

# Out of Africa

First Rand Bank seeks to guide Indian companies seeking opportunities in South Africa

South Africa and India go back a long way. Mahatma Gandhi's return marked a change in India's history, Nelson Mandela's visit to India in 1995 was the first by its post-apartheid president to any country. And, now, as the two nations seek to increase their trade from \$10 billion in 2011 to \$15 billion by 2014, increase business ties and co-operate on a BRICS Bank, First Rand Bank sees rich potential in guiding Indian

rest of Africa, and Indian entrepreneurs can bring in their expertise." The bank has so far been helping companies raise funds locally and overseas. Some clients include Vedanta, Max Healthcare, Bharti, Tata International, Indian Oil, etc.

Moodley sees big opportunity in health that could be an attractive theme for Indian companies involved in hospitals, pharmaceuticals, pathological and other medical services.

for it to get a share of India's bigger companies eyeing Africa.

"The bank is strong in trade finance and resources and understands the landscape," says Deepak Premnarayan, a member of the bank's global board. "Our IT skill sets are strong in reaching financial products and I am extremely confident our cautious approach will take us far in India." A few South Africa-based companies such as Old Mutual and SAB Miller have done well in India too and First Rand plans to bring in more, especially those in retail such as Pick 'n' Pay hypermarkets, says Moodley.

## Stiff competition

It also plans to tap India's retail segment with mobile banking, e-wallet and is seeking branches at Surat, Pune, Nashik, Aurangabad and New Delhi over the next three years, says Boughendra 'Bobby' Madhav, CEO, retail banking. Retail and commercial would help us get economies of scale, he says. Yet, it could be a long haul for the bank as e-wallet or mobile banking has been a slow starter with other banks in India. Also, the retail banking space is crowded with local banks and for any foreign bank the experience of Deutsche Bank and Barclays could only send a sobering message. Still, the bank could face competition from compatriots such as Standard Bank, Nedbank and Absa Bank and may have to fight India's SBI, Bank of India and Bank of Baroda for a share of the NRI pie.

First Rand has positioned itself right but its small international presence could limit its ability to play a big role. Mumbai is just its second full-fledged overseas branch after London. It has representative offices in Dubai and Shanghai and a tie-up with China Construction Bank. Its initial capital of \$75 million in India is likely to meet its basic requirements until 2014 and the bank, with 82 employees, is unlikely to have a big Indian balance sheet soon, says Moodley.

The Johannesburg-based bank has \$117 billion in assets globally and is also present in the neighbouring countries of Namibia, Botswana, Mozambique, Tanzania and Lesotho.

• SUMIT SHARMA



Moodley and Madhav: seeing big opportunity

companies seeking opportunities in South Africa. It also fits into India's plans to boost trade with the African continent to \$70 billion by 2015 from \$46 billion in 2011.

The inauguration of the first branch by an African bank was marked by excitement. First Rand Bank upgraded its three year existence in India by opening a commercial and retail branch in Mumbai's Bandra Kurla Complex. Since 2009, the bank has been active in treasury management, trade finance and investment banking. "India has tremendous human capital," says Mahendren Moodley, the bank's CEO and country head in India. "South Africa is a proxy for the

Apollo Hospital, which formed a JV to set up a hospital in Tanzania, may expand into other African countries as could Fortis and Manipal Hospitals.

Automobiles, renewable energy and telecom are other areas that could offer opportunity to Indian companies, he said. First Rand Bank helped Tata Communications acquire a stake in South Africa's Neotel. Tatas now own 61.5 per cent in South Africa's second biggest fixed line operator after Telkom. Tata Motors and Mahindra & Mahindra too could be close to expanding their presence in the continent. The bank has tied up with JM Financial to extend its reach in investment banking. But it's still early days