



## This Hot Canadian Stock Stealthily Surged Over 73% This Past Year

### Description

It has been a tough year for the TSX so far, as many Canadian market darlings are underperforming their peers south of the border. For stock pickers, this is a great opportunity to explore and load up on the shares of great businesses that may be priced at a discount to their intrinsic value. If you're looking for high growth that the emerging markets can offer, then this one underrated stock could be your portfolio's next long-term winner.

For a Canadian investor, it can be an overwhelming task to pick individual stocks in a market that you're unfamiliar with. You've probably heard that you can get top-notch returns by investing in emerging markets like India, but due to the inconvenience, your foreign exposure probably only extends as far as the U.S.

For investors with an interest in getting a piece of the growth offered by an emerging market, then **Fairfax India Holdings** ([TSX:FIH.U](#)) is your one-stop shop for opportunities in a fast-growing Indian market with a business-friendly government and solid long-term prospects.

You may be familiar with Prem Watsa, also known as Canada's Warren Buffett, and **Fairfax Financial Holdings Corp.** ([TSX:FFH](#)), but you're probably less familiar with Mr. Watsa's Indian business Fairfax India Holdings Corporation, which is an investment holding company with a focus on the Indian market. The company aims to achieve superior long-term returns by investing in various Indian businesses.

### What kind of Indian businesses is Fairfax India invested in?

As of February 2017, Fairfax India owns a \$149 million stake in National Collateral Management Services Limited (NCML), a \$277 million stake in IIFL Holdings Limited, a \$300 million stake in Sanmar Chemicals Group, a \$386 million stake in Bangalore International Airport Limited, and smaller stakes in several other Indian businesses.

NCML is a provider of commodity-based services, such as warehousing and collateral management of agricultural commodities. Fairfax India owns approximately 88.1% of the company, which is seeing its revenue, net earnings, and return on equity (ROE) grow at a CAGR of 34%, 21%, and 7% over the last five years.

IIFL Holdings is an Indian diversified financial services company with headquarters in Mumbai. The company is one of the leading wealth managers in India which is expected to ride a major tailwind in the form of an expanding middle class over the next few years.

Sanmar Chemicals Group is one of India's leading industrial chemical manufacturers. Last year, sales grew 11% to \$401 million with EBITDA soaring a whopping 103% to \$67 million.

These are brief previews of just three of Fairfax India's larger holdings. Although you've probably never heard of any of these companies, they're growing ridiculously fast and are set to ride the tailwind of many demographic trends over the next few years.

### **Bottom line**

Fairfax India has been soaring at a ridiculous rate of late, yet the stock still trades at a cheap 8.66 price-to-earnings multiple and a 1.4 price-to-book multiple.

For investors looking to beef up their long-term returns with some Indian exposure, Fairfax India is a must-buy today and on any signs of weakness that may happen going forward.

Stay smart. Stay hungry. Stay Foolish.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. TSX:FFH (Fairfax Financial Holdings Limited)

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