FAIRFAX INDIA
HOLDINGS CORPORATION

2024 Annual Report

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Fairfax India Corporate Performance

(in US$ millions, except as otherwise indicated)[1]

As at and for the years ended December 31	Book value per share[2]	Closing share price	Income	Net earnings (loss)	Total assets	Investments	Common share-holders' equity	Shares out-standing	Earnings (loss) per share
Initial public offering	10.00	10.00[3]							
2015	9.50	10.10	65	41	1,025	979	1,013	107	0.42
2016	10.25	11.55	129	108	1,303	1,096	1,075	105	1.01
2017	14.46	15.00	610	453	2,672	2,636	2,132	147	2.94
2018	13.86	13.13	167	96	2,707	2,661	2,118	153	0.63
2019	16.89	12.80	713	516	3,245	3,171	2,578	153	3.30
2020	16.37	9.60	(13)	(41)	3,073	3,028	2,447	149	(0.27)
2021	19.65	12.61	694	495	3,584	3,546	2,775	141	3.22
2022	19.11	12.28	238	191	3,366	3,211	2,642	138	1.34
2023	21.85	15.20	599	372	3,822	3,644	2,959	135	2.72
2024	20.96	16.01	100	(41)	3,631	3,562	2,826	135	(0.30)
Compound annual growth	7.7%[4]	4.9%							

(1) All share references are to common shares; Closing share price and per share amounts are in U.S. dollars; Shares outstanding are in millions. Certain of the performance measures presented do not have a prescribed meaning under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS® Accounting Standards") and may not be comparable to similar measures presented by other companies. See the Glossary of Non-GAAP and Other Financial Measures in the MD&A for details.

(2) Calculated as common shareholders' equity divided by common shares effectively outstanding.

(3) On January 30, 2015, upon completion of the company's initial public offering price of $10.00 per share, Fairfax India Holdings Corporation's subordinate voting shares began trading on the Toronto Stock Exchange under the symbol FIH.U.

(4) The company's book value per share of $20.96 at December 31, 2024 represented a compound annual growth rate from the initial public offering price of $10.00 per share at January 30, 2015 of 7.7%.

Corporate Profile

Fairfax India Holdings Corporation ("Fairfax India") is an investment holding company whose 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 ("Indian Investments").

Indian Investments(1)

Fairfax India's *Public Indian Investments* are comprised of various percentages of ownership in the following companies whose shares are listed on both the BSE (formerly known as Bombay Stock Exchange) and the National Stock Exchange of India ("NSE of India"):

IIFL Capital Services Limited ("IIFL Capital", formerly IIFL Securities Limited) is a publicly traded independent full-service retail and institutional brokerage and investment advisory firm located in Mumbai India, providing diversified financial services and products which include broking services, financial products distribution, institutional research and investment banking services. IIFL Capital's revenues for the twelve months ended December 31, 2024 were $322 million. At year end, IIFL Capital had shareholders' equity of $286 million and there were approximately 2,050 employees. Additional information can be accessed from IIFL Capital's website www.iiflcapital.com.

IIFL Finance Limited ("IIFL Finance") is a publicly traded retail-focused diversified financing company located in Mumbai, India that offers home loans, gold loans, micro, small and medium enterprise loans, personal loans and microfinance loans, in addition to its non-core segments of loans for construction and real estate finance and capital market finance. IIFL Finance's revenues for the twelve months ended December 31, 2024 were $775 million. At year end, IIFL Finance had shareholders' equity of $1.4 billion and there were approximately 38,240 employees. Additional information can be accessed from IIFL Finance's website www.iifl.com.

CSB Bank Limited ("CSB Bank") is a publicly traded company located in Thrissur, India, established in 1920 and is a full-service bank offering retail banking, non-resident Indian banking services, small-to-medium enterprise and wholesale banking services through 811 branches and 777 automated teller machines across India. CSB Bank's revenues for the twelve months ended December 31, 2024 were $270 million. At year end, CSB Bank had shareholders' equity of $488 million and there were approximately 7,790 employees. Additional information can be accessed from CSB Bank's website www.csb.co.in.

Fairchem Organics Limited ("Fairchem Organics") is a publicly traded specialty chemical manufacturer located in Ahmedabad, India. Fairchem Organics manufactures oleochemicals used in the paints, inks and adhesives industries, as well as intermediate neutraceutical and health products. Fairchem Organics' revenues for the twelve months ended December 31, 2024 were $69 million. At year end, Fairchem Organics had shareholders' equity of $35 million and there were approximately 230 employees. Additional information can be accessed from Fairchem Organics' website www.fairchem.in.

5paisa Capital Limited ("5paisa"), located in Mumbai, India, is a publicly traded online financial services provider located in Mumbai, India with a "do-it-yourself" investment brokerage model that allows customers to execute investment transactions for low brokerage fees. 5paisa is primarily engaged in providing a technology platform through online and mobile applications for trading securities on the BSE and the NSE of India. 5paisa's revenues for the twelve months ended December 31, 2024 were $48 million. At year end, 5paisa had shareholders' equity of $69 million and there were approximately 620 employees. Additional information can be accessed from 5paisa's website www.5paisa.com.

Fairfax India's *Private Indian Investments* are comprised of various percentages of ownership in the following companies whose fair values cannot be derived from an active market and accordingly, are valued internally using industry accepted valuation techniques and models:

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership. KIAB is the first greenfield airport in India built through a public-private partnership. BIAL's revenues for the twelve months ended December 31, 2024 were $441 million. At year end, BIAL had shareholders' equity of $351 million and there were approximately 1,760 employees. Additional information can be accessed from BIAL's website www.bengaluruairport.com.

(1) Indian Accounting Standards (Ind AS) are based on and substantially converged with IFRS Accounting Standards. As such, all of the Indian Investments' figures are unaudited and based on Ind AS or IFRS Accounting Standards. See the Glossary of Non-GAAP and Other Financial Measures in the MD&A for details.

Sanmar Chemical Enterprises Limited ("Sanmar"), a private company located in Chennai, India, is one of the largest polyvinyl chloride ("PVC") manufacturers in India, operating in India and Egypt. Sanmar also manufactures caustic soda, calcium chloride, chloromethanes, refrigerant gases, industrial salt and specialty chemical intermediates. Sanmar's revenues for the twelve months ended December 31, 2024 were $925 million. At year end, Sanmar had shareholders' equity of $388 million and there were approximately 2,300 employees. Additional information can be accessed from Sanmar's website www.sanmargroup.com.

Seven Islands Shipping Limited ("Seven Islands"), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. At December 31, 2024 Seven Islands, together with its subsidiary Seven Islands Shipping International FZE, owned 25 vessels, including 2 gas carriers, with a total deadweight capacity of approximately 1.3 million metric tons. Seven Islands' revenues for the twelve months ended December 31, 2024 were $205 million. At year end, Seven Islands had shareholders' equity of $231 million and there were approximately 185 employees. Additional information can be accessed from Seven Islands' website www.sishipping.com.

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors. Maxop's revenues for the twelve months ended December 31, 2024 were $101 million. At year end, Maxop had shareholders' equity of $43 million and there were approximately 4,550 employees. Additional information can be accessed from Maxop's website www.maxop.com.

Jaynix Engineering Private Limited ("Jaynix"), a private company based in Gujarat, India, is a manufacturer of non-ferrous electrical connectors and electrical assemblies, and is a critical Tier 1 supplier to major electrical original equipment manufacturers in North America and Europe. Jaynix's revenues for the twelve months ended December 31, 2024 were $47 million. At year end, Jaynix had shareholders' equity of $33 million and there were approximately 225 employees. Additional information can be accessed from Jaynix's website www.jaynix.com.

Global Aluminium Private Limited ("Global Aluminium"), a private company located in Hyderabad, India, is an aluminum extrusions manufacturer with in-house capabilities to produce anodized and powder-coated aluminum products. Global Aluminium's revenues for the twelve months ended December 31, 2024 were $117 million. At year end, Global Aluminium had shareholder's equity of $13 million and there were approximately 1,230 employees. Additional information can be accessed from Global Aluminium's website www.globalaluminium.com.

Saurashtra Freight Private Limited ("Saurashtra"), a private company located in Mumbai, India, operates one of the largest container freight stations ("CFS") at Mundra port. Services provided by Saurashtra's CFS include transportation of containers to and from the port, stuffing and destuffing of containers, cargo storage, transportation of cargo to the end customer, and storage, maintenance and repair of empty containers. Saurashtra's subsidiary, Fairfreight Lines Private Limited, focuses on services for container shipping, offering integrated logistics solutions to its customers by providing containers to importers and exporters to transport cargo. Saurashtra's revenues for the twelve months ended December 31, 2024 were $39 million. At year end, Saurashtra had shareholders' equity of $25 million and there were approximately 225 employees. Additional information can be accessed from Saurashtra's website www.saurashtrafreight.com.

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is an integrated agriculture value chain solutions provider, with services including grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. In addition to its commodity management solutions business, NCML also operates silos constructed under concession agreements with the Food Corporation of India, and a non-banking financial company which focuses on rural and agri-business financing. NCML's revenues for the twelve months ended December 31, 2024 were $32 million. At year end, NCML had shareholders' equity of $48 million and there were approximately 1,330 employees. Additional information can be accessed from NCML's website www.ncml.com.

To Our Shareholders,

It has been 10 years since Fairfax India began its investment journey in India – a land of immense opportunity! It is also the year we transitioned to Fairfax India's new leadership team. We are grateful for the opportunity to serve and carry forward the legacy built by Fairfax Financial.

The management team is privileged to be guided by our founder Prem Watsa and Chandran Ratnaswami who led Fairfax's remarkable investment journey in India for the past 30 years.

We continue to be driven by Fairfax Financial's guiding principles, its investment philosophy and build on Fairfax India's market positioning.

Since Fairfax India is a permanent capital vehicle, it is able to focus on the long term and this distinguishes it from most investors giving it an edge over them. Our reputation for a decentralized management-friendly approach enables us to attract partners that are like-minded who share our long term approach to value creation.

India remains an attractive investment destination as envisioned by our founder at the time of Fairfax India's inception and shared in his letter to shareholders in Fairfax Financial's 2014 annual report:

"In May 2014, India's political climate changed dramatically for the better with the election of Prime Minister Narendra Modi with a resounding majority. For the first time in 67 years, India has an unabashedly business friendly government… Mr. Modi has had great success in Gujarat, a state with 65 million people which he governed as Chief Minister for 13 years (elected three times). Gujarat had real economic growth of over 10% per year during this period while bringing water and electricity and providing child education to virtually every household. We think Mr. Modi can transform India, particularly if he gets re-elected for two more terms, as we think he will. He has an excellent track record, is incorruptible and is business friendly. We expect Mr. Modi to be the Lee Kuan Yew of India!"

As our founder predicted, a third term for Prime Minister Modi (PM Modi) has come to pass with the conclusion of India's general elections held from April to May 2024. Albeit the formation of a PM Modi-led government is with a coalition of like-minded political parties, the subsequent elections held in key states have proven the continuation of PM Modi's popularity with the masses, keeping him and his party in strong control of the government. PM Modi's re-election is a significant achievement at a time when incumbent governments have faced electoral loss of power around the world; notably, in the U.S., U.K., and Japan, the ruling BJP led by PM Modi secured another mandate. While he now leads a coalition government, his two major political partners back his economic agenda, and India is on track to becoming the world's third largest economy in the next few years. During PM Modi's decade in office, a remarkable transformation has taken place in India with changes evident in social, economic and regulatory areas. Digital infrastructure has benefited hundreds of millions at the bottom of the income pyramid having access to online bank accounts, direct transfer of government benefits, a nationally uniform biometric form of identity in Aadhaar, and access to mobile phones. Similarly, access to tap water has increased dramatically in rural communities.

India's economy has maintained an annual growth rate of 6-7% over the past decade, demonstrating resilience even in the face of pandemic-related challenges. Today, India contributes almost one-sixth of global economic growth. Domestic consumption is vibrant, and the country has become a top foreign direct investment (FDI) destination. Its healthy foreign exchange reserves have made its currency amongst the least volatile and a disciplined approach to maintaining its inflation targets has provided flexibility to weather geopolitical pressures, such as wars and oil price fluctuations.

The U.S. dollar strengthened against most currencies in the last quarter of 2024. The Indian rupee depreciated by 2.8% in 2024. Since the beginning of 2015, the Indian rupee has depreciated at an annual rate of 2.9%. Despite the sharp depreciation in the last quarter of 2024, the Indian rupee has performed relatively better than most currencies against the U.S. dollar. In real effective exchange rate terms, the Indian rupee seems to be overvalued. From the external account perspective, its current account deficit is well within the manageable level of 1-2%, with the current reading of around 1.2% of gross domestic product (GDP). India's $640 billion foreign exchange reserve is comfortable covering 11 months of imports. India's short term external debt of $127 billion is only around 20% of the total external debt, while the stable non-resident deposits constitute around 23%. From our experience, the Indian rupee's depreciation over time is a function of the difference in inflation between the two currencies.

Tremendous progress is evident in India's physical infrastructure such as roads, highways, railways, ports and airports. India has become an innovation hub and is now the third largest location for unicorns globally. India's aspirational class is growing. On the regulatory and policy front, landmark changes have taken place. Implementation of the Goods and Services Tax (GST), the passage of a path-breaking Insolvency and Bankruptcy law, significant reduction in corporate tax rates, banking and real estate reforms that have provided transparency to those sectors, and the start of privatization initiatives are paving the way for future growth. The following tables* detail key developments across economic, social, and government policies and regulations.

	FY2013-14	FY2023-24
Economic		
GDP	$1.9 trillion	$3.5 trillion
Nominal GDP per capita	$1,504	$2,539
Market capitalization	$1.2 trillion	$4.4 trillion
Foreign direct investment	$36 billion	$71 billion
Foreign exchange reserves	$304 billion	$646 billion
Number of stocks with $1 billion market cap	166	522
Number of unicorns	8	118
Contribution to global GDP (adjusted for purchasing power parity)	6.0%	8.2%
Social		
People with bank accounts	150 million	500 million
Digital payments volume	2.2 billion	185.9 billion
Tap water connections (rural households)	32.3 million *(FY2018-19)*	145.1 million
Internet subscribers	251.6 million	954.4 million

Regulatory and Policy Reforms

- Implementation of the GST.
- Banking reforms that have led to resolution of non-performing loans.
- The Real Estate Regulation Act (RERA) has provided greater transparency to the real estate sector, making it consumer friendly.
- Insolvency and bankruptcy law provided for a stronger role for banks in resolving defaulting corporate entities through a stream-lined legal process.
- Reduction in corporate tax rates from 30% to 22%.
- Successful privatization of Air India signalling the potential for more such initiatives.
- Clear mandate to Reserve Bank of India (RBI) on controlling inflation within set targets (2-6%).
- Massive budgetary capital allocations towards physical infrastructure, tripling in the last five years.
- Emphasis on "Jan Dhan-Aadhar-Mobile" for direct benefit transfer and e-governance has improved basic services and reduced corruption and 'leakage'.

We continue to believe that Fairfax India is well placed to capitalize on the growth opportunities India has to offer.

* *Throughout this letter, references to fiscal year (FY) refer to the Indian fiscal year from April 1 to March 31 of the denoted years. Amounts in this letter are in U.S. dollars unless otherwise specified. Numbers in the tables in this letter are in U.S. dollars and $ millions except as otherwise indicated. Certain of the performance measures in this letter do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies. See the Glossary of Non-GAAP and Other Financial Measures in the MD&A and the Appendix to the Letter to Shareholders for details.*

Since inception, Fairfax India's book value per share (BVPS), our key performance measure, grew at a compound annual rate of 7.7% while the U.S. dollar S&P BSE Sensex 30 index (USD S&P BSE Sensex) has compounded at 6.9% in the same period. During 2024, Fairfax India's BVPS declined by 4.1% from $21.85 at the end of 2023 to $20.96 at the end of 2024.

