

Sri Lanka focused PE fund to raise capital from Indian investors

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By Ruchika Sharma (VCCircle.com)

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Singapore's Calamander Group Pte is launching the first ever private equity fund focused on Sri Lanka and will raise the funds from Indian investors, reports Bloomberg.

The fund size is targeted at \$50-75 million. This comes a month after the Sri Lankan military put an end to the nearly 30 year old civil war in the country by defeating the LTTE (Liberation Tigers of Tamil Eelam). Private equity investors can look at the island nation now.

The fund will focus on investing in industries like rubber, tea, timber, coconut, bank and ceramics.

The fund will make its investments in the next 18 months and is looking at a return of around 35%. It has already identified investments worth \$40 million in the country's rubber, banking, coconut and tea industries.

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The fund is looking at raising funds from high net worth individuals (HNIs) and institutional investors in India. It will also target the foreign investors in India.

The fundraising strategy is based on the fund's belief that the wealthy Indians understand the potential of Sri Lanka.

The island is viewed as an extension of India and a part of the Indian economic zone. Also, interestingly, about 70% of the goods handled by the Colombo port are the goods for import by India.

According to the report, the fund will not invest in Sri Lanka's textile, tourism and tea plantations industries for which the country is most known. The company cites that while the textile industry in Sri Lanka is too prone to big single orders, the tea plantation businesses have unionised labour.

Indian investors have been investing in Sri Lanka for some time now. In April last year, Indian Angel Network members including Rajan Anandan, MD, Microsoft India and Prof. Munasinghe, Vice Chairman, UN Intergovernmental Panel on Climate Change, had bought a minority stake in the Sri Lankan Managed Services Provider (MSP) Eureka Technology Partners.

Also, earlier this month, the Sri Lankan government had approved a proposal by the Indian hotel company, Suchirindia Hotel and Resorts, to set up a four-star hotel and convention centre with an investment of \$25 million.

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