



Long-Term Investors: Gain Exposure to India's Economy With This Top Stock Trading Extremely Cheap

Description

Fairfax India Holdings Corp ([TSX:FIH.U](#)) is a great stock, especially for investors seeking exposure to the growing Indian market. The Indian economy, as well as being one of the largest in the world, is also one of the fastest growing.

The economy has been growing in the high single digits and despite a small blip this year, the IMF expects its growth will be back to 7% in 2020.

As the Indian economy is one of the fastest-growing economies in the world, it's ideally one of the best places for investors to gain. Who better to manage your investments in India than Prem Watsa, the Canadian [Warren Buffett?](#)

Prem Watsa is one of the most respected investors in Canada, and given his impressive track record for long-term investment performance, your capital is in good hands.

Watsa's investment style is long term and value oriented, which is how he invests and runs his businesses, so an investment in Fairfax India is best suited for long-term investors that are willing to wait for a lot of these projects to work out.

Fairfax India owns more than a dozen Indian business split between both public and private companies. The investments span a number of industries, giving investors exposure all across the Indian economy in some of the best companies.

One thing to note is that although it trades on the **TSX**, the company trades in U.S dollars, so all numbers will be referring to USD.

As of June 30th, its largest investment by far was in Bangalore International Airport Limited, which manages and operates anything involving the Kempegowda airport in Bengaluru.

Fairfax has invested roughly \$650 million total through 2017 and 2018, and its fair value estimate of its stake in the airport as of June 30th was more than \$750 million.

What's interesting is that although Fairfax owns the airport with a consortium of other organizations, it has a majority ownership of the company.

As well as being its largest investment, it may also be its top investment, as it's already the third-largest airport in addition to being one of the fastest-growing airports in one of the fastest-growing economies.

Another top holding of Fairfax India is IIFL Holdings. It has a 27% stake in the company which primarily operates in the financial services sector. Since its investment, IIFL has undergone a number of spinoffs and corporate reorganizations.

The reorganization separated IIFL into three divisions; wealth management, finance and securities. In total, Fairfax's estimated fair value of those three investments is worth a little more than \$450 million as of June 30.

Fairfax estimates its total fair value of all investments in its portfolio is worth just over \$2.6 billion. Its investments make up essentially all of its assets, and with debt of less than \$600 million, its total equity sits at over \$2 billion.

Given that Fairfax India has a market cap of just \$1.7 billion, it gives it a price to book ratio of just 0.85 times.

Since Fairfax is relatively new and it's an investment company that mainly invests in developing businesses, looking at its operating numbers can be a little misleading. Investors would be much better off reading the management's discussion and analysis as well as Prem Watsa's letter to shareholders.

Regardless, any long-term investor seeking growth or even just diversification from the North American economy should consider Fairfax India. It's run by one of the best investors in Canada, it has exposure to a ton of high-quality Indian companies and most important it's trading at a huge discount.

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Date

2025/08/19

Date Created

2019/10/24

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