Here is a glimpse of Fairfax India's performance since it began:

$ billions except per share amounts:	**2024**	**2023**	**2022**	**2021**	**2020**		**2015**	**CAGR[1]**
Book value per share	$ 20.96	$ 21.85	$ 19.11	$ 19.65	$ 16.37		9.5	7.7%
Investments	3.6	3.6	3.2	3.5	3.0	...	1.0	13.9%
Common shareholders' equity	2.8	3.0	2.6	2.8	2.4		1.0	10.8%
Shares outstanding (millions)	134.8	135.4	138.3	141.2	149.5		106.7	

(1) Since Fairfax India's inception on January 30, 2015, when it raised $1.03 billion at $10 per share. From an initial value of $9.62 (after IPO expenses), book value per share has compounded at 8.2% annually.

Nearly 70% of Fairfax India's investments are in privately held companies, and 63% of the investments are not subject to mark-to-market valuations of public companies. Our privately held investments remain at valuations that could be deemed to be conservatively valued. Fairfax India's largest investment, Bangalore International Airport Limited (BIAL), has been under a significant phase of expansion with a view to meeting the growing demand for aviation services.

In the words of Sir John Templeton, "Whenever you can buy a large amount of future earning power for a low price, you have made a good investment". We strongly believe that all of our investment selections follow this principle.

Over the past 10 years the USD S&P BSE Sensex's earnings estimate grew by 4.7% while the index made an annualized return of 7.7% implying a valuation expansion. The valuation expansion is even more pronounced in the mid and small cap space. The earnings estimate for the NSE 100 Midcap index recorded a CAGR of 6.4% over 10 years. Over the same period its return compounded at 12.9%. Similarly, the NSE 100 Smallcap index earnings estimate grew at a CAGR of 8.4% while the index recorded an annualized return of 10.2%.

As seen below, the valuations of our public portfolio companies are better than the benchmark for Indian equities:

	S&P BSE Sensex		**Fairfax India**
	December 31, 2024	**10-year average**	**Public Indian Investments**
Price to earnings	23.9	24.2	16.2
Price to book	3.7	3.3	1.9
Dividend yield	1.2%	1.3%	0.6%
Market cap to GDP	128%	90%	N/A

As demonstrated in the table below*, Fairfax India has produced solid investment returns. Including $1.5 billion in unrealized gains on its existing portfolio, it has achieved a 10.2% annualized return since inception – 18.5% on publicly listed investments and 7.3% on private investments. Since its inception, Fairfax India has also generated realized cash gains, including dividends and interest of $939.2 million, and has never lost money on a monetized investment! We have achieved an annualized return of 25.5% on partially monetized investments and 18.3% on fully monetized investments, aggregating to an annualized return of 19.4% for all monetized investments.

Fairfax India's investments are in outstanding companies with a history of strong financial performance, led by founders and management teams that are excellent, and adhere to high ethical standards. A majority of our investments have performed well.

Existing Indian Investments	Initial investment date	Ownership %	Cash consideration	Fair value	Net change	Cumulative interest and dividends	Compounded annualized return(1)
Public Indian Investments							
Common stocks:							
IIFL Finance	Dec 2015	15.2%	101.1	311.4	210.3	18.7	17.9%
IIFL Capital (formerly IIFL Securities)	Dec 2015	27.3%	51.1	323.0	271.9	17.0	25.2%
5paisa	Dec 2015	24.6%	16.6	41.9	25.3	–	15.4%
Fairchem Organics	Feb 2016	55.3%	34.2	102.2	68.0	2.7	19.3%
CSB Bank	Oct 2018	40.0%	136.3	254.8	118.4	–	11.3%
			339.3	1,033.3	693.9	38.4	18.5%
Private Indian Investments							
Common stocks:							
NCML	Aug 2015	91.0%	188.3	44.3	(144.0)	0.8	(15.3)%
Sanmar	Apr 2016	42.9%	199.0	201.4	2.4	–	0.2%
Saurashtra	Feb 2017	51.0%	30.0	54.7	24.7	14.8	11.6%
BIAL	Mar 2017	64.0%	903.0	1,632.0	729.0	2.2	10.1%
IH Fund	Jan 2019	–	11.6	9.6	(2.0)	5.9	4.5%
Seven Islands	Mar 2019	48.5%	83.8	146.0	62.1	35.9	14.6%
Maxop	Nov 2021	67.0%	51.4	97.2	45.7	–	25.7%
Jaynix	Feb 2022	70.0%	32.5	81.6	49.1	–	37.5%
Global Aluminium	Oct 2024	65.0%	82.7	81.2	(1.5)	–	(1.8)%
Other Indian Fixed Income	Nov 2021	–	31.4	31.0	(0.4)	1.1	1.5%
			1,613.9	2,379.0	765.1	60.9	7.3%
Total existing			**1,953.2**	**3,412.2**	**1,459.0**	**99.3**	**10.2%**

Monetized Indian Investments	Initial investment date	Last sale date	Cash consideration	Cash proceeds	Cash proceeds less cash consideration	Cumulative interest and dividends	Compounded annualized return(1)
Partially monetized:							
CSB Bank	Oct 2018	Jun 2024	33.1	71.3	38.2	–	15.5%
IIFL Finance	Dec 2015	Dec 2023	35.7	177.3	141.6	7.5	24.9%
Fairchem Organics	Feb 2016	Feb 2022	7.8	45.6	37.8	0.1	49.7%
			76.6	294.2	217.6	7.6	25.5%
Fully monetized:							
Other	Mar 2018	Jul 2024	182.1	286.0	103.9	9.3	27.7%
NSE	Jul 2016	Apr 2024	26.8	188.9	162.2	15.0	32.8%
360 ONE	Dec 2015	May 2023	107.0	243.5	136.4	40.5	16.7%
Privi Speciality	Aug 2016	Apr 2021	55.0	164.9	109.9	2.0	27.1%
Sanmar bonds	Apr 2016	Dec 2019	299.0	433.9	134.9	–	11.0%
			670.0	1,317.2	647.3	66.9	18.3%
Total monetized			**746.6**	**1,611.4**	**864.8**	**74.4**	**19.4%**

(1) *Compounded annualized return refers to the U.S. dollar internal rate of return and is used interchangeably with "annualized return" throughout this letter.*

Since we began, Fairfax India's investments have all been sourced and reviewed by Fairbridge, a wholly owned sub-advisor in India of Fairfax Financial, Fairfax India's parent. Fairbridge does outstanding work under the excellent leadership of CEO Sumit Maheshwari, supported by its Director Anish Thurthi, Vice Presidents Sheetal Sancheti and Hariharan Sundaresan, and analysts Jinesh Rambhia, Ramin Irani, and Chinar Mathur. Fairfax India's

* *Please refer to the company's MD&A included in its 2024 Annual Report, under the heading Track Record for a complete summary of the company's performance to date including footnotes. Figures may not add due to rounding.*

Mauritius subsidiary, FIH Mauritius Investments Ltd, ably led by its CEO Amy Tan, supported by its Vice President Vishal Mungur and its independent Board of Directors, is an integral part of the investment process. Also, since inception, Deepak Parekh, both as a trusted advisor and a former member of the Board of Directors, has provided us with invaluable advice on all our transactions.

Out of the fourteen investments listed above, five of them comprising 28% of the portfolio are in financial services, five of them comprising 17% of the portfolio are in manufacturing, three of them comprising 7% of the portfolio are in transportation, logistics and storage services and our single largest exposure is in airport infrastructure – a monopoly that comprises 48% of the portfolio.

Financial services account for around 26% of the total market capitalization in India currently, increasing from around 16% a decade ago. This increase is also partly driven by new listings of banks, insurance companies, asset managers and fintech businesses. Domestic and household savings account for 30% and 18% of GDP, respectively. Household savings in physical assets and gold still constitute around 60% of savings while household savings in various financial asset classes continue to grow over time. Bank deposits and credit have grown at a CAGR of 14% and 16% respectively over the past 25 years. Despite the rapid progress made towards banking the unbanked, the world bank financial inclusion database for 2021 shows that only 13% of adults over 25 years of age borrowed from a formal financial institution in India. Mortgage penetration is estimated at 11% of GDP compared to 20% in China and 52% in the U.S. The number of credit cards per 1,000 people in the working age population is estimated to be 62 in India compared to 742 in China and 5,150 in the U.S. India has witnessed rapid growth across financial services with a strong flow of domestic savings towards equities, mutual funds and savings-linked insurance products. Household savings in equities has gradually improved from 5% of GDP to an estimated 7% by March 2024. Our investments in the financial services sector are well positioned to capitalize on the immense growth in the financial services sector, which in emerging markets historically has been a multiple of GDP growth.

Industry comprising manufacturing, construction, and utilities accounts for 26% of the GDP, and within that manufacturing accounts for around 17% of the GDP. India is well positioned to benefit from the global trend towards diversifying supply chain on 'China Plus One' aided by stable geopolitics, favourable demographics and business-friendly government policies. While the value of goods imported into the U.S. from China fell by 18% since 2018 and its share of total U.S. imports fell from 21% to 13%, India's share improved marginally from 2.1% to 2.7% and grew by 60% in value, and has lagged behind Vietnam and Taiwan for imports from low-cost countries. PM Modi's government has a vision to grow manufacturing to 25% of GDP. 'Make in India' is one of the government's flagship programs with a focus on 27 sectors. Favourable policies and reforms aimed at building economies of scale, improvement in labour productivity, lowering logistics costs, a favourable taxation regime and production-linked incentive schemes have evolved over the past decade. Consequently, FDI inflows have shown a consistent upward trend, escalating from $45 billion in fiscal year 2014-15 to $71 billion in fiscal year 2023-24. India's exports of manufactured goods have grown from $76 billion in fiscal year 2019-20 to $109 billion in fiscal year 2023-24, accounting for one fourth of the exports from India. India has the advantage of its demographics, cost competitiveness, political determination, and is well supported by its vast domestic addressable market to make India a leading manufacturing hub in the world. We believe Fairfax India's investment portfolio is well positioned to benefit from these manufacturing and export-led trends.

Maxop, Jaynix, and Global Aluminium are the most recent additions to the portfolio, all of them are engaged in manufacturing fast-growing aluminum products with strong growth in exports as well as domestic markets. Maxop is benefiting from the global migration to light-weight materials in the automotive sector with products focused on both passenger and commercial vehicles. All of the founders are first generation promoters who take a hands on approach in running their businesses. There are a few common attributes of these businesses; including their ability to adapt to fluctuating demand, manufacture a variety of complex parts, meet high quality standards, and establish relationships with global and Indian OEMs and marquee customers. They all also engage with their customers from the early product design stage, improving their relationship with customers.

Services account for 55% of India's GDP while we have 84% of the portfolio across financial, trade, transportation and infrastructure services. Our investment in BIAL is well positioned to benefit from the robust growth expected in India's aviation sector. India is the third largest aviation market in the world with air passenger traffic of 376 million reported for fiscal year 2023-24. India had 50 operational airports in 2000, which today has grown to 157 operational airports. By the end of 2025, an additional 50 airports are likely to be commissioned. In 2022, total contribution of travel and tourism to the GDP was estimated at $200 billion. By 2028, this is expected to more than double to $500 billion! BIAL is the third largest airport in India and is poised to capture growth opportunities provided by the industry. The outlook for the aviation market is very robust with sustained growth of both domestic and international passengers. Over the next decade, there is a significant commitment made by the leading airlines, having placed orders for approximately 1,800 aircraft to be delivered by Boeing and Airbus. This will take the number of aircraft in operation from only 800 to 1,400 over the next five years. While the regulatory regime over the tariff setting mechanism is still evolving, there is a stable policy regime focused on sustained growth in the sector.

Except for Thailand, all emerging Asian markets experienced positive returns in 2024. India's 5.2% return (USD S&P BSE Sensex) was outperformed by all the markets except for Thailand. Sri Lanka continued to produce top returns for the second year in a row as it recovered from a crisis-driven low formed in April 2022.

	2024	**3-year total return**
Sri Lanka	65.4%	(9.7)%
Hong Kong	18.3%	(13.9)%
Malaysia	15.9%	(2.6)%
Singapore	12.8%	19.5%
China	11.6%	(30.6)%
Vietnam	6.8%	(24.3)%
India	5.2%	16.8%
Thailand	(1.2)%	(17.7)%

On a cumulative three-year basis, India along with Singapore outshines all the Asian emerging markets listed above. In 2024, India went through a period of outflows led by foreign portfolio investors (FPI) driven by the motivation to increase allocation to China post stimulus measures. Domestic flows into equities mitigated the impact of FPI selling while the supply from primary offerings almost matched the demand from domestic flows.

The USD S&P BSE Sensex is trading at 20.2 times its one-year forward earnings. Only 19 out of the 30 stocks had positive returns with the top five contributors accounting for almost all of the gains in the index. During 2024, a record amount of supply of equities totaling $77 billion was absorbed by the market. IPOs accounted for 27%, while qualified institutional placements and follow-on public offerings (FPOs) accounted for another 27%. Offers by promoters and private equity investors amounted to $35 billion accounting for the balance 46% of the total offerings. The Indian market provided an excellent exit opportunity for global private equity investors during the year resulting in the net FDI flows into India narrowing to $3.3 billion for 2024. Domestic flows into equities remained very strong with average monthly flows into domestic mutual funds of over $6 billion while the net flows from FPIs amounted to a meager $2.5 billion for the year.

Over the ten-year period since its inception, Fairfax India has outperformed the Indian markets despite conservatively valued private investments, as demonstrated in the following table showing the average annual percentage change over ten years:

Fairfax India BVPS(1)	7.7%
Fairfax India's Public Indian Investments(2)	19.8%
USD S&P BSE Sensex	6.9%

(1) *Fairfax India's ten-year annualized growth in BVPS is calculated based on its January 30, 2015 IPO price of $10 per share.*

(2) *Represents the annualized growth related to existing and monetized Public Indian Investments since Fairfax India's inception.*

Fairfax India's net losses in 2024 were $41.2 million versus net earnings of $371.8 million in 2023, largely as the result of net gains on investments of $51.2 million compared to $554.9 million in 2023. Results in 2024 also reflect dividend and interest income of $61.5 million and net foreign exchange losses of $12.6 million. Fully diluted loss per share was $0.30 in 2024 versus net earnings per share of $2.72 in 2023. The significant contributors to net unrealized and realized gains (losses) recorded in 2024 were:

IIFL Capital (formerly IIFL Securities)	$183.9
BIAL	78.6
Maxop	43.1
Jaynix	34.5
Seven Islands	7.3
Saurashtra	5.7
NCML	(4.8)
CSB Bank	(75.5)
Sanmar	(95.1)
IIFL Finance	(116.0)

While the BVPS of Fairfax India is $20.96, we believe that the long term underlying intrinsic value is much higher. As Fairfax India's shares continue to trade at a discount to book value, we have taken the opportunity to buy back since inception 22.6 million shares for $293.4 million or an average price of $12.98 per share, including the 0.6 million shares we bought in 2024 for $8.4 million at an average price of $15.07 per share. In total, we have bought back approximately 14% of total shares issued since inception.

In June 2019, Fairfax India created a 100% owned subsidiary in India named Anchorage Infrastructure Investments Holdings (Anchorage). It is intended that this company will be Fairfax India's flagship investment vehicle for airports and other infrastructure investments in India and that all the shares it owns in BIAL will eventually be transferred to Anchorage.

With the acquisition of an additional 10% of BIAL from Siemens completed in February 2025, Fairfax India is the only private promoter with 74% ownership (43.6% held through Anchorage and the remaining 30.4% held by the company's wholly-owned Mauritius-based subsidiary) in BIAL. OMERS (the pension plan for municipal employees in the Province of Ontario, Canada) invested $129.2 million in September 2021 to acquire from Fairfax India an 11.5% interest on a fully diluted basis in Anchorage. At that time, this transaction valued 100% of BIAL at $2.6 billion.

