberalization after the 1990's did more than just bring in investors, it helped build a world where professional VC could actually work with firms. This approach changed what expectations of founders as founders were not just looking for money but also knowledge, better ways to run a company helping with future funding and meaningful connections with bigger firms. This new scenario gave existing founders a choice between relying on family or old business groups and the new VC setup that had emerged.

2.3 Adaptation by family offices

The entry and growth of VC was not a threat to family offices. Modern family offices were not that widespread when India's first institutional VC firms emerged. Rather VC's created pressure and set a new benchmark for investment in startups. Family offices adapted to the new conditions in three ways. Firstly many of them professionalised their investment decisions by forming teams using committees and hiring external advisers. Secondly, they broadened their holdings beyond assets and businesses into private equity, venture capital, direct startup investments and markets overseas. Thirdly, they started to collaborate with VC firms through co-investments or fund investments instead of treating VC's as a direct competitor. Research on business groups backs the idea that *adaptation, not displacement occurred*. Khanna and Palepu's study of business groups during liberalisation found that the groups examined did not collapse when markets opened; instead they expanded their reach and tightened internal ties. This does not necessarily mean that every family office behaved identically, it only indicated that that family-controlled capital stayed strong as India's financial system grew more competitive. [5][6][7][8]

3. Research gap and methodology

This paper would attempt to understand the merits and demerits involved among family offices and venture capital in evaluating their investment decisions. How quickly are decisions taken by both in terms of dispersal of funds and hence production and development of commodities and services in firms that avail funds from both sets of investment companies.

A Mixed method approach would be applied that would include both quantitative and qualitative analysis of primary and secondary sources. All sources would be obtained from authentic secondary data. The quantitative analysis would have a qualitative explanation. Primary data would be used to authenticate the role of family offices in India as compared to that indicated while analysing secondary sources.

4. Role of family offices and VC's in the Indian economy currently

Premji Invest(family office of Wipro founder Azim Premji invested in Lenskart in the year 2016. The table below indicates the extent to which the family office invested in 2016.

Lenskart: Tabular depiction of amount invested in lenskart by Premji Invest and the profit earned in 2016

Year	Amount Invested by Premji Invest	Sales/revenue	Profit
2016- initial investment	₹200 crore total ₹65cr fresh shares ₹135cr from IDG ventures	₹6,652.52 crore	₹297.34 crore
2025 IPO(listed on NSE and BSE)- Premji Invest's PI Opportunities Fund-II partially exited its investment in Lenskart during the company's 2025 IPO, selling around 8.7 million shares at ₹402 per share and generating approximately ₹350 crore in gross proceeds. However, it retained around 77.7 million shares, worth roughly ₹3,124 crore at the IPO price, demonstrating how a family office can realise substantial returns while maintaining significant exposure to a company's future growth.			

Source: <https://economictimes.indiatimes.com/small-biz/startups/premjiinvest>

Premji Invest's investment in Lenskart demonstrates a long holding period in a consumer-facing, omnichannel company. At the time of investment, its founder described Premji Invest as a seasoned retail investor and anticipated that it could remain involved as Lenskart moved towards public markets. The family office still holds a substantial share in the company

Premji Invest also invested in FirstCry in the year 2021

Year	Amount Invested	Sales/revenue	Profit
2021-initial investment	₹95.42 crore	₹1603 crore	₹216cr
2024 IPO: FirstCry's parent, Brainbees Solutions, went public in August 2024 at ₹465 per share. Premji Invest's PI Opportunities Fund-I offered 8.60 million shares through the Offer for Sale (OFS), while retaining a significant stake; the IPO itself consisted of both a fresh issue and shares sold by existing investors. The stock subsequently opened at ₹651, around 40% above its IPO price, giving existing shareholders a strong immediate market valuation			

Premji Invest's investment in FirstCry demonstrates a long-term approach to backing a rapidly expanding consumer business. Its continued involvement through FirstCry's significant growth before the company reached the public markets highlights the ability of a family office to provide patient capital while supporting a company through different stages of development. The partial sale during the IPO also demonstrates the flexibility to realise gains while maintaining exposure to the company's future growth. The family office still holds substantial shares in the company

Source: <https://economictimes.indiatimes.com/tech/startups/firstcry-plans-1-billion>

Premji Invest also invested in MedPlus during the year 2019

MedPlus

Year	Amount Invested	Sales/revenue	Profit
2019-initial investment	₹366 crore	₹2,273 crore	₹11.9 crore
2021 February	₹22crore	₹3069 crore	₹63.1 crore
2021 December-IPO year MedPlus went public in December 2021 at ₹796 per share. Premji Invest sold 7,826,626 shares through the OFS, generating approximately ₹623 crore in gross proceeds, while retaining a significant stake in the company. The IPO also included a fresh issue of shares for the company.			

