PHOTO: ARTHUR LEE

Law and more

Having scaled a career pinnacle as founder of KhattarWong, lawyer Sat Pal Khattar is now building his legacy as a savvy investor

By Genevieve Cua

> 'I've been brought up to take a lot of risk. We are where we are because of risk taking... The learning curve never ends.'

IT would seem that over a period of more than three decades, lawyer Sat Pal Khattar scaled something of a career pinnacle as the founder of KhattarWong, one of the largest full-service law firms in Singapore.

But there was a niggling call to strike out on his own yet again – this time as an investor. Says Mr Khattar: "Law gave me the means to get an exposure. Building up a one-man firm into one of the largest homegrown practices in Singapore – that has been very satisfying.

"But I decided that inasmuch as I didn't want to die a government servant, I didn't want to die in private practice. So I went on to my third or even fourth career."

Mr Khattar actively leads his family investment company Khattar Holdings, where he has parlayed decades of experience as a lawyer, company director and public servant into a myriad of investments in the areas of finance, logistics, IT, pharmaceuticals and real estate. A sizeable portion of the investments are in India. With an eye on legacy, he has roped in his two sons – London-based Navin who is himself a lawyer, and Singapore-based Arvind.

"You show us anything that can make a bit of money, we'll look into it," he laughs. In the 1990s, a stroke of luck and prescient investments in two landed homes generated a windfall, which became seed capital.

"Fortune smiled on us, but it was almost coincidental. We had two houses behind Shangri-La Hotel. The government in their wisdom decided to rezone it as medium rise. Suddenly the two houses which were worth about S$10 million, became S$36 million."

"Law gives you a good life and decent income, but not much means to go into capital projects. But here was opportunity. Money was available, India was opening up and I take no credit for either."

Yet his start in life was inauspicious and the climb was steep. He completed his O levels in Raffles Institution, but had to study for A levels part time as he had to help his father run a sports goods business. "I travelled as part of the business all over Malaysia. You grow up very quickly, no choice. I was envious of my friends who were still studying but I accepted it as part of my fate." His A level results, he recalls, were "quite bad".

"Law was the only faculty willing to take me. Even pharmacy said I was under-qualified." But he took to his studies like the proverbial fish to water. He finished at the National University of Singapore (NUS) with an honours degree and completed a master's degree.

He worked initially as a deputy public prosecutor, a job he disliked. He moved to Inland Revenue Department where his star rose. In 1972 he was awarded a Public Adminstration Medal (silver) for his contributions to the civil service. By then his many accomplishments included the founding of an insurance cooperative which became NTUC Income.

He took the leap to strike out on his own in 1974, setting up Sat Pal Khattar Co. He initially thought the firm could focus as a boutique tax practice, but his clients had other ideas, reeling him into areas such as corporate work even as he himself was reluctant. The business flourished. A dearth of tax lawyers coupled with his genial character, forthrightness and business smarts were serendipitous.

"I had no idea if I would succeed. But from the first month we were profitable. I remember a big client in real estate development. They told me – we're not happy with our present lawyer, can you take over? I said no, I don't do real estate.

"The next week they told their old lawyer to send all the files to me. I said – I haven't agreed yet. They said – don't worry we'll teach you. So we started with a real estate portfolio."

Property portfolio

Within six months he roped in property law specialist David Wong, and the practice was eventually renamed KhattarWong. Growth was rapid. The firm set up suburban branches, for instance, in Jurong, Bedok and Changi. It also expanded into Hong Kong, China and Malaysia, although he rues that its efforts were "too early". "There were financial repercussions."

"When you do tax work you deal with big companies. If they like the work you do, they ask you to act for them in the corporate side. We had supportive clients. As long as you showed them you worked hard, work will come." KhattarWong last year entered into an alliance with Withers, and is now called Withers KhattarWong.

But eventually the itch to embark on a fresh path could not be ignored. "I had to decide if I wanted to do law until the later part of my life. I decided it wasn't what I wanted, being dependent on clients who were not necessarily loyal to you, chasing bills, forever meeting time constraints.

"I wanted to spend time to teach my sons about investments, so they can learn from my mistakes and have a little bit of success."

By the time he retired from the firm in 2007, he had amassed a dizzying clutch of accomplishments in the social services and corporate spheres. His directorships and chairmanships, for instance, included First Capital Corp, GuocoLand, GTL Infrastructure, Gateway Distripark, Sembawang Corporation and Dao Heng Bank. In public services he served on the presidential council for minority rights for more than two decades, and on the Securities Industry Council, among others. He also co-chaired the Singapore-India Partnership Foundation.