Fairfax India intends to complete an IPO of Anchorage, although we did not move forward on this in 2024 as we are still in the process of obtaining regulatory approvals.

If Anchorage were currently listed, the proportion of Fairfax India's investments subject to public mark-to-market valuations would increase from 37% to 86% of the overall portfolio (inclusive of the additional investment in BIAL in February 2025).

Financial Position

At December 31, 2024, the financial position of Fairfax India was as follows:

Undeployed cash and investments	$ 214.4
Unsecured senior notes maturing in February 2028	500.0
Common shareholders' equity	2,826.5
Total debt to equity	17.7%

Fairfax India also had access to a $175.0 million revolving credit facility maturing October 2026, which as of December 31, 2024 we hadn't yet needed but was available for investing or operations. In February 2025, we amended the revolving facility agreement to provide for the issuance of letters of credit and increased the borrowing limit to $250.0 million, of which $170.9 million was utilized towards a letter of credit to support the additional acquisition of BIAL.

In December 2023, DBRS Limited upgraded Fairfax India's credit rating to BBB from BBB (low), reaffirming the company's strong financial position. In December 2024, DBRS reaffirmed the BBB rating with a stable outlook.

Performance Fee

Under the investment advisory agreement, Fairfax Financial is entitled to a performance fee, calculated at the end of each three-year period, of 20% of any increase in Fairfax India's BVPS (including distributions) above a non-compounded 5% increase each year from the BVPS at inception in 2015. For the first two three-year periods, Fairfax India was required to settle the performance fee with its subordinate voting shares, but at the end of the third three-year period, Fairfax Financial elected to receive its performance fee payable of $110.2 million in cash to limit shareholder dilution.

Our repurchases of 22.6 million shares since inception at an average price of $12.98 per share, have more than compensated our shareholders for the dilutive impact of issuing a cumulative 8.2 million shares to Fairfax Financial at an average price of $14.57 (a discount to book value) to settle performance fees for the first two calculation periods.

At the end of 2024, the first year of the fourth three-year period, no performance fee has been accrued.

Indian Investments*

Infrastructure Services

Bangalore International Airport (BIAL)

Under the exceptional leadership of Managing Director and CEO Hari Marar and his executive team, BIAL has continued its outstanding performance.

BIAL was recognized at the 2023 Prix Versailles organized by UNESCO as one of the 'World's most beautiful airports' acknowledging BIAL's Terminal 2 (T2). In addition to this, BIAL received more accolades in 2024, including:

- the 'Best Regional Airport in India & South Asia', 'Cleanest Airport in India & South Asia', and Terminal 2 was ranked second as the 'World's Best New Airport Terminal' at the prestigious Skytrax World Airport Awards 2024.
- the 'Best Airport of the Year' at the Wings India 2024.
- the 'Best Airport – Cargo Business' at the India Cargo Awards 2024.
- 'Airport of the Year – Perishables' at Cold Chain Unbroken in Hyderabad. BIAL continues to be India's No.1 Airport for exporting perishable cargo for 4 years in a row.
- the 'Golden Peacock award for risk management' for the transportation sector by the Institute of Directors, India at the 2024 Annual London Global Convention.

T2 is a first-of-its-kind 'Terminal in a Garden' and an extension of Bengaluru city's green aesthetics. The terminal and the area leading up to it are designed to give passengers an experience of walking in a garden. This experience begins from entry into the BIAL campus at the Main Access Road to entering T2 and continues until a passenger boards an aircraft at the piers.

The 2.8 million square feet facility pays homage to the city of Bengaluru and was designed around four pillars: the 'terminal in a garden', sustainability, technology, and art & culture.

The two-level domestic and international retail and lounge areas are structured to provide scenic views of the greenery within and outside the building.

The garden features include over 110,000 square feet of green walls around the terminal, hanging gardens that cascade down from the terminal roof on bronze veils and bells suspended from the ceiling, green lagoons and an extensive forest belt area between the terminal and the 19 boarding gates.

A total of 620 endemic plants, 3,600+ plant species, 150 palm species, 7,700 transplanted trees, 100 varieties of lilies, 96 lotus species, 180 rare, endangered and threatened species and ten ecological habitats make up the lush green landscape.

On sustainability, solar panels and daylight harvesting results in 24.9% overall energy savings. Rainwater harvesting and six major rainwater-fed ponds with 413 million liters of water cater to the airport's requirements. The planned integrated solid waste management plant will convert biodegradable waste to fuel and manure, leading the airport towards zero waste to landfill.

On the innovation and technology front, to ensure that the passenger experience is simplified, seamless and effortless, "Digi Yatra" has been implemented. Digi Yatra features 'your face is your boarding pass' technology, meaning travelers can pass through security checks easily. During the year, BIAL introduced India's first biometric enabled Self-Baggage Drop (SBD) facility, enabling a simplified baggage drop experience. BIAL has been at the forefront of developing this smart security implementation to facilitate more accurate screening and higher passenger throughput.

The focus of the Art Program at T2 is to exhibit the cultural diversity and unique art forms of Karnataka in particular, followed by other South Indian art forms. Art installations are exhibited at strategic locations throughout the airport and serve as beacons in the travelers' journey, allowing them to pause, reflect and enjoy.

T2 is designed to provide the highest level of passenger experience while also making it an unforgettable destination for passengers with its memorable visual impressions, sustainable practices and technology.

* *Indian Accounting Standards (Ind AS) are based on and substantially converged with IFRS Accounting Standards. As such, all of the Indian Investments' figures are unaudited and based on Ind AS or IFRS Accounting Standards, with the exception of CSB Bank, where figures are based on Indian Generally Accepted Accounting Principles (Indian GAAP). Percentage variances over financial figures are based on underlying changes in the investment's Indian rupee functional currency.*

As Fairfax India's largest investment, BIAL accounts for 48% of the fair value of total investments (51% after the additional investment described below).

Between March 2017 and May 2018, Fairfax India invested $653.0 million to acquire 54% of BIAL, implying an equity value of approximately $1.2 billion for 100% of BIAL. In 2023, Fairfax India acquired an additional 10% of BIAL from Siemens for $250.0 million. In February 2025, Fairfax India completed its previously announced acquisition of an additional 10% equity interest in BIAL for $255.0 million. In aggregate, Fairfax India now has a total investment of $1.2 billion for its 74% equity interest in BIAL. BIAL is the third largest airport in India and is one of the fastest growing airports in the world. Bengaluru, considered India's Silicon Valley, is the fourth largest and fastest growing city in India.

After surpassing pre-pandemic levels in 2023, with 32.7 million domestic passengers and 4.5 million international passengers, for a total of 37.2 million passengers, BIAL catered to 40.7 million passengers in 2024. This is 9.5% higher than the passengers achieved in 2023. International passengers for 2024 were 5.4 million passengers, an increase of 21.1% over 2023 and representing 13% of total passengers. Historically, spend per international passenger is much higher than that of domestic passengers.

- **Aero revenue and tariff order for third control period**

Aero revenue is the revenue earned for providing services such as landing, parking, and other services charged as user development fees (UDF) to airlines and passengers. The aero tariffs for these services are set for five-year periods (called "control periods") and are fixed by the Airport Economic Regulatory Authority (AERA) to provide a government regulated return on equity (ROE) deployed in the Regulatory Asset Base (RAB). AERA treats 30% of non-aero revenue (described below) as a subsidy for the purposes of tariff calculations. The tariff order for the second control period (from April 2016 to March 2021) was finalized by AERA in August 2018, well after the control period had begun. Any under or over recovery of tariffs in any control period will be adjusted in the subsequent control periods. This is achieved primarily by adjusting downwards or upwards the fee that the airport is allowed to charge for its aero services to passengers and airlines. The tariffs that the airport can charge have a very significant impact on the cash flow generated which, in turn, has a major impact on the financing for the planned expansion of the airport.

Because of the significant underachievement of passenger traffic in the last year of the second control period and the intended completion of capital projects during the third control period (from April 2021 to March 2026), UDFs increased significantly in the third control period. With the higher UDFs and the ultimate return of passenger volumes to pre-pandemic growth levels, normalcy in aero revenue has been restored.

Aero revenue in 2024 increased by 39% over the previous year to $217.9 million!

- **Growth plans**

In 2018, BIAL entered a phase of significant investment of about $1.9 billion to expand its designed capacity of 20 million passengers to about 50 million in 2021, by re-configuration and system improvements to the existing terminal (now completed), building a second runway, and building phase 1 of T2 and associated supporting infrastructure. In 2019, the second runway was commissioned as planned and phase 1 of T2 was completed in 2022. A financing plan for this expansion, based on a debt-to-equity ratio of 80:20, was approved by a syndicate of Indian banks at attractive interest rates.

Then plans were added for the building of phase 2 of T2 and related infrastructure for an incremental investment of about $1.9 billion, to take the capacity to about 80 million passengers by 2029! In 2019, BIAL added a plan for a third terminal and related infrastructure for an incremental investment of approximately $0.6 billion, taking the capacity of the airport beyond 90 million passengers by 2033. The roughly $2.5 billion total investment required to complete the above expansions is expected to be funded through internally generated funds and debt.

- **Non-aero revenue**

Non-aero revenue is all revenue other than aero revenue, such as revenue from food and beverage sales and duty-free shops. Non-aero revenue grew at a CAGR of 17% from 2009 to 2020 (excluding the impact of pandemic years). Non-aero revenue resumed its growth trajectory in 2023, driven by the normalization of passenger growth post-COVID, the expansion of available retail space, and an increasing tendency among airport passengers to make purchases.

To accelerate non-aero revenue growth, BIAL has undertaken many innovative projects that engage passengers and enhance their experience at the airport. During the pandemic, BIAL was a leader among airports by demonstrating flexibility and collaborating closely with concessionaires, who faced immense financial strain due to business slowdown during lockdowns. Remarkably, through a strategic mix of new concepts, digital initiatives, and loyalty programs, BIAL achieved non-aero spend per passenger of $14.20 in 2024.

BIAL, through its 100% owned subsidiary Bengaluru Airport Services Limited, took over the lounge construction from the concessionaire who was debarred by the government and made it operational. In 2024, 080 Domestic Lounge in T2 won the Best Domestic Lounge of the World award at the Airport Food and Beverage awards, and achieved revenue of $26.7 million. BIAL continues to see an overwhelming interest from global bidders for non-aero space in T2. These achievements lay the foundation for BIAL's plans to grow non-aero revenue by five times over the next decade!

As a result of these initiatives, non-aero revenue and other operating income in 2024 increased by 54% over the previous year to its highest ever of $222.7 million.

- **Cargo business**

The cargo operation of BIAL, which was a beacon of strength through the entire pandemic because it was not affected by the pandemic-related shutdowns, continues to perform very well. In 2024, BIAL recorded its all-time high cargo volume of 496,227 metric tons, including India's highest (28% of total) export shipments of perishable goods. Many initiatives have been implemented in the cargo business including; increasing capacity to approximately 1 million metric tons, building India's largest domestic cargo terminal facility and express cargo facility, building a dedicated truck management facility, implementing a system for paperless cargo processing, and putting in place new concession agreements with operators at significantly better terms for BIAL.

- **Real estate monetization**

The plan for real estate monetization was delayed by about 2 years during the pandemic has seen some revival. BIAL has approximately 460 acres of land adjoining the airport that can be developed. Most of this land is undeveloped and Bengaluru's historically populated areas have gotten extremely congested, so the city is expanding in the airport's direction. BIAL anticipates significant upside, over time, from monetization of this real estate. We provide below an update on the significant progress made in the actions to monetize the land available for development.

A 100%-owned special purpose vehicle of BIAL was incorporated to carry on most of the real estate activities of BIAL. This entity, Bengaluru Airport City Limited (BACL), is now capitalized and staffed.

Anchored on the principles of a smart city, BACL is creating a campus that caters to the varied needs of corporate life and has further refined its plans to monetize the available real estate. It has expanded the list of asset classes by adding high tech manufacturing, venues for corporate retreats and sports facilities, executive skilling organizations, data centers, luxury retail, a hospital complex and high-grade warehouses to the already contemplated business parks; a retail, dining and entertainment (RDE) village; hospitality; and convention and exhibition centers. The following projects have been completed or are under development or construction:

- Singapore Airlines Transportation Services central kitchen with product development and production capabilities for 170,000 ready-to-eat meals per day.
- A first of its kind 3D technology printing facility has been operational since August 2022.
- Addition of 216 rooms to the existing 154 room Taj Bangalore luxury hotel.
- A 775-room hotel project, envisaged on a plot of 5.5 acres.
- A 2 million square feet business park (17.7 acres), with the unique feature of having an Urban Forest into which the buildings are integrated.
- A state-of-art, fully integrated and technologically advanced concert arena (6.3 acres), with technical collaboration with Live Nation U.S.A.
- A world-class Convention & Exhibition Centre spread over 14.2 acres, to be developed by a highly renowned large Bengaluru based developer.
- Electric Vehicle R&D Centre, a facility consisting of R&D Testing Labs, Design Centre and Training Centre on a plot of 2.3 acres, being built by Epsilon Carbon Private Ltd.
- A built-to-suit facility being built for Air India's Aircraft Maintenance Engineering Training Institute, in a plot of 1.0 acre.
- Maintenance, Repairs and Overhaul (MRO) facility being built by Air India over 33 acres of land.

We are very excited that T2 has become a showpiece for what can be developed and built in India. BIAL is developing the combo hotel and the business park on its own to fast-track development rather than waiting for outside investment. Bengaluru city development is taking place towards and beyond the airport area. With the arrival of Metro rail connectivity to the airport expected in 2026, we are optimistic about the development of BIAL's real estate. The above developments will create its own momentum of growth as it occurs in any new real estate geography.

- **Summary**

Despite the extraordinary pandemic-related difficulties of the last few years, BIAL had a very commendable financial performance in 2024!

BIAL's revenue increased by 46% over the previous year to $440.6 million. EBITDA increased by 57% over the previous year to $301.5 million. Net income of $51.4 million increased by 18% over the previous year.

Despite the unprecedented events that impacted operations and financial performance in 2020, 2021 and 2022, BIAL generated an average ROE of 14% for the second control period and an average ROE of 17% for the combined first and second control periods. ROE in 2024 was 14% and BIAL is targeting an ROE of 20% over time.

The valuation of Fairfax India's 64% interest in BIAL increased to $1.63 billion in 2024 from $1.60 billion in 2023, implying an equity value of approximately $2.55 billion for the whole company. Excluding cash flows from Airport City, BIAL is carried on our books at 10.1 times normalized free cash flow, which we consider to be conservative. Bengaluru is one of the fastest growing cities in the world and air passenger traffic in India is expected to have robust growth with increasing business and leisure travel, and the improvement in air connectivity to tier II cities. The valuation is supported by conservative future cash flow estimates driven by growth in; passenger capacity, non-aero revenue, and real estate monetization plans. Our belief is that the current valuation does not reflect the market interest for similar businesses with a near impenetrable moat and monopolistic characteristics.

