

Sunday 28 June 2009

Financial Times

Private firms get access to more funds

Sri Lanka is to soon have a wider pool of capital for private firms with the entry of Calamander Capitals, a private equity fund. Director of the company, Mafaz Ishaq told the Sunday Times FT that Calamander is bullish on Sri Lanka and termed the 30-year war as only a “fiscal tax”.

“The country has had a consistent growth for the past 30 years despite the war. We launched the fund in Sri Lanka on May 22 – immediately after the war was declared as over,” he said. Calamander, a Singapore registered entity with a Cayman Island-based fund has Indian and Asians as investors. Mr. Mafaz said Calamander has targeted firms which it wants to buy in identified sectors. “We already have targeted firms which manufacture products made out of tea, rubber, coconuts and ceramics. We will be taking on companies in these sectors very shortly,” he said.

When asked why Calamander wants to invest in commodity-related firms, he said that investing in commodities is a ‘de-risking’ mechanism of a country. “Sri Lanka has very attractive positions in soft commodities, such as tea, coconut and rubber. Investors like the structural aspects of the commodities which is why we are investing in them.”

He said Calamander had (along with another party) looked at investing in Seylan Bank through its Asian Banking Fund (which focuses on taking over special holdings in banks). “But it is highly over valued by the government’s estimation,” he said.

He said the fund size of Calamander is US\$ 50 million to US\$ 75 million. He noted that a closer look at the country reveals that Sri Lanka has an economy with substantial growth potential – given a resilient and hard working populace, geographical advantage including a strong commodity base and increasing private sector investment.

“The country graduated to middle income status in 2004 ahead of India and Vietnam and given the recent pick-up in growth to around 7% and a positive outlook, Sri Lanka is a good country to invest in.”