Source: https://archives.nseindia.com/content/equities/IPO_RHP_MEDPLUS.pdf

Premji Invest's investment in MedPlus demonstrates its ability to provide long-term capital to a growing consumer healthcare business while remaining flexible on its eventual exit. Its continued involvement as MedPlus expanded from a relatively small pharmacy retailer into a major omnichannel player highlights the patient approach of family-office capital. The partial exit during the IPO allowed Premji Invest to realise significant gains while retaining exposure to the company's future growth. The family office continues to hold shares in the company.

The above 3 companies clearly indicate that the family office of Premji invest continues to believe in the companies they invest in as seen in the above three cases. They did not offload entire investment during their IPO.

By and large is seen in the tables above, Premji invest has always made substantial gains in the companies that it has invested in. Till date their seems to be only two companies namely Snapdeal and Subdued Saas Developments where the family office had to absorb losses when the companies valuation plummeted from their peak resulting in restructuring of the companies as well as tough decisions to stem the losses.

Premji Invest makes investment decisions through a long-term, research-led process rather than a fixed short-term return target. As the family office of the Premji family, it draws on a permanently held pool of private capital, which lets it evaluate opportunities without the fundraising cycles, redemption pressure, or fixed fund life that govern institutional investors. Its investment ideas are built on deep sector expertise, internal research and debate, and a preference for high-quality businesses run by capable entrepreneurs in markets with durable long-term potential. Its investments in Lenskart, FirstCry and MedPlus reflect this discipline: Premji Invest entered these consumer and healthcare businesses at the growth stage, added capital across multiple rounds as conviction grew, and stayed invested through their journeys to public markets, choosing to sell down only gradually rather than exit in full at listing. Its capital is evergreen and answerable only to the family's own objectives, Premji Invest can afford to be patient, prioritizing governance, integrity and intellectual honesty in each decision over the timeline pressures that constrain fund-based investors. Its ultimate goal is to compound capital over the long term, both to grow the family's wealth and to support the endowment of the Azim Premji Foundation.

Nexus venture capital

Researching on the on investment by venture capitalists Nexus. The three areas that they invested in were Delhivery, Turtlemint and India shelter finance cooperation.

Delhivery

Year	Amount Invested	Revenue	Profit
2013-initial investment	₹30 crore	₹17 crore	Not disclosed
2022-IPO Delhivery went public in May 2022 at ₹487 per share, raising ₹5,235 crore. Nexus did not sell any shares in the IPO, retaining its full pre-IPO stake of ~10.26%.			

Source: <https://www.freepressjournal.in/business/investors-buy-16-stake-in-delhivery-from-nexus-venture-partners-for-530-crore>

Turtlemint

Year	Amount invested	Revenue	Profit
2015	₹4.7 crore	₹500-₹1000 crore	Not disclosed
2026-IPO Turtlemint went public in June 2026 at ₹152 per share, raising ₹882.7 crore. Nexus sold 27.47 lakh shares worth ₹41.75 crore in the IPO (an 8.8x return), while retaining the majority of its holding.			

Source: <https://inc42.com/buzz/turtlemint-ipo-peak-xv-nets-%E2%82%B966-2-cr-nexus-venture-books-8-8x-gain/>

India shelter finance cooperation

Year	Amount Invested	Revenue	Profit
2012	₹200 crore	Not disclosed	Not disclosed
2023-IPO India Shelter Finance went public in December 2023 at ₹493 per share, raising ₹1,200 crore. Nexus retained the bulk of its holding at listing, having built a 28.2% stake across multiple rounds since 2012.			

Source: <https://www.thearcweb.com/article/nexus-westbridge-india-shelter-IPO-TTCFgHAg8HhapP5F>

Nexus Venture Partners' decisions follow a very different logic compared to family offices(Premji Invest). As it is shaped by its legal form as a fund-based venture capital firm rather than a privately held family office. Nexus raises fixed-term, fixed-size funds from external limited partners — its most recent vehicle, Nexus Ventures VIII, closed at \$700 million in December 2025 — and because that capital must be returned within the fund's defined lifecycle, Nexus is structurally built for speed rather than patience: it typically writes the earliest institutional check into a company, at the seed or Series A stage, with initial tickets as small as a few hundred thousand dollars up to \$10 million, and limits itself to roughly 6–8 new investments a year to preserve concentrated, high-conviction bets. Its own stated philosophy is to back "extraordinary founders" building "product-first companies that redefine their categories," prioritizing the strength of the founding team and product intuition over any fixed sector thesis — the firm is deliberately sector-agnostic, spanning logistics (Delhivery), insurtech (Turtlemint), and fintech (ISFC). Once invested, Nexus describes itself as staying involved "across the