2024 featured the following achievements by BIAL:

- Air India and BIAL have forged a transformative partnership to position BIAL as the premier aviation hub for Southern India. This agreement promises to increase BIAL's international footprint by catering to the surging demand for direct long-haul connectivity from Southern India!
- Three new international airlines (Virgin Atlantic, Manta Air, Salam Air) and one domestic airline (Fly91) were added this year. Further, five new international routes and 12 new domestic routes were introduced in 2024.
- The MRO facility, being built by Air India, will stimulate the MRO ecosystem and is set to revolutionize the aviation landscape in the region. This $165 million investment is expected to create over 1,200 high-value jobs and herald a new era of innovation and unparalleled economic growth for the state of Karnataka.
- BIAL achieved an unprecedented milestone by being awarded the coveted AAA rating (stable outlook) from three of India's most esteemed credit rating agencies – ICRA Limited, India Ratings and Research Private Limited, and CRISIL Ratings Limited. Notably, BIAL stands as the only private airport in India to attain this financial credibility, a testament to their exceptional operational excellence and visionary leadership.
- It signed an agreement for a 45.9 megawatt (MW) solar-wind captive power project, reflecting BIAL's unwavering commitment to efficient carbon management and sustainability. The supply of power from the solar plant commenced from mid-October 2024.
- Continued to be at the forefront in designing and implementing its sustainability goals and touching the lives of its community. Some recent successes in achieving BIAL's sustainability goals include:
  - Achieved the Airport Council International's (ACI)'s highest Level 5 Transition under Airport Carbon Accreditation (first airport in Asia).
  - Achieved Net Zero Greenhouse Gas (GHG) Emissions (Scope 1&2), six years ahead of the 2030 target.
  - Renewable energy sources were utilized for 100% of the airport's energy needs per annum (over 160 Million kWh renewable electricity).
  - Phased implementation of electric vehicles being undertaken in its march towards sustainable mobility.
  - Solid waste treatment plant is under construction and will lead to zero waste to landfill when commissioned.
  - With a Water Positivity Index of 2.36, BIAL replenishes more water than its consumption.
  - Over 700 million liters of potable water is recovered in a year through rainwater harvesting.

Financial Services

CSB Bank (CSB)

During 2024, the banking sector in India witnessed regulatory measures aimed at containing potentially excessive risk build-up from high credit growth in unsecured retail segments. In November 2023, The RBI increased the risk weights by 25% on consumer credit exposure of commercial banks and non-banking financial companies (NBFC), credit card receivables of banks and exposures of banks to NBFCs leading to some moderation in credit growth. The share of unsecured credit of banks had been increasing since 2015, reaching 25.5% by March 31, 2023. Given these measures, this share declined marginally to 25.3% at March 31, 2024.

As per the recent RBI report on trends and progress of banking, scheduled commercial banks remained in a healthy state reporting 1.4% return on assets (ROA) and 14.6% ROE at half year ending September 30, 2024. Gross non-performing assets (NPA) reached its lowest level in 13 years at 2.7% at March 31, 2024, from 3.9% reported at March 31, 2023. Over 44% of the reduction was due to better recoveries and upgrades to asset quality. Net NPA ratio of the banking sector also declined to a decadal low of 0.62% at March 31, 2024, and it further reduced to 0.57% at September 30, 2024. The provision coverage ratio of the banking sector improved to 76.7% by September 2024, a 260 basis points (bps) improvement over the 18-month period since March 2023. Capital position of banks remained healthy with capital adequacy ratio (CAR) at 16.8% at September 30, 2024.

The market share of private sector banks increased to 37.5%, a gain of 3% over the year. Banks experienced a hardening of 104 bps on cost of funds and an increase of 89 bps on yield on advances leading, in general, to a narrowing of net interest margin.

During 2024, bank credit growth stood at 12.4% over the previous year with credit deposit ratio increasing to 79% from 77% a year ago. The deposit growth of the banking system stood at 10.2% over the previous year.

Under the leadership of Pralay Mondal, who took over as CEO in 2022, CSB continues to make excellent progress on its transformative journey that began with the recapitalization of the bank that was enabled by our investment.

Fairfax India's investment in CSB during 2019 increased the bank's CAR to 23% at the end of 2019. The improved CAR enabled CSB to make adequate provisions for loan losses, invest in more branch openings, invest in people and technology and grow its loan book with well underwritten loans.

CSB is one of the oldest private sector banks in India and has a strong base in Kerala along with a significant presence in the states of Tamil Nadu, Karnataka and Maharashtra. The bank currently operates 811 branches (up from 751 last year) and 777 ATMs (up from 570 last year) across India. With its branches primarily located in South India, it focuses on retail, gold and small and medium enterprise loans, which together comprise about 78% of total advances. CSB also owns 34 residential and commercial properties and land banks, some purchased several years ago, and others acquired by enforcement of security.

CSB is in the process of transforming into a full-service new age private sector bank. Its strategy framework in place is called SBS 2030 (Sustain, Build and Scale). While it will sustain its core strength, several measures pertaining to the build phase have been initiated. CSB has already assembled a best-in-industry management team across its focus areas to build scale. It is in the middle of migrating its core banking system to a more advanced system which would give enhanced customer experience at par with the best in the industry. It is also implementing a new robust finance and risk management platform. Along with this system, it will also be setting up new payment systems, and a new digital channel system, resulting in new mobile and Internet banking platforms.

In comparison to industry growth for advances and deposits of 12% and 10%, respectively, CSB made excellent progress in its key performance measures in 2024. Loan advances grew 26% and deposits grew 22% (including lower cost, current and savings accounts (CASA) growth of 7%, where growth has been slower across the industry). Gold portfolio registered a growth of 36%. Yield on advances increased slightly to 11.3% from 11.2% in the prior year.

Net interest income grew by 3.6% and the credit to deposit ratio increased from 83% to 86%. Net interest margin (NIM) decreased from 5.2% but remains at an industry leading 4.5%. Cost of deposits increased to 6.0% from 5.1%, and CASA declined to 24.1% from 27.6% of total deposits, as a result of stronger growth in term deposits due to the current high-interest rate environment. NIM was also impacted by changes in the way penal interest income is accounted by banks following the regulatory guidance on penal interest.

Credit quality also remained stable with its gross NPA at 1.6% and net NPA at 0.6% and the provision coverage ratio at 81.5%. Its cost to income ratio was around 64% despite the investments in HR, IT and infrastructure, which have been made with high visibility of payback, and the same should come down to around 50% over time.

Its ROA is healthy at 1.3%, its ROE at 13% and CAR at 21.1%. The bank is underleveraged with the potential for better profitability in the future.

The success that CSB has achieved is demonstrated in the table below. On virtually every metric, CSB is right at the top when compared to banks of comparable size (peer group) and all banks, except growth in net interest income due to the strong growth in deposits primarily from higher cost term deposits, resulting in higher interest expenses.

Position at year ended September 30, 2024 *(all numbers are %s)*[(1)]

	CSB	Peer Group	All Banks
Growth in Net Interest Income	6.6	10.1	12.9
Growth in Advances	19.5	15.4	13.2
Growth in Deposits	25.2	13.8	11.6
Credit Deposit Ratio	83.5	81.0	81.8
Return on Equity	13.4	12.3	13.9
Return on Total Assets	1.4	1.2	1.3
Net Interest Margin	4.7	4.0	3.7
Efficiency (Cost to Income) Ratio	63.6	58.2	59.1
Gross Non-Performing Advances	1.7	2.9	2.6

(1) Source: Capital IQ. For comparability based on available information, Net Interest Margin in the above table is calculated using average net advances and investment securities.

We are very excited about the long term prospects of CSB!

IIFL Finance (IIFL FIN)

IIFL FIN is one of the well-established non-deposit taking, NBFCs in India. NBFCs have shown remarkable growth and have gained significant importance in the financial sector ecosystem:

- NBFCs have grown from less than $347 billion (24 trillion Indian rupees) in fiscal year 2018-19 to $492 billion (41 trillion Indian rupees) at the end of fiscal year 2023-24 despite facing challenges, including the IL&FS crisis and the COVID-19 pandemic.
- Share of NBFC's in the overall credit is estimated to have increased from 12% in fiscal year 2007-08 to 20% in fiscal year 2023-24.
- NBFCs have progressed considerably in terms of size, operations, and technological sophistication, leading them to fill the gap in retail credit by catering to riskier customers with lower income enabling financial inclusion.
- Affordable housing finance, vehicle financing, gold loans, education loans, consumer durables, personal loans, credit cards and microfinance became key products for most of NBFCs in India.

Nirmal Jain is the CEO and is also the founder and a significant shareholder of all the IIFL Holdings group companies. Under Nirmal's leadership, IIFL FIN has consistently grown over the years to emerge as a significant operator under its key lending segments; gold loans, housing finance, microfinance and small business financing. It has assets under management (AUM) of $8.3 billion (714 billion Indian rupees) which has grown at CAGR of 15% in the last 5 years. Over the last few years, IIFL FIN has invested heavily to expand its branch network and digitalize its lending process, it has a nationwide network of over 4,850 branches and over 38,200 employees.

As previously disclosed, on March 4, 2024, the RBI ordered IIFL FIN, to stop sanctioning and disbursing any new gold loans with immediate effect due to inadequate compliance with certain banking regulations as identified by the RBI. The stoppage was with immediate effect until the RBI completed a special audit and the regulatory deficiencies identified were rectified to RBI's satisfaction. We are happy to report that IIFL FIN complied with all the requirements in close coordination with the regulator and the ban was withdrawn with effect from September 19, 2024.

IIFL FIN's gold loan AUM was $2.8 billion (234 billion Indian rupees) at March 31, 2024, accounting for 30% of the AUM. At March 31, 2024, the size of the gold loan by banks and NBFCs in the formal financial system stood at $31 billion (2,560 billion Indian rupees), of which $18 billion (1,535 billion Indian rupees) was held by NBFCs; IIFL FIN had a market share of 9.1% of the total gold loan segment and 15.2% of the gold loan by NBFCs. Between the date of the gold loan ban and September 30, 2024, IIFL FIN's gold loan AUM reduced to $1.3 billion (108 billion Indian rupees); the reduction of 54% was primarily due to normal repayments. During this period, the portfolio had low delinquencies, which reflects positively on the quality of its underwriting in this segment. The gold loan operations have resumed and IIFL FIN is focused on regaining its gold loan market share. This portfolio has historically had low NPAs, and at December 31, 2024, it reported gross NPA of 0.7%.

IIFL FIN lends secured home loans through its subsidiary IIFL Home Finance Limited (IIFL Home Finance) with a total AUM of $4.5 billion (384 billion Indian rupees) at December 31, 2024. While home loans are predominantly driven by banks, NBFCs with their home loan offering have significant presence and IIFL FIN is one of the leading players in the segment with its subsidiary having strong financials with its CAR at 46.2%. Its reported gross NPA at December 31, 2024, was 1.7% with a provision coverage of 103%. Its market share of AUM amongst home financing companies stood at 4.6% as of March 2024. There is huge potential for this business to grow profitably over time creating significant value in the process.

IIFL FIN undertakes its microfinance business through its wholly owned subsidiary IIFL Samasta Finance Limited, serving about 3 million customers. As of March 2024, its market share in this segment stood at 8.8% of the total microfinance loans issued by NBFCs.

Over the last few years, IIFL FIN has strategically increased assignments and co-lending to optimize capital utilization and this contributes to higher profitability. This shift is evident in the higher share of off-balance sheet loans, constituting 30% of AUM (which includes 13% from co-lending). This approach has granted leadership to IIFL FIN in co-lending and has enabled them to maintain strong AUM growth.

In 2024, IIFL FIN continued to pursue its strategy to grow its business by growing its AUM by co-lending with or assigning assets to other lenders and thereby utilizing less of its own capital. These assets now account for 30% of its AUM and 19% of its income.

The company maintained its credit rating (from CRISIL) despite the RBI action, and it is expected that IIFL FIN will improve its rating profile over time as the business momentum picks up.

2024 was a mixed year for IIFL FIN, while the company continued its growth trajectory except for the reduction in gold loans.

IIFL FIN concluded a rights issue raising $152 million (12.7 billion Indian rupees) in May 2024. The issue was oversubscribed 1.35 times. The rights entitlement was priced at 300 Indian rupees per share, with shareholders holding 9 shares as of the record date of April 23, 2024, eligible to subscribe to 1 rights equity share. The successful rights issue demonstrates investor confidence in IIFL FIN's growth prospects and financial stability. Fairfax India participated in the issue and subscribed to its rights entitlement resulting in our exposure to IIFL FIN increasing by $24.9 million. It's noteworthy that IIFL Finance has managed to grow organically ever since it started the NBFC business without significant dilution of capital. The rights issue was done despite low leverage to bolster the confidence of the stakeholders which is very important for any financial intermediary.

IIFL FIN's AUM experienced a decline of 8% over the previous year to $8.3 billion in 2024, with housing finance, microfinance, and gold loans comprising 42%, 14% and 21%, respectively. This was mainly due to a decrease in gold loans (39%) partially offset by growth in home loans (19%). In 2024, IIFL FIN's revenue increased by 5% to $775.1 million and net income decreased by 62% to $90.5 million, generating an ROE of 6%. The below average ROE resulted partially from the drop in gold loans, a one-time provision of $70.1 million from restructuring certain investments, the rights issue completed during the year, and higher-than-normal capital levels at IIFL Home Finance from a 2022 capital infusion into it of $275 million by ADIA, the Middle Eastern sovereign fund that valued IIFL Home Finance at $1.4 billion.

Asset quality is relatively better than the industry average, with gross and net NPAs at 2.4% and 1.0% respectively, compared to 1.7% and 0.9% respectively in the previous year. Asset quality recently faced some stress particularly across the microfinance and unsecured business loan segments, reflecting broader macroeconomic trends in line with the overall industry experience. The provision coverage ratio was 114% versus 151% the previous year.

Loan to value is very conservative at 71% for home loans, 68% for gold loans and 47% for secured business loans. With a well-diversified asset portfolio of which 98% is retail in nature, a CAR of 22.0% for IIFL Finance and 46.2% for IIFL Home Finance, and net interest margins at 8.7%, even though the cost to income ratio increased from 43% to 46% (due to the growth in the number of branches and decline in gold loan portfolio), IIFL FIN is well positioned to capture opportunities unfolding for the NBFC sector.

IIFL Capital Services (formerly IIFL Securities) (IIFL CAP)

IIFL CAP is one of India's leading financial services companies. The company offers a comprehensive suite of products and services for institutional investors, corporates, affluent individuals, and family offices. Investment banking, corporate advisory, financial products distribution, broking, wealth advisory and lending solutions are the key products and services offered by the company.

This was the original parent entity set up in 1997 by Nirmal Jain and R. Venkatraman. Fairfax Financial first invested in the company in 2009 and substantially scaled up its stake through Fairfax India in 2015. Fairfax India currently owns 27.3% of the company and Fairfax as a group owns 30.7%.

IIFL CAP has over 100 branches in India (with offshore presence in Singapore, London, and New York) and has over 3,500 partners. It has close to 1,000 clients in the institutional segment and over 3 million clients in the retail segment. It had AUM of $28.6 billion (2.4 trillion Indian rupees) at December 31, 2024, of which $3.6 billion (305 billion Indian rupees) was out of assets under its distribution arm and the balance under the custody relationship with its clients.

IIFL CAP's performance is impacted positively by rising retail participation driven by the financialization of household savings and increasing allocation to capital markets. Internet penetration, the rise of low-cost discount brokers, the introduction of smaller contract sizes and weekly contracts in the derivatives markets contributed to enhanced market activity in 2024.

Over the last decade, over 150 million new securities accounts have been added bringing the total number of accounts to 175 million in India, an annual growth rate of 22%. Equity cash volumes grew at a CAGR of 20% while the equity futures volumes increased by 15% annually. Equity options notional and premium average daily turnover (ADTO) surged by 69% and 50% per annum, respectively.

Broking Industry	**Units**	**FY2014-15**	**FY2024-25 YTD**	**10-year CAGR**
Securities (Demat) Accounts	millions	23	175	22%
NSE Active Clients	millions	5	49	25%
Equity Cash ADTO	INR billions	213	1,306	20%
Equity Futures ADTO	INR billions	513	2,037	15%
Equity Option Notional ADTO	INR billions	2,614	496,818	69%
Equity Option Premium ADTO	INR billions	13	786	50%
Number of IPOs		21	73	N/A
Capital Raised under IPO	INR billions	265	1,050	15%

The domestic mutual fund industry (MF) has also witnessed remarkable growth over the last five years. The number of investor accounts has grown by 20% annually to 217 million. Monthly flows under the systematic investment plan (SIP) have surged to 253 billion Indian rupees ($3 billion per month), growing at 25% per annum. The MF industry's AUM expanded at a 19% CAGR reaching 63 trillion Indian rupees ($741 billion). This has had a positive impact across the chain involving financial product distributors, wealth managers and brokers.

