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TO RE-INVEST IN COUNTRY'S SME SECTOR:

## **Jupiter Capital Partners launches \$50 mn fund**

Jupiter Capital Partners launched its fund to invest in Sri Lanka's small- and medium-sized businesses and would raise \$50 million to re invest in the country's SME sector.

"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," founder of the firm Indika Hettiarachchi said.

Jupiter is the first local and independent private equity fund manager in Sri Lanka. Its core focus will be investing in passive or minority positions in growth, the company said.

Jupiter also plans to expand operations to other South Asian countries through strategic partnerships.

The firm said 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 market firms, 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 were being ignored.

"Many SMEs are in need of capital to expand and they are finding it hard to raise funds, 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," he said.

Currently, the situation is ideal as many companies are consolidating and the market conducive.

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.

**HDH**

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