

## Ex-Aureos exec forms first-ever Sri Lanka fund

**Indika Hettiarachchi will lead Jupiter Capital Partners, which is aiming to raise \$50m to invest in the country's SME sector.**

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Clare Burrows

Jupiter Capital Partners has launched its debut fund, which will invest in Sri Lanka's small- and medium-sized businesses that have the potential to expand offshore, founder of the firm Indika Hettiarachchi told *Private Equity International*.

The Colombo-based fund, which is targeting \$50 million, expects a first close during the first quarter of 2013 and a final close before the end of the year.

Jupiter is the first local and independent private equity fund manager in Sri Lanka, according to the firm. Its core focus will be investing in passive or minority positions in growth companies in the country. Jupiter also plans to expand operations to other South Asian countries through strategic partnerships.

The firm says it began talking to selected development finance institutions in September last year and discussions are on-going. It will have a three-year investment period and a six-year fund term, with the option to extend by a year.

Hettiarachchi, who previously led UK-based emerging markets firm Aureos Capital's Sri Lanka and Bangladesh efforts, explained that while foreign investors have focused on real estate and hotel projects in Sri Lanka's post-civil war period, SMEs in the country are being ignored.

"Many SMEs are in need of capital to expand and they are finding it hard to raise funds," he told *PEI*. "Especially the restrictive monetary policy measures [brought in] since last year have severely affected them. The important thing is giving [the businesses] expansion capital at the right time. Currently, the situation is ideal as many companies are consolidating and the market has cooled."

Though Sri Lanka is well-positioned next to India and has an IMF 2013 GDP forecast of 7.2 percent, many LPs have been reluctant to invest in the country due to prevailing governance and human rights issues.

However, the country hosted one significant private equity deal in October 2012 when emerging markets investor Actis acquired Asiri Group, a Sri Lankan private hospital group, in a deal worth \$32 million.

"Sri Lanka's government and private sector healthcare already compares well with its emerging market peers. Asiri is the clear leader in the country due to its best-in-class doctors, staff and infrastructure. It makes a great addition to our portfolio," Asanka Rodridgo, a director at Actis, said earlier.