

Fairfax raises \$500M more in IPO to take corpus of India-focused investment unit to \$1B



Prem Watsa

Prem Watsa-led Fairfax Financial Holdings, which had formed an India-focused investment arm late last year, has completed the public issue of shares of the unit raising another \$500 million, it said on Friday.

This takes the total corpus of the vehicle to \$1 billion with a potential to garner \$75 million more if underwriters subscribe to the over-allotment portion.

The initial public offering saw investors subscribe to 50 million subordinate voting shares at \$10 per share. These shares have commenced trading on the Toronto Stock Exchange (TSX).

In a parallel development, the firm Fairfax India Holdings Corporation (Fairfax India) also issued 30 million multiple voting shares to Fairfax Financial on a private placement basis, for an aggregate purchase price of \$300 million. Moreover, the firm also issued 20.5 million subordinate voting shares to a set of cornerstone investors to raise \$200 million through a pre-agreed private placement.

Markel Corporation, West Street Capital Corporation, certain funds and accounts advised by Fidelity comprise the cornerstone investors.

These two set of private placements were agreed upon last November itself.

It had not said how much it is looking to raise in the public offer but earlier, India-born Watsa, better known as Canada's Warren Buffett, had announced his plans to create a \$1 billion corpus to invest in India.

Watsa, chairman of Fairfax India and chairman and CEO of Fairfax Financial, said: "We aim to build value for Fairfax India shareholders over the long-term."

Fairfax India is an investment holding company whose investment objective is to achieve long-term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in India. Generally, subject to compliance with applicable law, Indian investments will be made with a view to acquiring control or significant influence positions, it said.

The firm will invest in at least six different firms and a majority of the investments by value will be in public-listed securities.

It will rely on Fairbridge, Fairfax's wholly-owned India-based investment advisor, as a portfolio advisor. Fairbridge consists of a five-person team led by former Candover India chief Harsha Raghavan. Since 2011, Fairbridge has played an active role in the sourcing and advising investments in India, including Fairfax's majority stake acquisition in Thomas Cook besides IKYA and proposed merger with Sterling Resorts.

In India, Fairfax also holds 26 per cent stake in ICICI Lombard General Insurance Co.

Fairfax India's chief executive is Chandran Ratnaswami.

The offering was underwritten by a syndicate of underwriters led by RBC Capital Markets, and that included BMO Capital Markets, CIBC, Scotiabank, National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp., Desjardins Securities Inc., Raymond James Ltd., Cormark Securities Inc., Dundee Securities Ltd., GMP Securities L.P. and Manulife Securities Inc.

These underwriters can exercise the over-allotment option in whole or in part within the next 30 days. The shares ended their first day at \$9.8 each, declining 2 per cent against the issue price.