

High Net worth Individuals (HNIs)

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In news- Recently, institutional investors and family offices of high net worth individuals (HNIs) salvaged the ₹20,000 crore follow-on public offering (FPO) of Adani Enterprises Ltd.

Who are HNIs?

- **HNIs or high net-worth individuals (HNIs) belong to the financial services sector where a class of individuals has an investible surplus** of more than Rs 5 crore, below this threshold.
- Such investors are categorised as retail as they are measured by their net worth in the financial industry.
- Generally, **HNIs are widely defined as people whose investible assets such as bonds and stocks exceed a certain amount.**
- **A high-net-worth individual is a person who owns liquid assets** including money held in brokerage accounts or banks, and excluding assets like a primary residence, durable goods or collectibles.
- HNIs are **always in high demand by private wealth managers** because it takes a good amount of work to preserve and maintain such assets.
- The more liquid assets held by an individual, the more appealing an HNI becomes to wealth managers, given they earn money equal to a percentage of the total assets they manage.

Types of HNIs-

- High-net-worth individuals (HNWIs): Investors who own liquid assets valued between Rs 5 lakh and Rs 5 crore.
- Very-high-net-worth individuals (VHNWIs): Investors who

possess liquid assets valued between Rs 5 crore and Rs 25 crore.

- Ultra-high-net-worth individuals (UHNWIs): Investors who own more than Rs 25 crore in liquid assets.

What is follow-on public offering (FPO) ?

- A follow-on public offering (FPO) is the issuance of shares to investors by a company listed on a stock exchange.
- A follow-on offering is an issuance of additional shares made by a company after an initial public offering (IPO). Follow-on offerings are also known as secondary offerings.
- An FPO is carried out with the goal to raise additional capital as well as reduce any existing debt that the company needs to pay off.