Additionally regulatory changes requiring peak margin and mandatory cash margin of 50% have brought about an additional revenue stream for the broking industry with the resulting growth in margin trading facilities.

Asset Management Industry	**Units**	**FY2019-20**	**FY2024-25 YTD**	**5-year CAGR**
MF Accounts	millions	86	217	20%
Monthly SIP Flows	INR billions	82	253	25%
MF Industry AUM	INR billions	26,258	63,457	19%
MF Industry Equity AUM	INR billions	11,272	37,586	27%
MF Industry Equity AUM Share	N/A	43%	59%	N/A

Institutional broking business benefited from the expansion of AUM of the domestic MF industry, expansion in the number of FPIs to over 12,000 with an estimated value of stocks owned of over $750 billion.

The Indian primary market also benefited from the strong participation. The number of IPOs over the past three years from 2021 rose to approximately 60 per year compared to approximately 20 annually from 2017 to 2020. Investment banking has seen rapid expansion apart from IPOs and FPOs, also in infrastructure investment trusts, real estate investment trusts, offer for sale by sponsors and the large size of issuances. The annual capacity has quadrupled over the past decade to over $25 billion. M&A advisory, capital raising by unlisted firms and start-ups have also seen steady growth. The total fee pool for the industry in 2024 is estimated to have grown to between $1.3 billion and $1.4 billion.

IIFL CAP is also foraying into offering wealth management services and has taken significant steps forward during the year. The addressable asset pool for ultra-high net worth individuals (UHNI) and high net worth individuals (HNI) is estimated around $1 trillion and is expected to double in five years taking the total market to over $2 trillion. India has a healthy savings rate of 30% and is growing at a CAGR of 8% and along with it, the share of capital market products, which is also on the rise. The AUM of listed Indian players range from $9 billion to $67 billion with all the listed companies being richly valued given their high growth potential. IIFL CAP with its wide reach has a natural advantage to grow this business and create significant value in the process. The table below provides an overview of the lay of the land for this line of business.

Key Parameters	
Total $US billionaires in India	271
Total wealth with HNI and UHNI (2023)	$1.2 trillion
Projected wealth with HNI and UHNI (2028)	$2.2 trillion
MF Industry AUM in October 2024	$791.2 billion
Equity Oriented AUM in October 2024	$351.7 billion
MF AUM to GDP (India vs. U.S. / Global)	16% vs. 116%
Professionally managed financial wealth (India vs. matured markets)	15% vs. 7.5%

IIFL CAP had another great year in 2024: Its revenue increased 40% to $322.5 million and net income grew by 83% to $91.5 million. These results were driven by the strong performance of the retail and institutional broking and investment banking divisions that benefited from the buoyant equity and IPO markets in India in 2024.

During 2024, IIFL CAP share price gained 125% following the gain of 125% it recorded in 2023 a cumulative gain of 408% over the two-year period, our conviction about the market recognition of IIFL CAP transpired. While its earnings are aligned to the overall market activities, it has long term potential to create significant value. IIFL CAP, at a valuation of 13.0 times price to estimated fiscal year 2024-25 earnings and price to estimated March 2025 BVPS of 3.8 times, is still trading at a discount to its peers while the market has rerated the capital market players.

As one of India's leading domestic full-service capital market players, the company is expanding its offerings to include wealth management services. This strategic move aims to tap into the growing demand from India's increasing HNI population, which is expected to grow significantly. As the company's wealth management operations gain momentum, addressable market opportunities for IIFL CAP will increase significantly leading to higher revenue growth and lower risk of market-related volatility because of a diversified business model.

5paisa Capital (5paisa)

5paisa, which literally translates to "5 cents", is one of India's fast-growing technology-led financial services companies and offers an array of financial products and services through a digital platform and mobile application. Its services are targeted at retail investors and high-volume traders who actively invest and trade in the securities markets and seek DIY (do-it-yourself) services at a low cost. With its diverse services and products encompassing online discounted stock broking, depository services, gold investments, commodity trading, research and distribution of mutual funds and other financial products, 5paisa successfully fulfils its customers' diverse needs. 5paisa remains focused on innovation based on understanding customer behavior, and constantly strives to achieve technological superiority, as it has done through the development of its robust trading platform, its advanced mobile app, an artificial intelligence-powered robo-advisory platform and its paperless account opening process.

5paisa is also one of the beneficiaries of the robust trends experienced in the Indian capital markets as discussed in the IIFL CAP section.

In terms of investor participation, growth has been impressive, especially after COVID-19. Overall number of active clients in the industry increased from 10.8 million in March 2020 to 50.2 million in December 2024. 5paisa has sustained a strong pace of client acquisitions since inception, taking its total client base to 4.7 million, representing market share of 9.4% in December 2024.

The Indian trading landscape has witnessed a remarkable surge in derivative ADTO across all segments, skyrocketing from 14 trillion Indian rupees in March 2020 to 468 trillion Indian rupees in December 2024, increasing an astonishing 33 times over the last 5 years. As of December 2024, 5paisa achieved an impressive ADTO of 3 trillion Indian rupees, translating to an ADTO market share of 0.6%.

The 5paisa mobile app has been hugely popular, recording over 21.2 million downloads and sustaining a rating of 4.3 on the Google Play Store.

Indian capital market regulator Securities Exchange Board of India (SEBI) recently initiated several measures with a view to tighten retail participation in the derivatives market to enhance investor protection and market stability. It was done in response to the rapid growth in the volume of derivatives traded on the exchanges. ADTO registered an annual growth of 109% over the past five years. The various measures which came into effect in the second half of November 2024 include stricter margin requirements, increased size of the contracts traded, limiting weekly expiry contracts to just one per exchange, and enhanced disclosure norms. SEBI also made it mandatory for the exchanges to levy uniform transaction charges replacing volume-based charges the exchanges were offering earlier.

This was benefiting large discount brokers who were offering their services for a very low cost to their customers because based on their volumes, they were earning handsome discounts from the exchanges.

Consequently, there has been moderation in the ADTO in the equity derivatives segment. ADTO in the derivatives segment has declined by 36% during December 2024. The pace of customer addition has moderated since these measures were implemented, registering a 25% decline in monthly volume of new demat accounts opened since September 2024.

These measures are expected to impact all intermediaries in India. Hence, it is widely expected that the players will be taking some mitigative measures to offset the impact on their revenues and such measures are not expected to dissuade their customers from their market activities.

However, to compensate for this loss, 5paisa has implemented various measures, including migrating clients from the basic plan to the standard plan, discontinuing subscription plans to eliminate bulk discounts, standardizing associate partner sharing, and revising depository participant charges, which are expected not only to offset the income loss but also mitigate the potential volume impacts.

In 2024, 5paisa's total revenue grew 8% to $48.0 million and net income grew 1% to $7.6 million – due to the intense competition from established and new discount brokers, its market share in retail cash broking fell from 2.3% to 1.6%, even while it added customers at an average rate of about 64,000 per month.

Transportation, Logistics and Storage Services

Seven Islands Shipping (SISL)

Founded in 2002 by Captain Thomas Wilfred Pinto, a passionate entrepreneur and operator, SISL owns and operates tanker shipping vessels that sail primarily along the Indian coast as well as in international waters.

At the time of Fairfax India's initial transaction in 2019, SISL owned 14 vessels with a total deadweight capacity of 0.9 million metric tons. Currently, SISL owns 26 vessels with a capacity of about 1.3 million metric tons. Out of its current fleet, 24 are Indian-flagged tankers and 2 vessels are held in a wholly owned subsidiary in the UAE under the Marshall Islands flag. Its fleet consists of 22 oil product tankers, 2 crude oil tankers, and 2 LPG carriers. In 2021, it entered the gas carrier container shipment market with one Very Large Gas Carrier and one Medium Gas Carrier.

SISL is the second largest private tanker shipping company in India. SISL owns 26 out of 123 ships owned by Indian owners. It has a significant market share in product tankers with 22 out of 69 Indian-owned ships on deployment. Out of 74 ships on time charter with Indian charterers, 57 are Indian-owned ships. SISL is the market leader in tanker time charter along the Indian coast with 24% of overall market share and 32% market share of the Indian-owned fleet. During the year, SISL set up a wholly owned subsidiary in Jebel Ali Free Zone in Dubai, UAE for owning and chartering vessels in the international market. SISL distinguishes itself by managing its fleet acquisition and deployment based on the time charter deployment. Over the past 6 years, time charter revenue as percent of total charter revenue averaged 76%. It remains a very efficient operator with an industry best annual idle time over the last 3 years of less than 12 days per vessel.

In 2019, Fairfax India acquired a 48.5% equity interest in SISL for a cost of $83.8 million. On December 31, 2024, this investment was valued at $146 million after receiving a dividend of $29.9 million in December 2024.

During the year as part of its fleet renewal plan, it sold three medium range (MR) tankers and acquired two MR tankers and one chemical tanker. It added another MR tanker in the month of January 2025. The average age of its fleet has come down to 19 years from 23 years at the time of acquisition. Over the next five years, SISL aims to increase its fleet from the current 26 to about 28 ships.

Under the current Indian regulatory framework, Indian-owned and flagged vessels are given preference over foreign vessels for transporting any cargo that originates from India. This is implemented by giving the Indian-owned vessels a "right of first refusal" (also known as "cabotage") before a contract can be awarded to a foreign vessel owner. However, SISL bids competitively (because of its lower cost base) and does not rely on cabotage protection to win contracts. Strategically, SISL operates most of its vessels in the domestic cargo oil market and has benefited from the general rate arbitrage in domestic versus international deployment.

SISL has a small and efficient operations team consisting of about 125 core employees at the head office who manage the entire business. It has significantly strengthened its organization with the addition of several senior executives from the industry. It has also completely revamped its information technology system to enable it to implement robust operational, safety, security, and financial procedures.

With its market leadership, SISL established a maritime training institute near Mumbai which is accredited by the Directorate General of Shipping (DGS), Government of India to operate four flagship courses facilitating an annual intake of 520 students. It has successfully graduated 400 students with career placements on track. It has several memorandums of understanding with a few global shipping majors for shipboard training of its cadets.

Its revenue increased by 25% to $205.0 million and net income increased by 1% to $83.8 million (lower growth in net income is due to lower profit from sales of ships during the year). However, its operating EBITDA grew by a similar 22% in line with its revenue growth. Shareholders' equity grew by 11% to $231.1 million, generating a ROE of 35%, even after the special dividend in December 2024 as described above. This exceptional performance for two consecutive years has been made possible due to a very disciplined approach by management, taking advantage of high tanker rates, moving some vessels on spot charter back to time charter, and achieving average vessel utilization of around 96%. Despite some volatility in the last few years, SISL has mostly demonstrated stable and consistent revenue and had an EBITDA CAGR of about 37% in the last 10 years. Since the time we acquired our interest in SISL, it has generated a free cash flow of $302.4 million, an average annual free cash flow on investment of about 30%.

SISL has a great track record of acquiring ships at the right valuation with clear deployment opportunities. Given the inherent cyclical nature of its business, where the shipping lines are forced to be price takers, the factors under their control are well managed by management. A promising future for SISL will be the result from; a disciplined value investing approach towards acquiring ships, reducing unplanned downtimes with excellent vessel maintenance, sustaining a good safety record, excellent customer service, and regulatory compliance.

The fair value of Fairfax India's investment in Seven Islands increased to $146.0 million in 2024 from $142.8 million in 2023, implying a price to earnings* of 4.6 times and a price to free cash flow of 3.8 times.

National Commodities Management Services (NCML)

Indian agriculture sector represents 18% of GDP while it supports the livelihood of about 42% of the population. Crop production accounts for over 54% of agriculture. The agriculture sector has grown at a remarkable 4.2% over the past five years. Trade, hotels, communication and transport services account for around 18% of GDP. NCML is positioned at the cross section of these two systems and plays an important role in the food value chain.

In 2015, Fairfax India acquired approximately 88% of NCML for an aggregate investment of approximately $148.7 million. Our initial investment in NCML was premised on the vast scope for expansion given the various opportunities arising from pain points that were attracting government and policymakers to make a positive transformation to the agricultural economy of India. These pain points included; poor storage conditions, post-harvest losses, lack of access to formal credit and collateral, inefficient market linkages and various logistical bottlenecks, and high transportation costs which continue to persist today, still leaving vast opportunities for meaningful growth in the future.

NCML has operated for over 20 years in the agriculture value chain by offering end-to-end solutions in grain procurement, testing, storage and collateral management. NCML also offers commodity and weather intelligence service and financing to agriculture sector participants.

Total annual agriculture production of commodities such as cereals, pulses and oil seeds is estimated to be around 370 million metric tons while the storage capacity of agriculture warehousing is estimated to be 215 million metric tons of which the private sector capacity is estimated at 108 million metric tons. Within the private sector, organized players account for 27 million metric tons, unorganized and government leasing of private warehouses account for the balance. By some estimates, organized private sector capacity is expected to grow by over 10% per annum over the five years ending 2029. Similar growth is expected in ancillary services such as testing, certification, quality assurance and risk management. The current market size of the ancillary services is estimated to be $800 million.

NCML has about 2.3 million metric tons of storage capacity in over 165 locations with 771 warehouses in 16 states in India. It has a network of 16 regional offices, more than 750 touch points at agricultural produce markets and thousands of farmers and traders to facilitate procurement of commodities. NCML also operates six testing labs and over 2,380 weather stations, and created a financing loan book of 265 million Indian rupees.

* *Unless otherwise noted, price to earnings ratios relate to forecasted earnings for fiscal year 2024-25, with exception of Maxop and Saurashtra which use one-year forward earnings for fiscal year 2025-26. Also unless otherwise noted, price to free cash flow ratios relate to forecasted free cash flows for fiscal year 2024-25. Refer to the Appendix to the Letter to Shareholders for further detail.*

In our past letter to you, we chronicled various issues NCML went through leading to its poor performance against our initial expectations which include:

- Demonetization and GST-related challenges faced by the industry.
- Fall in the volume of commodities traded in NCDX.
- Challenges of banking system exposure to agriculture value chain.
- COVID-19 impact.
- Poor execution of silo projects by the management.
- Farmers protest against farm laws enactments in 2020 which were more intense around NCML operational areas.

In 2022, Sanjay Gupta was appointed as the CEO to turn the business around. Since then:

- The senior management team of NCML has been changed and stabilized.
- NCML has completed construction of six silo locations and expects the last one to be completed in early 2025. NCML surrendered the balance of nine projects that had become unviable due to cost overruns.
- Capital has been redirected to businesses with better return potential, such as warehousing, testing and inspection, weather intelligence and silos.
- NCML downsized businesses with poor risk/reward characteristics, specifically collateral management, supply chain management, Market Yard (agricultural commodity e-auction marketplace), and transportation segments.
- NCML focused on monetizing low yielding warehouse and land it held.
- NCML significantly reduced overheads to better align with the size of the business.
- NCML refinanced and repaid loans to right-size its capital structure.

To help NCML in its turnaround, during 2023, Fairfax India converted its $14.0 million investment in NCML's compulsorily convertible debentures into NCML common shares and invested an additional $24.0 million into 9.47% unsecured non-convertible debentures, due November 8, 2028.

2024 was a turnaround year for NCML; although revenue decreased slightly by 4% to $31.6 million, net loss decreased from $18.5 million to $7.0 million, and EBITDA (excluding impairment charges) was reported at $8.7 million compared to an EBITDA loss of $0.1 million in the previous year. Based on 2024 performance, it has returned to a growth trajectory.

The fair value of Fairfax India's investment in NCML decreased to $44.3 million in 2024 from $50.3 million in 2023.

