## THE ECONOMIC TIMES

#### Interviews

# Corruption at highest levels in India has disappeared, says Prem Watsa

By Romit Guha, ET Bureau | 4 Jun, 2015, 06.42AM IST

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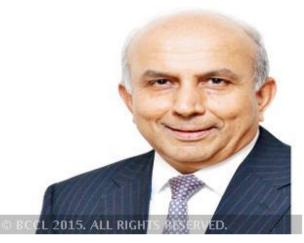




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Corruption at India's top level has "disappeared" in the year since Narendra Modi took over as prime minister and this is an encouraging signal for foreign investors, says billionaire investor Prem Watsa. In an interview with ET's Romit Guha, the 'Warren Buffet of Canada' says India is the only country of significant size that he likes in the world, given the economic concerns around the US, Europe and China. Watsaowned Fairfax India will be making the first of its five to seven planned investments in the country by the end of 2015. Edited excerpts:

How do you view India, its economy, now that the Narendra Modi-led government has completed a year?



" This country, India, is on its way. It's a big country, and it takes time to turn it around, but we are very high on Prime Minister Modi."

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India is doing very well. In the year since Prime Minister Modi took over, we believe that corruption at the highest levels has been removed. That push against corruption at the highest level will filter down as we go along. In such a short period of time, that's a phenomenal achievement. So, we are as excited about India now as when we raised the money for Fairfax India. This country, India, is on its way. It's a big country, and it takes time to turn it around, but we are very high on Prime Minister Modi.

#### What in your view are the challenges before the government?

Execution would be the biggest challenge. We are really excited to be here. Retroactive tax, some of these things, but like they said, they are from the past, but we see a lot of positive change, the biggest so far being the focus on eliminating corruption.

#### How is India as an investment destination?

There are still concerns in the world. China is having a problem with their domestic economy and the US is still very tepid. The only economy of significant size that we really like is India. But the Indian stock markets have gone up quite a bit, so one has to be careful in how to invest. But if you take a fiveyear view, I think, it will still do well.

We are actually seeing deflation in the US and Europe. Price of oil has come down significantly — great benefit for India — even though it has come up a little. Our expectation is that oil prices will go down again, it'd be good for India, not good for the oil companies of course. Good for Indian interest rates over time, for inflation.

You had planned to invest around \$1 billion in India. What is the status?

We are looking for honest, ethical business people, who will continue to build their business with us as a partner. Businesses with entrepreneurs that have a good track record and want us as investors. If you want to sell your entire company over the next three-fourfive years and no longer work in the business, we are not the partners for you. But if you want to build your company over the next 10-15-20 years, then we are a good partner for you.

#### How many investments are you planning to make and of what ticket size?

Of the \$1 billion, we said we would look to invest in 5-7 businesses with size ranging from \$50 million to \$250 million.

#### By when will you make your first investment?

I would be surprised if we don't do the first investment by the end of 2015. We can look to invest in listed or unlisted companies. We can bring other partners, US/Canadian, but we don't want to take over the business we invest in. We want the promoters to continue.

#### Is ecommerce an option for you?

Ecommerce startup is still not a business for us to invest in. Startups are businesses with grand visions that often do not succeed. These promotional startups usually do well initially on stocks markets but the story usually ends badly for the people who have invested in it, so we wouldn't be in that.

#### How much do you expect to invest in India over five years?

India and Indian businesses need capital. We can raise more money. We have raised \$1 billion now, but we can bring more. Also, we have the ability to borrow \$500 million.

#### Have you found enough honest entrepreneurs in India?

Yes, very much. Surprisingly, many want to build companies, treat people well. That's why I feel comfortable we'll make an investment by the end of this year.

#### Apart from BlackBerry, which investment has given you satisfaction?

Bank of Ireland, the only bank that survived the downfall, the only bank that remained public, the rest needed 100% government ownership. The bank has thrived.

### Any retirement/succession plans?

Noretirement plans. I love what I do. There is a succession plan in place. Like if something happens to me, my directors know exactly what to do, my family knows what to do. I could have retired 20 years ago, but this is fun.

#### How do you react to comparisons with Warren Buffet?

There are similarities in that we both are in the property and casualty insurance business. It develops a float that you can invest. Our returns are similar — 20% compounded for 30 years for us, and 50 years for him. His returns are unbelievable. But Buffett is exceptional. His track record over 50 years is second to none. We have learned a lot from them. But we are different. Like we are in India, Singapore. He isn't huge in India.