company lifecycle," taking board seats and remaining active through later rounds, but its exits reveal the pressure fund cycles place on even long-held positions: in Delhivery, where Nexus wrote a single ~₹30 crore Series B check in 2014, it retained its full stake through the 2022 IPO but has since sold over ₹924 crore worth of shares in a single year to return capital to its LPs; in Turtlemint, Nexus sold part of its holding directly in the June 2026 IPO's offer-for-sale, booking an 8.8x return the moment liquidity became available, rather than waiting to sell down gradually after listing. This pattern — concentrated early bets, board-level involvement, and exits timed to fund cycles rather than to a company's own long-term trajectory — is the direct product of Nexus's structure as an LP-funded vehicle, in contrast to a family office's evergreen, single-owner capital that answers to no external return deadline.

5. Factors that govern a company to decide on finance from family office or venture capitalist

There are a few important factors that differentiate family office from venture capitalist. These are:

Stage of the company- Venture capital is made for early-stage risk. As shown in Nexus Venture Partners own investment focus the firm usually writes the institutional check into a company at seed or Series A when the business has only a founding team and early product-market signals — both Delhivery and Turtlemint investments began this way. Family offices like Premji Invest by contrast usually enter at the growth stage once a business such as Lenskart, FirstCry or MedPlus already has a proven model, revenue and a credible path to scale. A pre-revenue startup is rarely a fit for family-office capital; a growth-stage business with ₹2,000+ crore in revenue is rarely a fit, for a seed-stage VC fund.

Size and use of capital- VC check sizes are typically small and disciplined in the early stages (Nexus caps itself at \$100K–\$10M per round) because the goal is to fund a specific, near-term milestone — a product launch, a market entry — before the next round. Family office capital tends to arrive in larger, less milestone-bound tranches, better suited to businesses that need patient capital to fund expansion, acquisitions, or working capital over several years without the pressure of hitting a metric before the next funding event.

Value beyond capital-Both types of investors give more than money but the kind of value they provide is different. Venture capitalists usually bring a network that helps with raising money finding good people and using proven strategies they've learned from other companies at the same stage. Family offices often provide connections in industries, thoughtful long-term advice and. Like Premji Invest does. A strong sign of trustworthiness that can be very important, to people who buy shares in the company when it goes public.

Reporting burden and process speed-VC fundraising usually moves quickly. Follows a set pattern. Term sheets, pro-rata rights and standard preference stacks. Because venture capital firms examine many similar deals each year. Family office deals on the other hand tend to progress more slowly and are custom-made to fit the particular family's goals and they normally demand lighter less structured reporting, than the fund-reporting rules that a VC must give to its own limited partners

6. Limitations of the study

The main limitation of this paper was lack of primary research due to limits on time and money. The results are based completely on information that's available in public domain, this information includes company reports IPO documents, stock exchange announcements and news articles. It does not include information that was gathered directly from the investors possibly leading to either incorrect or insufficient data. Family offices and companies that are listed in an IPO usually share investment amounts and financial details more regularly than venture capital firms. The amount of money each venture capital firm puts into a group of investors is often not shared with the public. A better understanding of the situation would have needed conversations with people, from a family office and a venture capital firm. These conversations would have helped to check the results that came from information publicly available and would have also given a chance to challenge results that were freely available.

7. Conclusion

Comparing family office and venture capitalists in their decisions to invest in startups research indicated that even though both are ultimately trying to make money by backing promising companies the process is different. In comparing Premji Invest and Nexus Venture Partners it was found that the two types of capital behaved differently as they were answerable to a different set of parameters. A venture capital firm invests money that belongs to its partners and that money must be returned within a fixed number of years. A family office, on the other hand invests money that belongs to the family itself with no outside investors to repay and no clock running. When Premji Invest or Nexus Venture Partners entered a company, the extent of investment, involvement and exit were based on completely different models.

It is important to understand that the investing partner is also dependant on what the startup requires. Premji invest reaped enormous returns by investing in Lenskart, FirstCry and MedPlus while Nexus achieved phenomenal returns in their investment in Delhivery, Turtlemint and India Shelter Finance company. The real choice is the kind and type of capital that a startup feels it wants which is also dependant on the stage of its journey. A brand-new startup that has no revenue implies that the investor decides to take a big risk on an unproven idea. This is the role

that venture capitals are trained and built to play. A company that has already proven itself and just needs time and patience to grow further is better served by capital that's not under pressure to exit on a schedule and that is what a family office offers.

Thus venture capital and family offices are not really competing with each other they enter according to their parameters into a startups growth process. There are times when both venture capitalists and family office enter together in investing in a startup as both of them see potential as well as compatibility with their principles.

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