



TFSA Investors: This Company Offers Investors Prime Exposure to Emerging Markets

Description

The Indian economy is one of the largest and fastest-growing economies in the world. As India continues its growth, investments in well-run companies will pay off huge in the long run. The real difficulty is identifying these great companies and having the ability to invest in them.

Canadian stocks that are focused on investing in India are some of the best ways for investors to gain exposure to the incredible growth through registered tax-free accounts like the TFSA.

One Canadian stock offering a chance to get in on the major growth of both public and private Indian companies is **Fairfax India Holdings** ([TSX:FIH.U](#)).

[Fairfax India](#) is one of the companies run by renowned investor Prem Watsa. It was started in 2014 to give Canadians the ability to expose their portfolios to emerging markets with investments picked by one of the best investors. The investments Fairfax India owns are all impressive, fast-growing companies with long-term outlooks.

Many of the companies are in industries that are staples and will naturally grow as the economy continues to improve. To date, Fairfax India has made nine investments in Indian companies, ranging from shipping and transportation to banking. So far, nearly \$1.8 billion has been invested or committed.

Of the nine investments, Fairfax India has more than 75% of its portfolio made up of just three companies: IIFL, BIAL, and Sanmar.

IIFL

IIFL is an Indian bank that offers traditional banking as well as wealth management and capital markets. IIFL has been an wonderful investment so far for Fairfax India, as the initial investment has seen an annual rate of return north of 35%.

The pace of growth is impressive with the loan book growing a whopping 33% in 2018. In addition to

the expansion the bank has seen, it has also taken steps to further strengthen its financial position by optimizing its capital structure and divesting from non-core lines of business.

The wealth management division of the bank is the largest in India. The bank only started its wealth management division less than a decade ago; already, total assets under management are approximately \$23 billion. This is a 25% increase from the end of 2017 and highlights the impressive growth seen throughout India.

BIAL

The next investment, and largest in the portfolio by fair value, calculated at the end of 2018, is Bangalore International Airport Limited (BIAL). BIAL is the largest airport in southern India and the third largest in the country. Like the rest of the country, BIAL has also seen impressive growth with passenger traffic increasing by nearly 29% in 2018.

The airport continues to expect passenger volumes to increase. Currently, it's building a second runway to increase its passenger capacity. In addition, the airport is also planning to open a second terminal. BIAL sits on a large piece of real estate currently offering nearly 460 acres for future development.

Sanmar Chemicals Group

The last of the three major investments is Sanmar Chemicals Group. Sanmar is a specialty chemicals and engineering technologies company. The Sanmar investment has been an impressive one, with the annual rate of return above 31%.

The original investment, ~\$300 million in debentures for a 30% stake, has paid off, and the company has agreed to pay back Fairfax India ~\$400 million, the principal plus interest. In return, Fairfax India will reinvest another ~\$200 million and increase its stake to 43%.

Bottom line

All the companies in the Fairfax India portfolio are exciting investments that present prime opportunities for investors. The investments are in well-run companies that are important factors in the Indian economy and will undoubtedly continue to grow with the economy.

Emerging markets are the best place to find growth, and with one of the best investors in Prem Watsa calling the shots, you can't go wrong with Fairfax India.

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