

Back Office

What a fund back office actually does, what to outsource versus keep in-house, and the reporting calendar to run against.

Overview

Back office is invisible when it works and existential when it does not. A missed capital call, a late K-1 equivalent, or a valuation that cannot be defended will cost more LP trust than a written-off investment.

What the function covers

- Capital calls and distribution notices, with LP-level allocation and equalisation.
- Books of account for the fund, the manager entity and any SPVs.
- NAV calculation and quarterly valuation of unlisted holdings.
- LP reporting: capital account statements, quarterly reports, annual audited accounts.
- Regulatory filings: SEBI quarterly returns, FEMA / FDI reporting, GST and TDS.
- KYC, AML and investor onboarding records.

Outsource versus in-house

- Outsource from day one: fund administration, audit, tax filings, valuation. Independence here is a feature LPs pay attention to.
- Keep in-house: LP relationship communication, portfolio data collection, and the investment memo archive.
- Hire a full-time finance lead at roughly ₹200 Cr AUM or when running more than two vehicles.
- Expect to pay ₹6–12 lakh a year for administration on a first fund; treat quotes far below that as a signal to check references.

The annual calendar

- Monthly: bank reconciliation, expense booking, portfolio data collection.
- Quarterly: NAV, capital account statements, LP report, SEBI return, GST filings.
- Half-yearly: valuation review of material holdings.
- Annually: audited financials, LP annual meeting, PPM audit where applicable, KYC refresh.

Choosing an administrator

Ask for references from two funds of your size, not their largest client. Confirm who your day-to-day contact is and what their capital call turnaround SLA is. Ask to see a sample capital account statement — if you cannot read it easily, neither can your LPs.

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