A significant part of NCML's restructuring has been completed under Sanjay's leadership. NCML's work on capital allocation and business strategies has helped in turning around operating profitability in 2024. Our long term outlook on the opportunity in India's agriculture sector is strong. We believe that India is at an inflection point where it needs to significantly modernize its grain storage and transportation ecosystem. When undertaken, NCML will be the largest beneficiary of this reform, given its deep domain knowledge and wide geographical presence as one of the largest privately owned companies in this sector.

Saurashtra Freight (Saurashtra)

Saurashtra's principal business is owning and operating container freight stations (CFS), which are an important link between transport operators and shipping lines, effectively working as an extension of a port. CFS provides a facility outside of congested ports for temporary storage of goods pending customs clearance and further distribution.

Launched in 2005, Saurashtra currently operates two CFS. Its prime CFS is located five kilometers from Mundra port. With 24/7 operations, Saurashtra has the capacity to handle about 231,600 TEU (twenty-foot equivalent unit shipping containers) per annum and handled about 136,720 TEU in 2024 at Mundra, implying capacity utilization of about 59% and a reduction in volume of 5% from the previous year. The increasing trend in direct port delivery (DPD) volumes has impacted import volumes in the CFS business. Saurashtra maintained its market share of about 13% at Mundra port, the second highest among all CFS there.

It commenced its second CFS at Kandla in October 2024 making its first foray outside of Mundra port. With the additional annual 66,000 TEUs capacity at Kandla, its overall container handling capacity has increased by 28%.

Fairfreight Lines, the NVOCC (non-vessel operating common carrier) business launched by Saurashtra in 2017, reported a growth of 6% in operating revenue and 48% growth in operating profit driven by better margin and cost rationalization achieved during the year.

Under the able leadership of Raghav Agarwalla, Saurashtra produced better financial results in 2024, despite challenges faced in one of its divisions. Due to the drop in volume of containers, revenue decreased by 1% to $38.9 million. EBITDA increased by 16% to $14.0 million driven by its focus on high margin business and cost rationalization measures undertaken during the year. Its net income increased 19% to $6.4 million. In 2024, Saurashtra generated an ROE of 25% versus 19% the previous year, generated $10.1 million of free cash and at year-end had a cash balance of $9.8 million and debt of $5.5 million.

In 2017, Fairfax India invested $30.0 million to acquire a 51% interest in Saurashtra.

The fair value of Fairfax India's investment in Saurashtra increased slightly to $54.7 million in 2024 from $50.6 million in 2023, implying a price to earnings of 10.6 times and a price to free cash flow of 11.0 times. It has paid cumulative dividends to Fairfax India of $14.8 million since acquisition.

Manufacturing

Sanmar Chemical Enterprises (Sanmar)

The Sanmar Group is a diversified Indian business conglomerate with a rich history spanning over six decades. Founded in 1972 by the late Mr. N. Sankar, the group has a presence in various sectors, including chemicals, engineering, and shipping. Fairfax India's investment is in the chemicals business, which is housed within three operating companies, two in India – Chemplast Sanmar (CSL) and Chemplast Cuddalore Vinyls (CCVL) – and one in Egypt – TCI Sanmar (TCI).

In 2016, Fairfax India lent Sanmar the rupee equivalent of $300.0 million by way of non-convertible debentures (NCD) for a period of seven years. The NCDs provided for 3% payment-in-kind interest and a redemption premium such that the annual yield of the NCDs would be 13%. In addition, for $1.0 million Fairfax India received a 30% equity interest in Sanmar's entire chemicals business.

In 2019, Sanmar settled our $300.0 million of 13% bonds for $433.9 million, of which we invested $198.0 million in additional common shares of Sanmar based on an effective equity valuation of approximately $1.0 billion for the whole company, thereby increasing our equity ownership interest from 30% to 43%. This transaction returned approximately 76% of the capital that Fairfax India originally invested while increasing our ownership of Sanmar.

In 2020, Sanmar committed to reducing the company's overall debt. To achieve this objective, it committed to actively pursuing opportunities to raise additional equity capital to repay and restructure debt. It also decided to postpone investments in projects that exploit excellent growth and cost-saving opportunities until after its balance sheet was deleveraged. Sanmar made considerable progress in deleveraging its balance sheet.

In 2021, CCVL was made a 100% CSL subsidiary, thereby consolidating Sanmar's Indian chemical businesses under CSL. Sanmar then listed CSL on the Indian stock exchanges through an IPO raising $519 million, comprised of a primary issuance of equity shares of $175 million and a secondary sale of equity shares of $344 million by the holding company, in which Fairfax India has its 43% ownership.

- **Chemplast Sanmar Limited (CSL)**

Following the IPO, which valued 100% of CSL at $1.15 billion, the holding company's ownership of CSL is 55.0%, so Fairfax India's indirect ownership is 23.6%. The net proceeds were used to repay debt of about $165 million in CSL and about $300 million in the holding company. As a result, the debt at CSL and the holding company was fully repaid as at December 2021.

CSL remains the publicly listed flagship specialty chemicals company of the group that manufactures specialty paste PVC resin, caustic soda, and chloro-chemicals which find their end use in making flexible products like artificial leather, gloves, tarpaulins, conveyor belts, and coated fabrics. CSL has seven plants across four locations with various products and capacities as follows:

Location	Product	Capacity
Mettur (Tamil Nadu)	Specialty paste PVC	66,000 mtpa
	Caustic soda	62,000 mtpa
	Chloromethanes	35,000 mtpa
	Hydrogen peroxide	34,000 mtpa
	Refrigerant gas	1,700 mtpa
	Captive power plant (coal)	48.5 MW
Cuddalore (Tamil Nadu)	Specialty paste PVC	41,000 mtpa
Berigai (Tamil Nadu)	Custom manufacturing	4,500 mtpa
Karaikal (Puducherry)	EDC	84,000 mtpa
	Captive power plant (gas)	12.0 MW
	Caustic soda	57,000 mtpa

CSL ventured into a high-margin custom manufactured chemicals business (CMC) which involves manufacturing advanced intermediates for global agrochemicals, pharmaceuticals, and fine chemicals industries. CSL has developed a strong relationship with the big four innovators of agrochemicals. Over the past two years, it commissioned two multi-purpose production blocks with an initial investment of approximately $80 million.

During the year, CSL added 41,000 metric tons per annum (mtpa) of specialty paste PVC capacity at Cuddalore, a one-step process using vinyl chloride monomer (VCM) as its raw material, while 60% of CSL's paste PVC capacity is backward integrated.

- **Chemplast Cuddalore Vinyls Limited (CCVL)**

CCVL (100% subsidiary of CSL) manufactures a commodity chemical called suspension PVC (SPVC) which is used to make both rigid (pipes, fittings, profiles, hard flooring) and flexible products (flexible pipes, wires and cables, films, and sheets). With an overall capacity of 331,000 mtpa at Cuddalore, CCVL is the largest manufacturer of SPVC in the South and the second largest in India. India's demand for SPVC for fiscal year 2023-24 was 4 million mtpa which gives Sanmar a potential market share of around 8%.

CSL consolidated revenue grew by 9% to $538.4 million over the previous year and EBITDA of $25.0 million grew by 51%. It incurred a loss before tax of $19.4 million versus a loss of $13.7 million the previous year. Incremental capital costs of the capacity expansion in CMC and paste PVC discussed above resulted in the loss before tax. However, for the second year in a row, the performance of the paste as well as the SPVC business have been affected by market conditions. SPVC business performance over the past two years has been impacted by severe dumping from China. Poor demand in the U.S. due to poor housing construction activity further exacerbated the situation. The Southeast Asia PVC price per ton (on a cost and freight basis) has fallen from its peak of $1,460 in March 2022 to $770 in December 2024, with a low of $750 recorded in December 2023. Specialty paste PVC has also seen dumping from across geographies due to a global imbalance in supply and demand. The Government of India has introduced a provisional anti-dumping duty on paste PVC which has not helped much as dumping from EU remained uncovered. A provisional anti-dumping duty on import of SPVC ranging from $25/metric ton to $339/metric ton depending on the source of imports has been announced but awaiting implementation. Based on these measures, Sanmar management is hopeful for a positive effect in 2025. Demand for PVC remains robust in the Indian market growing at a CAGR of 7% to 8% with current demand estimated at over 4 million mtpa. With a domestic supply of around 1.5 million mtpa, Sanmar is well-positioned in its domestic PVC business.

- **TCI Sanmar (TCI)**

In 2007, Sanmar acquired TCI with the intention of setting up a large greenfield PVC plant in Egypt to cater to the high-growth markets of North Africa, the Middle East, and parts of Europe. In 2018, with help from the financing provided by Fairfax India, TCI completed a major expansion plan and added a new 200,000 mtpa PVC plant, taking total PVC capacity to 400,000 mtpa, and added a 130,000 mtpa calcium chloride plant and a 75,000 mtpa caustic soda by-product line. It also operates a unique 60,000 mtpa bio-ethylene plant with sugarcane-based ethanol as feedstock, resulting in bio-attributed Green PVC.

Location	Product	Capacity
Egypt	Caustic soda	275,000 mtpa
	Calcium chloride	130,000 mtpa
	Suspension paste PVC	400,000 mtpa
	Bio-ethylene	60,000 mtpa

Caustic soda has done well for TCI and it enjoys significant cost advantages given the low energy cost in Egypt. The PVC operation has been running at close to 100% capacity for the past two years. However, the global downcycle in PVC coinciding with the foreign exchange crisis in Egypt, adversely impacted TCI's performance. To fund its raw material imports, TCI was forced to export its PVC over the past two years. Domestic sales came down to 28% of sales in fiscal year 2023-24 and are expected to improve to 40% in fiscal year 2024-25. A gradual improvement in foreign currency availability is helping the shift and TCI is aiming to shift to 75% of sales in the domestic market over the coming years. TCI is also expecting certain trade measures from the Egyptian government given the severe dumping. Egypt currently has a 2% customs duty and 9% anti-dumping duty (ADD) on imports from the U.S. while imports from EU or China are without ADD.

TCI revenue for the year reduced to $420.0 million from $476.6 million in the previous year. Its EBITDA of $30.1 million was down 62% from $79.0 million. It reported a loss before tax of $107.1 million, primarily driven by higher finance costs.

The Sanmar Group has been supporting TCI operations which has helped it to remain in operation. Normalized demand for SPVC in Egypt is over 400,000 mtpa while the Middle East and Africa (MEA) region has a deficit of 1.5 million mtpa. TCI is well positioned to take advantage of its investments in Egypt.

At the consolidated level, Sanmar's revenue for the year fell 3% to $925.2 million, EBITDA of $55.3 million was down 42% and incurred a loss before tax of $124.9 million.

Global PVC capacity is around 60 million mtpa with demand estimated in the region of 50 million mtpa and is growing. China accounts for around 28 million mtpa capacity and 80% of Chinese capacity uses carbide-based technology. The rationalization of carbide-based capacities under the Minamata Convention is widely expected but with no clear timing of occurrence. PVC capacities of Sanmar are well located in deficit regions to address the local demand. Sanmar is taking initiatives to improve its cost competitiveness with possible backward integration and or to enter strategic partnerships to source VCM. Sanmar is also trying to exploit synergies between its operations in India and Egypt to take full advantage of the fast-growing Indian and MEA markets. It is also working towards improving its balance sheet liquidity and financial condition.

The fair value of Fairfax India's investment in Sanmar decreased to $201.4 million in 2024 from $302.9 million in 2023, primarily due to a decline in the valuation of TCI (to a value substantially less than replacement value), reflecting the challenges in Egypt discussed above. As such, Sanmar's fair value on December 31, 2024, was less than the publicly traded market price of CSL, despite TCI's significant upside potential when market conditions improve, as we expect they eventually will.

Fairchem Organics (Fairchem)

Fairchem, led by its founder Nahoosh Jariwala, is an oleochemicals company. Oleochemicals are broadly, chemicals that are derived from plant or animal fat and can be used for making both edible and non-edible products. In recent years, the production of oleochemicals has been moving from the U.S. and Europe to Asian countries due to local availability of key raw materials.

Fairchem occupies a unique niche in this large global playing field. It has developed an in-house technology that uses machinery designed by leading European suppliers to convert waste generated during the production of soya, sunflower and corn oils into valuable chemicals. These chemicals include acids that are used in non-edible products like soaps, detergents, personal care products and paints, and other products that are used in the manufacture of health foods and Vitamin E. The company's customers include major multinational companies including Archer Daniels Midland, Arkema and Asian Paints. Fairchem operates from a single plant in Ahmedabad, the largest city in Gujarat, the home state of PM Modi. This plant has one of the largest processing capacities for natural soft oil based fatty acids in India.

For 2024, its revenue declined by 5% to $69.4 million, net earnings decreased by 20% to $4.0 million and shareholders' equity grew by 8% to $35.2 million, generating an ROE of 11%. In the previous year, its profitability was impacted by high cost of raw material precipitated by the war in Ukraine and its related disruptions. During 2024, its performance was impacted by:

- Reduced demand from the paint industry, a major consumer for the product Linoleic acid;
- Poor demand conditions also resulted in pricing pressure from Chinese imports and domestic soya fatty acid manufacturers; and
- An unexpected imposition of additional import duty of 22% on vegetable oil by the Government of India with a view to protect farmers from overseas dumping resulting in higher cost of production of Dimer Acid.

Fairchem has taken several measures to counter the impact of the above challenges. It has launched a higher value product, isostearic acid, which has application in lubricants and finer grades, in cosmetics. This product is expected to reach full capacity by the end of 2025.

Fairchem has earmarked 40,000 metric tons out of its 120,000 metric tons capacity of raw material for use to process an abundantly available, locally produced raw material to make another high value product for which it has undertaken pilot plant trials. This would entail an additional investment of around $6 million with potential additional sales of $80 to 100 million in the coming years.

Fairchem has a history of making concerted effort to expand capacity and introduce newer products in its core area of oleochemicals in a cost-effective manner, funded by cash generated from the business.

After Fairchem's demerger from Privi Speciality Chemicals, Fairfax India owned a 67% stake in Fairchem for an investment since inception of $37.5 million. In November 2021, Fairfax India sold 14% of Fairchem for $45.6 million, recouping more than its entire investment.

In December 2024, Fairfax India made an additional investment of $4.5 million in Fairchem increasing its ownership from 52.8% to 55.3%.

Maxop Engineering Company (Maxop)

Maxop is a precision aluminum diecasting and machining solution provider for aluminum die cast components used by the automotive and industrial sectors, with customers in India, Asia, North America, and Europe. Based in New Delhi, it operates six plants in Manesar and two plants in Jaipur.

Fairfax India acquired a 67% equity interest in Maxop from Shailesh Arora, its founder and owner. It completed the first step of this transaction in November 2021 by acquiring a 51% stake for a payment of $29.5 million. As a second step as was previously agreed, Fairfax India purchased an additional 16% in September 2022 for a further payment of $21.9 million.

Maxop offers its customers die casting parts, complete machining with related assemblies along with in-house die design, simulation and manufacturing of tools and dies of such parts. OEMs and Tier 1 customers engage with Maxop from the inception of product development and design driven by its research and development capabilities. This association in the product development process ensures repeat orders from existing customers.

Shailesh has a strong customer orientation and has crafted Maxop as a single source supplier to most of its customers for the products it sells to them. He has focused on growing customer wallet share by adding at least one new part to a customer bouquet each year. He has built a strong organization catering to a wide array of customers around the world and is poised, with Fairfax India's support, to build Maxop into a world class leader in the precision engineered components manufacturing industry.

Maxop is well positioned to benefit from the global trend towards lightweight components as well as electric vehicle (EV) adoption in the automotive sector. Maxop currently caters to 3% of the domestic demand from passenger vehicle manufacturers, which is still at a nascent stage of only 30 cars per 1,000 people. During 2024, it received nominations for 72 additional parts of which 52 were from export markets.

In 2024, Maxop's revenue increased 28% over the previous year to $100.5 million. Exports increased to 52% of the revenue compared to 45% the previous year. Its gross profit margin was 51% and EBITDA margin was 22% compared to 20% in the previous year. Its net income grew 36% to $7.8 million.

