AVCA Member Profile:
International Financial Services

International Financial Services Limited (IFS) was founded in December 1993 by Kapil Dev Joory and Couldip Basanta Lala at a time when the global business sector was nascent in Mauritius. The focus initially was to provide fund administration and support services for Indian investments.

Over time, IFS expanded its geographical focus to include Africa and other parts of Asia, and today, IFS administers over US$5 billion in Africa-focused private equity funds. Whilst this equates to only around 8% of IFS's total funds under administration, Rubina Toorawa, IFS's Chief Operating Officer, talks about how she is seeing this figure grow, with a presence of more global investors.

Q: From your 20+ year history of serving funds in Mauritius, can you highlight the changes in the industry you have seen recently?

A: Africa, the second largest continent by population, is not one, but 54 countries. The continent has always been seen as attractive for specific and big ticket investments – be it in the telecommunications, aviation, agriculture, consumables, infrastructure, mining and other similar projects. With a steadily increasing middle market population, over the last 5 years we have witnessed growing interest from global players, and more importantly, increased penetration in diversified sectors and expanded geographies. Initially Africa mainly attracted interest from the Western countries, and principally Europe, but now we are witnessing investment flows from Australia, India, Japan and China.

Globally and in Africa, we are seeing investors seeking greater transparency and more robust and regular reporting from their fund managers. This has resulted in favouring transparent structures and quality back-office providers that can help GPs to deliver greater connectivity and communication with their investors, in line with global best practice.

Having experienced one of the longest global economic slowdowns in recent history, the fundraising landscape has significantly changed, with fundraising periods rising markedly from those undertaken pre-crisis, reflecting the lower confidence, higher scrutiny and greater degree of caution of investors. 2013 was a very tough year for fundraising and from what we have seen in 2014, it remains hard but the industry is seeing improved buoyancy.

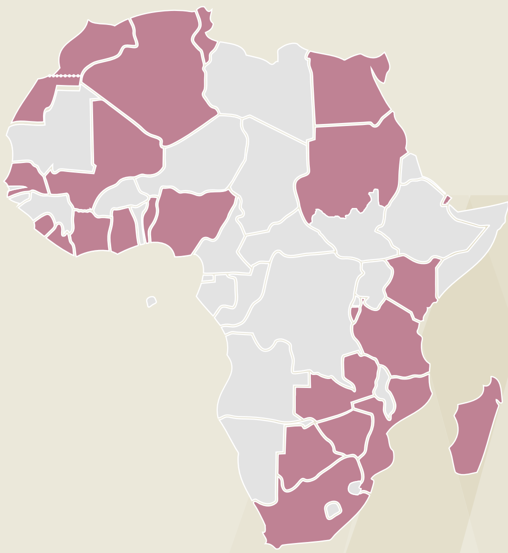
Firm Overview

Name of Firm
International Financial Services Limited

Service
Fund administration and related services

Private Equity Team
30+ professionals covering an investor-base from the USA, UAE, Germany, Jersey, Ireland, Luxembourg, UK, and Singapore

Presence in Africa (all fund clients)



Whilst there are tremendous opportunities in Africa, the complexity necessarily attached to 54 sovereign nations creates multi-dimensional challenges, which we believe has resulted in Africa growing less quickly than Asia did at the same point in its development cycle, but we also see portfolio weightings certainly shifting towards Africa. Africa is unquestionably reaching new heights in funds raised, and its pool of investors continues to diversify and globalise.

In our business, these trends mean that limited life company structures are the most prevalent structure for private equity fund managers targeting Africa, as they allow the ability to match the duration of the private equity life cycle and investment, and provide the greatest transparency for investors. We have also witnessed an increasing use of the limited partnership structure owing mainly to its fiscal transparency feature.

Q: Why is Mauritius key to supporting the growth of private equity and venture capital in Africa?

A: Mauritius is recognised as the leading International Financial Centre (IFC) in the region, and a diversified and strong midshore jurisdiction, with 40% of new African private equity funds being domiciled in Mauritius. The investors in these private equity funds stem from the USA, European Union, China, India, and the rest of Asia.

Mauritius is uniquely positioned to support private equity managers and investors in Africa, not just from an efficient structural standpoint, but also from a total management approach. Mauritius belongs to the African community, it is multi-cultural and bi-lingual, and has an educated and skilled population that naturally lends itself to supporting a global platform of investors. It ranks highly globally in ease of doing business, in investor protection, and in economic freedom, and is a tried, tested and trusted jurisdiction.

Mauritius is among the most politically and economically stable countries in Africa and has strong governance which serves positively for African private equity investments. The country has constantly ranked first in the yearly Ibrahim Index of African Governance since its inception in 2007, which is a measure of Safety & Rule of Law, Participation & Human Rights, Sustainable Economic Opportunity and Human Development.

Being a member of the South African Development Community, the Common Market for Eastern and Southern Africa and the Indian Ocean Rim, there is deep engagement at government-to-government levels between Mauritius and other African countries. As a testimony, the Mauritius government has recently launched a Rs 500 million Africa-Fund to encourage local enterprises to invest in Africa.

Mauritius has proved itself to be a jurisdiction of substance, and is a true partner to support the growth of private equity and venture capital funds in Africa. We have the expertise and experience to understand the demands of its different markets, investor expectations and the challenges that are present when investing on the continent.

Q: What are the challenges for private equity fund managers in Africa?

A: The lack of political stability and clarity in certain areas of legislation, and the dearth of special skills in the investee jurisdictions, tend to be major challenges that private equity fund managers have to face when investing across the continent.

Mauritius has the advantage of having signed a number of tax treaties and Investment Promotion and Protection Agreements (IPPAs) with African countries, and there are several under negotiation or awaiting ratification. Such bilateral protocols give added comfort to international private equity fund managers.

Rubina Toorawa
Chief Operations Officer
rubina@ifsmauritius.com

Contact AVCA

The Banking Hall, Cropthorne Court,
26 Maida Vale, London, W9 1RS

www.avca-africa.org
T: +44 (0)20 3632 0408