These varied exposures and sterling contacts have stood him in good stead. In business, the choice of business partners is crucial, particularly in a country like India, he says.

"The economics (of a business) must make sense. Without that you're a pig in a poke. But in India where the legal process is so dilatory, you need to be sure that the person you invest with is honest and will try to meet his commitments. The choice of partner is very much more important than pure economics."

One of his early investments was a stake in HDFC Bank in India, which has grown to become one of the largest private sector banks. He had helped introduce the bank to a Singapore bank as a potential investor which the latter turned down. "My friends asked me – would you like a small share? It came with conditions which we could comply with so I said yes. We did very well out of that. That spawned the rest. We went from one, two and then 50 investments now.

"In India the cost of capital is high. Borrowing rates are between 12 and 18 per cent, so companies are happy to share profits with you as a shareholder rather than borrow from a bank. Sometimes capital is unavailable. For us it makes sense. We borrow at 2 to 4 per cent, and we can get a return of 20 per cent. Sometimes 20 per cent is not great because the rupee devalues but you learn to deal with it."

Among others, there is also a logistics project in Ukraine and the Gateway Distripark in India which was sold in 2014.

The investment environment today, he says, is more challenging. "Yes, it is harder to find a niche you can make money on. Investment is never with a view purely to make money. You must also see that the person or group you have invested in will also benefit. Where the opportunities are less, then it is much more difficult to find a good relationship.

"The opportunities are always there even now in Singapore, but it's harder... The last 10 years were good because interest rates were low so you can bor-

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GOOD START
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row at a low rate. But when rates go up to 5 or even 8 per cent, it will be even more challenging."

He is looking into a "fairly large" investment in Malaysia. "A lot of people are shying away from Malaysia and that gives us opportunities." He is also sizing up opportunities in Indonesia.

Direct capital investments are long term in nature, but the family also invests in liquid stocks and bonds. "That's the recurrent part to meet our expenditures. We do listed securities, private equity and bonds in a meaningful way." He chairs a weekly meeting to track the portfolio. PE (private equity) funds, he says, provide an opportunity for exposures that would not normally be accessible such as distressed securities, investments in Africa or South America.

"Every week we look at the portfolio. There is no such thing as investments of a permanent nature. In the real world we're all dead anyway."

He says his children are learning quickly. His daughter Shareen showed entrepreneurial smarts from young. She set up Marmalade group of restaurants which has since been sold to the Far East Organization.

"I've been brought up to take a lot of risk. We are where we are because of risk taking... The children have learned. When you buy a company what risks do you incur? When you sell what do you look for? If you price yourself too high, you don't find a buyer. If too low, you lose out. But you can only do this with experience. The learning curve never ends."

He says he has made mistakes. "There are cases where in hindsight you know you should never have done it. But to me it's part of the learning curve. You must keep faith in yourself. You can't be right all the time."

Wealth, says Mr Khattar, is not an end in itself. He has built up Khattar Holdings with an eye to the legacy that will be left to the younger generation. "Wealth is a means. There is no particular satisfaction in wealth for the sake of wealth. You can't take a cent with you when you die. But you want to leave this place a little better than what you found it. And you hope you can inculcate the same values in your children so they are not spoilt, and they know how to deal with human beings, to find good values for the next generation and to do the right thing at the right time."

On teaching his children, he says: "The investment side, they learn by observing you and sharing your experiences. But you want to teach them values – that's more by assimilation and observation rather than forcing them to have the values you have.

"We don't always share the same views. Sometimes we disagree and that's fine. I'd rather they talk to me and argue, but we must respect each other and do what we think is right."

His philanthropic commitments have been largely in the area of education. He has, for instance, donated S$2 million for the Sat Pal Khattar Professorship in Tax Law at the NUS. He is also a founding donor of the Lee Kuan Yew School of Public Policy. In India, he is a co-founder of the Ashoka University in Delhi, which focuses on the liberal arts.

"I've given mainly for education, and in India also to (alleviate) poverty and support women's schools and primary education... We'll never be able to meet every aspiration but neither are we institutionalised givers. We don't have a Khattar Foundation. But we try to do what we think is right."

Mr Khattar, who is 74 in November, had said that he wanted a slower pace when he turned 70. It hasn't happened yet, he says. "I'm doing the kinds of things I enjoy more than law. As a lawyer you act for other people, to help them achieve what they want to achieve. Now I try to achieve what I want, and it's much more satisfying."

He has, however, stepped down from most of his directorships. The only one remaining is Haw Par Corp.

"I'm comfortable with what I have put in place. I carry no chip on my shoulder that my children must do as well as or better than me. If I have taught them the right things in the right way, the chances are they will do better – and that's satisfying." W