The fair value of Fairfax India's investment in Maxop increased to $97.2 million in 2024 from $56.7 million in 2023, implying a price to earnings of 10.4 times and a price to free cash flow of 13.2 times.

Growth outlook for the coming years remains strong through volumes from a significant new customer and new part nominations from existing customers. Maxop has expanded its capacities to meet the increased demand and is in the process of setting up a separate manufacturing facility to supply the new customer.

Maxop's future looks very promising:

- As it continues to be a preferred supplier to its end customers;
- Has an expanding customer base;
- By expanding its design and manufacturing capabilities and its product portfolio with a clear focus on ensuring quality standards; and
- Its clear focus on cost management.

Jaynix Engineering (Jaynix)

Jaynix is a manufacturer of non-ferrous (primarily aluminum) electrical neutral bars, lugs, connectors and assemblies, and is a Tier 1 supplier to major electrical original equipment manufacturers in North America and Europe. It works with customers from product development to the implementation of supply chain and it holds inventory for most of its customers across North America.

In February 2022, Fairfax India acquired 70% of Jaynix Engineering for $32.5 million. Jaynix was founded in 2008 by two brothers and engineering graduates, Nikhil and Ninad Diwakar, in Nashik, Maharashtra. Jaynix is headquartered in Vadodara, Gujarat and operates with five manufacturing plants (three in Nashik and two in Vadodara). Its aluminum processing capacity is 600 tons per month.

Jaynix achieved several milestones in 2024:

- Jaynix has set up a captive Underwriter Lab (UL 486 A&B lab) at Vadodara which commenced operations in 2024 and has progressed on expected lines as reported earlier. It is fully operational with 43 test stations added and certified during 2024. This has enabled it to de-bottleneck a significant impediment in its supply chain and enable it to supply its aftermarket products directly to retailers/distributors in North America.

- It received its first orders from two Tier 1 customers in North America for fully assembled products and the assemblies, deliveries for which commenced in October 2024. This is expected to boost sales in 2025.
- It has hired a U.S. based consultant to help with designing Jaynix branded lugs which will be sold through distributors.
- It won the supplier of the year award from two of its large customers.

The global cable lugs market is valued at around $2 billion and is growing rapidly at around a 6% CAGR. The growth is driven by demand for data centers, switchgears, EV and transmission infrastructure. Strict UL certification requirements ensure high performance and safety. Jaynix is one of the few manufacturers outside of the U.S. that offers design, manufacturing and testing capabilities under one roof.

Nikhil and Ninad are passionate hands-on operators, with Nikhil focused on commercial business development efforts and Ninad on engineering and production. They will continue to drive the business and stay invested with a significant minority stake.

Jaynix is set to launch its own range of lugs and neutral bars in the U.S. market with products designed to perform better than the current offerings in the market. It is investing in a new facility to cater to this demand which is expected to be operational in mid-2025.

In 2024, Jaynix's revenue increased 30% over the previous year to $46.7 million, while EBITDA grew 43% and net profit grew 48%, to $14.8 million and $10.1 million, respectively, generating an ROE of 30%. Its performance is laudable in the context of the U.S. imposing tariffs of 39% on aluminum products from India, though this was removed later.

The fair value of Fairfax India's investment in Jaynix increased to $81.6 million in 2024 from $49.3 million in 2023, implying a price to earnings of 11.8 times and a price to free cash flow of 10.3 times.

Jaynix's growth prospects remain very robust.

Global Aluminium

In October 2024, Fairfax India acquired an effective 65% equity interest for $82.7 million in Global Aluminium – a world class manufacturer of extruded aluminum profiles founded by an enthusiastic second-generation entrepreneur, Anil Agarwal. We seized on an opportunity to have a great partner in Anil to run a business we believe has a huge runway for growth after winning his trust in our fair and friendly culture.

Global Aluminum is the third largest aluminum extrusion company in India with a capacity of 50,000 mtpa across two plants near Hyderabad. The Indian aluminum extrusion market is estimated to be $1.8 billion in 2023 and is projected to grow to $2.5 billion by 2027 at a CAGR of 8.2%. This growth is being driven by a rising demand for lightweight and durable products in:

- The building and construction industry (doors, windows, curtain walls, roofing, building wires);
- The automotive industry (roof rails, flats, rods, bumpers, tubes);
- The electronics and electrical industries (LED strips, overhead cables); and
- Industrial use (solar panels, round bars, tubes).

Most aluminum products are sold mill-finished – this market was valued at $1 billion in 2023 and constituted about 55% of the total Indian market. It is projected to grow at a CAGR of 7.7%. Anodized aluminum products are finding increasing applications and are projected to grow at 9.4% CAGR from $637 million in 2023 to $912 million in 2027. The powder-coated extrusion market is the smallest segment and is projected to grow at 6.8% CAGR from $179 million in 2023 to $233 million in 2027.

Based on our experience working with Maxop and Jaynix, we perceive structural tailwinds globally for aluminum products primarily driven by major user industries – building and construction, automotive and renewable energy. Environmental concerns, the push towards EVs and tightening fuel efficiency standards leading to an increase in the usage of aluminum by automotive industry, will enable further growth.

Global Aluminum has in-house capabilities to produce value-added products by anodizing and powder coating extrusions. Products of Global Aluminium have wide ranging applications and are catering to architecture, renewable energy, electricals and electronics and automotive industries. It has built a strong presence in the industry to become the third largest player in India by focusing on complex applications for industrial customers and shunning general trade which commonly caters to local construction businesses. It has invested in design capabilities to develop complex profiles and provides value-added services that help deliver finished products. It has developed a reputation for high-quality products with minimal defects, quick turnaround times for preparatory development activities and highly responsive after-sales service. It has a ready portfolio of over 50,000 dies, catering to over 15,000 profiles, and the ability to develop custom dies with short lead times. In any year, about 90% of revenue is from its existing customers with a well-diversified customer base with the top twenty customers accounting for only 45 to 50% of its revenue. It serves more than 25,000 customers and is well positioned to benefit from the China Plus One momentum.

At our carrying value, Global Aluminium is valued at 9.9 times its earnings and 12.0 times its free cash flow.

During 2024, Global Aluminum reported sales of $116.5 million, generating EBITDA of $11.1 million and net income of $4.3 million. It had borrowings of $15.0 million.

We have another growth engine in our portfolio with the addition of Global Aluminum.

Developments in India

In a year marked by economic uncertainty and continued geopolitical tension in Europe and the Middle East, incumbent governments worldwide experienced electoral loss of power. In such a milieu, India was an exception. The BJP retained power with PM Modi receiving a third successive five-year mandate, albeit leading a coalition government. Despite global headwinds, India's upward economic trajectory continues, and it will become the world's third largest economy in the next few years. The country has demonstrated resilience over the past five years in dealing with the pandemic, geopolitical uncertainty, supply chain disruptions, and fluctuating oil prices. While short-term growth projections have been revised downwards to the 6.0% to 6.5% range, India is still the world's fastest growing large economy, and its contribution to the world GDP is expected to reach over 9%, including adjustment for purchasing power parity, by 2027. Its foreign exchange reserves are amongst the world's top five, exceeding $600 billion, thereby allowing it to navigate market volatility. The RBI has stayed focused on meeting its stated inflation targets and the central government has demonstrated fiscal prudence, with a downward trend in the size of the fiscal deficit. In its most recent budget, the finance minister projected that the fiscal deficit's downward trajectory will continue and will be at 4.4% for this fiscal year (fiscal year 2025-26). Also, the budget left the corporate tax rate unchanged, provided significant tax cuts for the middle class, and simplified the process of tax filing and compliance.

The macro-economic fundamentals of India are strong, notably, a consumption-led economy with a strong services sector that is globally well-positioned and increased rural demand. Its manufacturing sector is poised for growth as well. Policies related to production-linked incentives have been introduced by the central government as India seeks to capitalize on corporations looking to diversify and mitigate geopolitical risk. India is amid a remarkable infrastructure drive, tripling the amount of government allocations from just 5 years ago. This has resulted in an unprecedented expansion of roads, highways, ports, airports and railways. India's financial sector is vibrant with well-capitalized banks, healthy balance sheets and strong profitability. India's private sector banks have increased their branches by 60% in the last decade. Significantly, financial inclusion has increased rapidly with over 500 million bank accounts.

These fundamental strengths have led to India becoming a top-tier FDI destination, with leading multinational corporations expanding their presence in India. Global firms are seeking Indian IT and digital expertise. iPhone production in India has risen exponentially since production began in 2017, with Apple indicating that over 20% of its iPhones will be produced in India in the coming year. Amazon's largest global location is in Hyderabad and Bengaluru has become a key destination for the "global capability centers", with Intel and Nvidia doing their design work in that city. These centers represent India's transition to higher end technology research and product development. In a span of a decade, from 2010-2021, American multinational companies have tripled their R&D expenditure in India. India's global services exports have witnessed a boom and represent almost 10% of GDP.

Concurrently, Indian companies have grown, and their market capitalization has risen markedly in the last decade. India's growing middle class is becoming active in the stock market, with the percentage of Indian households holding shares of some kind having increased significantly in the last five years to 20%. The aspirations of the new India are also evident in the rise of domestic and international tourism. Its expenditure on outbound tourism has nearly doubled in the past decade and is expected to rise by 17% in 2025.

India's digital transformation has been a landmark accomplishment. From biometric identification to real-time payments, to internet connectivity and telecoms, the digital economy has created a pathway for millions of Indians for basic services and for commercial purposes. Over 50% of Aadhar-linked bank account holders are women with many based in rural parts of the country. It is expected over half of bank deposits will be made online in the coming five years. Another aspect of India's growth story is the rise of the southern states in terms of their economic contribution, representing 30% of the country's GDP. Expanded economic activity is also taking place beyond the traditional strongholds of western and southern India. India's largest populous state, Uttar Pradesh has undertaken major policy reforms and has adopted business-friendly policies. The state of Assam recently announced a microchip plant from a leading Indian company and India's largest vaccine plant will be in the state of Odisha.

The outlook for India is most promising. The country is poised for an exciting future, a domestically driven consumption-led economy in the world's largest democracy, geopolitically important, and a reform-driven government, all point to a sustained period of economic growth.

As we end our ten years of operations, we would like to acknowledge the strong leadership provided by Amy Sherk, Chief Financial Officer (CFO), Jennifer Pankratz, General Counsel and Corporate Secretary, John Varnell, Vice President of Corporate Affairs, and Jennifer Allen, Vice President. Fairfax India is supported by a very small head office in Toronto, and we are grateful for the contributions of Jennifer Li, Judy Chow, McKinley Inglis, Victor Ma, Brad Van Hoffen, Kasi Rao, and Nadir Patel. We would also like to thank our independent directors – Chris Hodgson, Satish Rai, Sharmila Karve, Bill McFarland, the Honourable Jason Kenney and Lauren Templeton – for their wise advice, support and encouragement. We acknowledge with much gratitude the role that Deepak Parekh has played and we are grateful as he continues to be an advisor to us.

After six years as our CFO, Amy Sherk is transitioning to assume a new responsibility. While we are happy for her in her well-deserved move to the CFO of Fairfax Financial, we will miss her presence as the CFO of Fairfax India. We are happy that she will remain an executive officer of Fairfax India as Vice President, ensuring a seamless transition for her successor. We want to thank Amy for her outstanding contribution to Fairfax India during her presence as its CFO. We welcome Debbie Chalkley, our new CFO effective from March 10, 2025, who brings over two decades of experience, including over 13 years of experience with the Fairfax Group. She most recently served as the CFO of Onlia Insurance and, before that, in various corporate finance positions with Northbridge, including Vice President in both finance and information technology. Debbie is in the process of seamlessly assuming her role as the CFO of Fairfax India.

We are looking forward to connecting with you at our in-person and virtual annual meeting at 9:30 a.m. (Eastern time) on April 9, 2025.

March 7, 2025

Gopalakrishnan Soundarajan
Chief Executive Officer

Benjamin P. Watsa
Chairman

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Management's Responsibility for the Consolidated Financial Statements

The preparation and presentation of the accompanying consolidated financial statements, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and all financial information are the responsibility of management and have been approved by the Board of Directors (the "Board").

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Financial statements, by nature, are not precise since they include certain amounts based upon estimates and judgments. When alternative methods exist, management has chosen those it deems to be the most appropriate in the circumstances.

Management maintains appropriate systems of internal controls. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of the consolidated financial statements.

We, as Fairfax India's Chief Executive Officer and Chief Financial Officer, have certified Fairfax India's annual disclosure documents filed with the Canadian Securities Administrators in accordance with Canadian securities legislation.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and MD&A. The Board carries out this responsibility principally through its Audit Committee which is independent from management.

The Audit Committee is appointed by the Board and reviews the consolidated financial statements and MD&A; considers the report of the independent auditor; assesses the adequacy of the internal controls of the company; examines the fees and expenses for audit services; and recommends to the Board the independent auditor for appointment by the shareholders. The independent auditor has full access to the Audit Committee and meets with it to discuss their audit work, Fairfax India's internal control over financial reporting and financial reporting matters. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements and MD&A for issuance to the shareholders.

March 7, 2025

Gopalakrishnan Soundarajan
Chief Executive Officer

Amy Sherk
Chief Financial Officer

Independent Auditor's Report

To the Shareholders of Fairfax India Holdings Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Fairfax India Holdings Corporation and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2024 and 2023;
- the consolidated statements of earnings (loss) for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of certain Private Indian Investments – common stocks valued using discounted cash flow analyses *Refer to note 3 – Summary of Material Accounting Policies, note 4 – Critical Accounting Estimates and Judgments, note 5 – Indian Investments and note 6 – Cash and Investments to the consolidated financial statements.* The Company held financial instruments categorized as Private Indian Investments measured at fair value of $2,379 million as at December 31, 2024, of which a portion related to common stocks was valued by management using discounted cash flow analyses that use significant unobservable inputs. Significant unobservable inputs may include after-tax discount rates, long term growth rates and multi-year free cash flow forecasts prepared by investee management. Management applies significant judgment in determining after-tax discount rates and long term growth rates. We considered this a key audit matter due to (i) the significance of certain Private Indian Investments – common stocks valued by management using discounted cash flow analyses that use significant unobservable inputs and (ii) the significant judgment required by management when determining the fair value estimates of these Private Indian Investments – common stocks including the determination of significant unobservable inputs such as after-tax discount rates and long term growth rates. There was also a high degree of auditor subjectivity, judgment and audit effort in performing procedures relating to the valuation of these investments including the assessment of significant unobservable inputs. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the fair values of certain Private Indian Investments – common stocks valued using discounted cash flow analyses that use significant unobservable inputs, which included the following: • Tested the reasonableness of the multi-year free cash flow forecasts prepared by investees' management used in the discounted cash flow analyses by considering consistency with, as applicable: – current and past performance of the particular investment; and – relevant external market and industry data. • Tested the mathematical accuracy of the discounted cash flow analyses. • Professionals with specialized skill and knowledge in the field of valuation assisted in: – assessing the appropriateness of the methodology used in management's discounted cash flow analyses; and – assessing the reasonableness of the after-tax discount rates and long term growth rates used in management's discounted cash flow analyses and testing the underlying data. • Evaluated the disclosures made in the consolidated financial statements, particularly on the sensitivity of significant unobservable inputs used.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis of Financial Condition and Results of Operations and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report. The other information does not include information contained in the websites of the Company's Indian Investments as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operations.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Catriona Read.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 7, 2025

Consolidated Financial Statements

Consolidated Balance Sheets
as at December 31, 2024 and December 31, 2023
(US$ thousands)

	Notes	December 31, 2024	December 31, 2023
Assets			
Cash and cash equivalents	6, 15	59,322	174,615
Bonds	5, 6	180,507	63,263
Common stocks	5, 6	3,381,206	3,581,043
Total cash and investments		3,621,035	3,818,921
Interest and dividends receivable		8,849	1,367
Income taxes refundable	10	174	220
Other assets		722	1,027
Total assets		3,630,780	3,821,535
Liabilities			
Accounts payable and accrued liabilities		1,300	912
Accrued interest expense	7, 12	8,611	8,611
Income taxes payable	10	5,379	—
Payable to related parties	12	10,099	120,858
Deferred income taxes	10	149,780	108,553
Borrowings	7, 12	498,349	497,827
Total liabilities		673,518	736,761
Equity	8		
Common shareholders' equity		2,826,495	2,958,718
Non-controlling interests		130,767	126,056
Total equity		2,957,262	3,084,774
		3,630,780	3,821,535

See accompanying notes.

