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## Jupiter Capital Partners promotes \$ 50 million Sri Lanka Growth Fund

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Jupiter Capital Partners, a newly-established private equity firm, has launched its maiden private equity fund targeting investments mainly in Small Medium Enterprises (SMEs) in Sri Lanka.

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The US\$ 50 million fund will also invest in high-growth large companies. Jupiter Sri Lanka Growth Fund (JSGF) will make equity investments in the range of US\$ 1 to 8 million in companies with competitive and sustainable businesses. JSGF will focus on companies which have the potential to expand overseas or tap international markets. Jupiter will mobilise funds mainly from overseas investors who like to obtain a broad country exposure to Sri Lanka.

Sri Lanka has attracted considerable FDIs into large projects, especially in property and leisure sector since the end of the civil conflict in 2009. But investments into emerging industrial companies have been low. Development of the SME sector plays a vital role in overall growth and development of an economy. Currently many SMEs and high growth companies are faced with funding constraints.

Although there are various loan schemes targeting SMEs, such loan schemes do not help long-term growth of such firms, or help increase equity value of such firms thus hindering the growth of entrepreneurship in the country. The current high interest rate is also forcing companies to seek alternative funding sources, but there are only a very few institutional investors focusing on equity finance, especially in the SME space. JSGF is positioned to bridge this gap.

Indika Hettiarachchi, promoter of Jupiter, said that it is essential to develop private equity in the country in order to develop country's stock market.

One of the notable shortcomings of the Colombo Stock Exchange (CSE) is the lack of a good selection of investable companies across industries. Many investible firms in CSE are either diversified companies or banks, and there aren't many options for large global portfolio investment managers who like to invest in specific sectors or industries. What the country needs is to bring many companies with a decent size and industry specialisation into the stock market.

For a Sri Lankan company, it is not possible to attain a decent size and industry specialisation unless they are export-oriented firms or venture into other countries. In order for a company to reach such levels, institutional equity investors like private equity funds can play a catalyst role. Jupiter has clearly identified this need, and is already working with several local firms with international prospects. Jupiter expects to bring at least five such companies to the market within the next four to seven years, said Hettiarachchi.

Jupiter has expertise to support its investee companies in various areas like environmental health and safety, risk management, financial and tax planning, corporate finance and governance, and improving productivity in addition to providing capital.

Hettiarachchi said that Jupiter was the first "home grown and independent" private equity manager in the county, and is led by experienced private equity professionals with significant experience and track record in the field.

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