

Impact investor Lightstone Aspada to raise next fund, write bigger cheques

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- Aspada looks to increase investment cheque size from \$2-8 mn to \$4-40 mn per company
- Over last six years, Aspada has invested nearly \$100 million across 20 portfolio companies

BENGALURU : Impact investment fund Lightstone Aspada is set to increase its investment cheque size from \$2-8 million to \$4-40 million per company, as it looks to raise a “large fund”.

Over the last six years, Lightstone Aspada has invested nearly \$100 million across 20 portfolio firms, a top official said.

On 28 August, Swiss investor LGT, a bank and fund manager with \$201 billion of assets, acquired Lightstone Aspada from the Soros Economic Development Fund, for an undisclosed amount, in a bid to create LGT Lightstone as a global impact investment platform.

Aspada has now been rechristened Lightstone Aspada.

“We are looking forward to investing \$4-40 million; we are investing out of the balance sheet at this point in time. But over the next couple of quarters, we will go into the market, potentially to raise a large fund. It’s also an opportunity for us to contribute to build something global, while we retain our identity in India, in collaboration with the platform,” said Kartik Srivatsa, managing partner, Lightstone Aspada.

Srivatsa also acts as the fund adviser for the Song Fund through Aspada Capital Advisors.

Srivatsa said while they have not finalized the details of the next fund, it could be upwards of \$250 million.

Aspada’s origins in impact investing go back to Song Fund, which was set up in 2009 by the Soros Economic Development Fund, Omidyar Network and Google. On the back of Song, Aspada Investment Co. was launched in 2013 with one shareholder, the Soros Economic Development Fund.

So far, Aspada has invested across four themes, including healthcare and education, clean energy and mobility, food and agriculture, and consumer value chains—essential digital goods and financial services. The focus will remain the same, going forward.

It has, so far, exited five investments.

“Unlike a venture capital (VC) or private equity (PE) player, we will invest in a combination of high technology assets, and a combination of high cash flow businesses. So, we will invest in a hospital chain. At the same time, we will invest a highly technology-enabled business like medical devices distribution company. We think all these companies are playing in the same ecosystem, and there is value in bringing a bunch of them together,” said managing partner Kartik Srivatsa.

Like most impact investment firms, Lightstone Aspada is okay to stay invested in a firm for as much as a decade and expects internal rate of returns (IRR) of 22%, he added.

Under the alternative investment fund (AIF) regulations, a social venture fund is defined as “an alternative investment fund, which invests primarily in securities or units of social ventures, and which satisfies social performance norms laid down by the fund, and whose investors may agree to receive restricted or muted returns”.

South Asia is one among the top three regions where impact investment commitments are expected to witness a steep rise, said a report, '*Social Impact Investing in India*', by Nishith Desai Associates, released last year.

According to the report, India needs to infuse the market with 100 million new non-agrarian jobs over the next 10-15 years to accommodate a growing population, which is educated and unemployed.

Social impact investors are expected to target livelihood, education and health services as key areas of investment interest.