Signed on behalf of the Board

Director

Director

Consolidated Statements of Earnings (Loss)
for the years ended December 31, 2024 and 2023
(US$ thousands except per share amounts)

	Notes	2024	2023
Income			
Interest	6	19,504	16,833
Dividends	6	41,946	28,831
Net realized gains on investments	6	218,871	193,203
Net change in unrealized gains (losses) on investments	6	(167,654)	361,702
Net foreign exchange losses	6	(12,616)	(1,713)
		100,051	598,856
Expenses			
Investment and advisory fees	12	40,405	39,382
Performance fee	12	—	69,385
General and administration expenses	14	7,914	12,672
Interest expense	7	25,521	25,521
		73,840	146,960
Earnings before income taxes		26,211	451,896
Provision for income taxes	10	58,948	68,050
Net earnings (loss)		(32,737)	383,846
Attributable to:			
Shareholders of Fairfax India		(41,173)	371,770
Non-controlling interests	8	8,436	12,076
		(32,737)	383,846
Net earnings (loss) per basic and diluted share	9	$ (0.30)	$ 2.72
Shares outstanding (weighted average)	9	135,165,840	136,818,139

See accompanying notes.

Consolidated Statements of Comprehensive Income (Loss)
for the years ended December 31, 2024 and 2023
(US$ thousands)

	2024	**2023**
Net earnings (loss)	(32,737)	383,846
Other comprehensive loss, net of income taxes		
Item that may be subsequently reclassified to net earnings		
Unrealized foreign currency translation losses, net of income taxes of nil (2023 – nil)	(85,545)	(18,614)
Comprehensive income (loss)	(118,282)	365,232
Attributable to:		
Shareholders of Fairfax India	(122,993)	353,913
Non-controlling interests	4,711	11,319
	(118,282)	365,232

See accompanying notes.

Consolidated Statements of Changes in Equity
for the years ended December 31, 2024 and 2023
(US$ thousands)

	Subordinate voting shares	Multiple voting shares	Share-based payments, net	Retained earnings	Accumulated other comprehensive loss	Common shareholders' equity	Non-controlling interests	Total equity
Balance as of January 1, 2024	1,113,147	300,000	(364)	2,175,468	(629,533)	2,958,718	126,056	3,084,774
Net earnings (loss) for the year	–	–	–	(41,173)	–	(41,173)	8,436	(32,737)
Other comprehensive loss:								
Unrealized foreign currency translation losses	–	–	–	–	(81,820)	(81,820)	(3,725)	(85,545)
Purchases for cancellation (note 8)	(5,882)	–	–	(2,542)	–	(8,424)	–	(8,424)
Purchases and amortization	–	–	(622)	–	–	(622)	–	(622)
Other	–	–	–	(184)	–	(184)	–	(184)
Balance as of December 31, 2024	1,107,265	300,000	(986)	2,131,569	(711,353)	2,826,495	130,767	2,957,262
Balance as of January 1, 2023	1,143,368	300,000	(379)	1,810,723	(611,676)	2,642,036	114,737	2,756,773
Net earnings for the year	–	–	–	371,770	–	371,770	12,076	383,846
Other comprehensive loss:								
Unrealized foreign currency translation losses	–	–	–	–	(17,857)	(17,857)	(757)	(18,614)
Purchases for cancellation (note 8)	(30,221)	–	–	(7,025)	–	(37,246)	–	(37,246)
Purchases and amortization	–	–	15	–	–	15	–	15
Balance as of December 31, 2023	1,113,147	300,000	(364)	2,175,468	(629,533)	2,958,718	126,056	3,084,774

See accompanying notes.

Consolidated Statements of Cash Flows
for the years ended December 31, 2024 and 2023
(US$ thousands)

	Notes	2024	2023
Operating activities			
Net earnings (loss)		(32,737)	383,846
Items not affecting cash and cash equivalents:			
Net bond discount amortization		(478)	(2,282)
Performance fee	12	–	69,385
Deferred income taxes	10	45,297	58,731
Amortization of share-based payment awards		174	58
Net realized gains on investments	6	(218,871)	(193,203)
Net change in unrealized (gains) losses on investments	6	167,654	(361,702)
Net foreign exchange losses	6	12,616	1,713
Net sales of short term investments		397	51,712
Purchases of investments	15	(353,630)	(330,608)
Sales of investments	15	385,858	384,508
Changes in operating assets and liabilities:			
Interest and dividends receivable		(7,695)	806
Income taxes refundable		41	792
Income taxes payable		5,504	(332)
Payable to related parties – settlement of performance fees		(110,158)	–
Payable to related parties – other		(500)	1,402
Other		3,093	1,784
Cash provided by (used in) operating activities		(103,435)	66,610
Financing activities			
Subordinate voting shares:			
Purchases for cancellation	8	(8,424)	(37,246)
Cash used in financing activities		(8,424)	(37,246)
Increase in cash and cash equivalents		(111,859)	29,364
Cash and cash equivalents – beginning of year		174,615	147,448
Foreign currency translation		(3,434)	(2,197)
Cash and cash equivalents – end of year	15	59,322	174,615

See accompanying notes.

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1. Business Operations

Fairfax India Holdings Corporation ("the company" or "Fairfax India") is an investment holding company whose 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, or dependent on, India ("Indian Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage Infrastructure Investments Holdings Limited ("Anchorage"), a consolidated subsidiary of FIH Mauritius based in India.

Fairfax Financial Holdings Limited ("Fairfax") is Fairfax India's ultimate parent and acts as its administrator. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Hamblin Watsa Investment Counsel Ltd. (the "Portfolio Advisor"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the province of Ontario, is the portfolio advisor of the company and its consolidated subsidiaries, and is responsible to source and advise with respect to all investments. Refer to note 12 for details on Fairfax's voting rights and equity interest in the company.

The company is federally incorporated and is domiciled in Ontario, Canada. The principal office of the company, Fairfax and the Portfolio Advisor is located at 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7.

2. Basis of Presentation

The company's consolidated financial statements for the year ended December 31, 2024 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The company has determined that it continues to meet the definition of an investment entity under IFRS Accounting Standards (see note 3).

The consolidated balance sheets of the company are presented on a non-classified basis. Except for bonds, common stocks, deferred income taxes, and borrowings, all other assets expected to be realized and liabilities due to be settled within one year are considered current.

The preparation of the company's consolidated financial statements requires management to make a number of estimates and judgments that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the reported amounts of income and expenses during the reporting periods covered by the consolidated financial statements and the related note disclosures. Critical accounting estimates and judgments are described in note 4.

These consolidated financial statements were approved for issue by the company's Board of Directors on March 7, 2025.

3. Summary of Material Accounting Policies

The principal accounting policies applied to the preparation of these consolidated financial statements and the methods of computation have been consistently applied to all periods presented unless otherwise stated, and are as set out below.

Determination of investment entity status

An entity that meets the IFRS 10 *Consolidated Financial Statements* ("IFRS 10") definition of an investment entity is required to measure its investments in subsidiaries at fair value through profit or loss ("FVTPL") rather than consolidate them (other than those subsidiaries that provide investment-related services to the company and are not investment entities themselves).

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis. The company continues to meet the definition of an investment entity, as its strategic objective of investing in Indian Investments and providing investment management services to investors for the purpose of generating returns in the form of long term capital appreciation, remains unchanged. The company has also determined that FIH Mauritius, FIH Private and Anchorage continue to provide investment-related services to the company and should continue to be consolidated.

The company may from time to time seek to monetize any of its Indian Investments. The circumstances under which the company may sell some or all of its investments include: (i) where the company believes that the Indian Investments are fully valued or that the original investment thesis has played out; or (ii) where the company has identified other investment opportunities which it believes present more attractive risk-adjusted return opportunities and additional capital is needed to make such alternative investments.

The company would exit its private Indian Investments ("Private Indian Investments", as disclosed later in note 5) either through initial public offerings ("IPO") or private sales. For publicly traded Indian Investments ("Public Indian Investments", as disclosed later in note 5), exit strategies may include selling the investments through private placements or in public markets.

Consolidation

Subsidiaries – A subsidiary is an entity that the company controls. The company controls an entity when it has power over the entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. As an investment entity the company is required to account for its investments in subsidiaries (Fairchem Organics Limited ("Fairchem Organics"), National Commodities Management Services Limited ("NCML"), Saurashtra Freight Private Limited ("Saurashtra"), Maxop Engineering Company Private Limited ("Maxop"), Jaynix Engineering Private Limited ("Jaynix") and Global Aluminium Private Limited ("Global Aluminium")) at FVTPL in accordance with IFRS 9 *Financial Instruments* ("IFRS 9") rather than by consolidation.

As FIH Mauritius, FIH Private and Anchorage continue to be consolidated, all intercompany balances, profits and transactions with these subsidiaries are eliminated in full.

Non-controlling interests – Subsequent to initial recognition, the carrying value of non-controlling interests is adjusted for the non-controlling interest's share of changes in the subsidiary's net earnings (loss) and capital. Effects of transactions with non-controlling interests are recorded in common shareholders' equity if there is no change in control.

Investments in associates

An associate is an entity over which the company has the ability to exercise significant influence, but not control. As an investment entity, the company accounts for its investments in associates IIFL Capital Services Limited ("IIFL Capital", formerly IIFL Securities Limited), 5paisa Capital Limited ("5paisa"), CSB Bank Limited ("CSB Bank"), Sanmar Chemical Enterprises Limited ("Sanmar"), Bangalore International Airport Limited ("BIAL") and Seven Islands Shipping Limited ("Seven Islands")) at FVTPL in accordance with IFRS 9 rather than under the equity method of accounting.

Foreign currency translation

Functional and presentation currency – The consolidated financial statements are presented in U.S. dollars while the Indian rupee is the functional currency of the company and its consolidated subsidiaries.

Although the company's Indian Investments are denominated in Indian rupees, its primary financial reporting objective is to measure long term capital appreciation in U.S. dollars. Accordingly, the company presents its consolidated financial statements in U.S. dollars to provide comparability with other North American investment entities.

Foreign currency transactions – Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in net foreign exchange gains (losses) in the consolidated statements of earnings (loss). Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction. Non-monetary items carried at fair value are translated using the exchange rate at the date the fair value is determined.

Translation to the presentation currency – The consolidated balance sheets and consolidated statements of earnings (loss) of Fairfax India and its consolidated subsidiaries are translated to the presentation currency as follows:

- assets and liabilities are translated using exchange rates at the balance sheet dates;

- income and expenses are translated at average exchange rates for the periods presented; and
- net unrealized gains or losses resulting from this translation are recognized in accumulated other comprehensive income (loss).

Upon loss of control of FIH Mauritius, FIH Private or Anchorage, a proportionate share of the cumulative amount of exchange differences recognized in accumulated other comprehensive income (loss) and accumulated in a separate component in equity would be recycled to the consolidated statements of earnings (loss) as part of the determination of the gain or loss on deconsolidation of these consolidated subsidiaries.

Comprehensive income (loss)

Comprehensive income (loss) consists of net earnings (loss) and other comprehensive income (loss), and includes all changes in total equity during a reporting period, except for those resulting from investments by owners and distributions to owners. Unrealized foreign currency translation gains (losses), net of income taxes, arising from the translation of the company's Indian rupee functional currency consolidated financial statements to the U.S. dollar presentation currency are recognized in other comprehensive income (loss) and included in accumulated other comprehensive income (loss) until recycled to the consolidated statements of earnings (loss) in the future. Accumulated other comprehensive income (loss) is included in the consolidated balance sheets as a component of common shareholders' equity.

Consolidated statements of cash flows

The company's consolidated statements of cash flows are prepared in accordance with the indirect method, classifying cash flows by operating, investing and financing activities.

Cash and cash equivalents – Cash and cash equivalents consist of cash on hand, demand deposits with banks and other short term highly liquid investments with maturities of three months or less when purchased, and exclude cash that is restricted. The carrying value of cash and cash equivalents approximates fair value.

Total Cash and Investments

Total cash and investments include cash and cash equivalents, short term investments, derivatives, bonds and common stocks. Management determines the appropriate classifications of investments at their acquisition date.

Classification – Short term investments, derivatives, bonds and common stocks are classified as FVTPL. The company manages these investments on a fair value basis, using fair value information to assess investment performance and to make investment decisions.

Recognition and measurement – The company recognizes purchases and sales of investments on the trade date, the date on which the company commits to purchase or sell the investment. Transactions pending settlement are reflected on the consolidated balance sheets as payable for partly paid securities. Transaction costs related to investments classified as FVTPL are expensed as incurred in the consolidated statements of earnings (loss). The company recognizes cash and investments at fair value upon initial recognition.

Subsequent to initial recognition, investments classified as FVTPL are measured at fair value with changes in fair value reported in the consolidated statements of earnings (loss) as income comprised of interest, dividends, net realized gains (losses) on investments and net change in unrealized gains (losses) on investments. Interest represents interest income on short term investments and bonds calculated using the effective interest method, net of investment expenses and includes bank interest. Calculation of a debt instrument's effective interest rate does not consider expected credit losses and requires estimates of future cash flows considering all contractual terms of the financial instrument including the stated interest rate, discount or premium, and any origination or structuring fees. Interest receivable is shown separately on the consolidated balance sheets based on the debt instruments' stated rates of interest. Dividends represent dividends received on holdings of common stocks and are recognized when the company's right to receive payment is established. All other changes in fair value are reported in net realized gains (losses) on investments and net change in unrealized gains (losses) on investments in the consolidated statements of earnings (loss). For short term investments and bonds, the sum of interest income, net realized gains (losses) on investments and net change in unrealized gains (losses) on investments is equal to their total change in fair value for the reporting period.

Interest, dividends, net realized gains (losses) on investments and net change in unrealized gains (losses) on investments are reported as operating activities in the consolidated statements of cash flows.

Derecognition – An investment is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the company has transferred substantially all the risks and rewards of ownership.

Short term investments – Highly liquid debt instruments with maturity dates between three and twelve months when purchased are classified as short term investments.

Bonds – Debt instruments with maturity dates greater than twelve months when purchased, or illiquid debt instruments with maturity dates of less than twelve months when purchased, are classified as bonds. The carrying value of bonds excludes the debt instrument's accrued interest receivable at the stated rate of interest.

Derivatives – Derivatives represent forward contracts and warrants, which derive their value primarily from changes in underlying equity instruments. The fair value of derivatives in a gain position are presented on the consolidated balance sheets within total cash and investments, as derivatives. The fair value of derivatives with no upfront cost and in a loss position are presented on the consolidated balance sheets in derivative obligations. The initial premium paid for a derivative contract, if any, would be recorded as a derivative asset and subsequently adjusted for changes in the fair value of the contract at each reporting date. Changes in the fair value of derivatives are recorded within net change in unrealized gains (losses) on investments in the consolidated statements of earnings (loss).

Determination of fair value – Fair values for substantially all of the company's financial instruments are measured using market or income approaches. Considerable judgment may be required in interpreting market data used to develop estimates of fair value. Accordingly, actual values realized in future market transactions may differ from the estimates presented in these consolidated financial statements. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values. The fair values of financial instruments are based on bid prices for financial assets and ask prices for financial liabilities. The company categorizes its fair value measurements using a three-level fair value hierarchy in accordance with IFRS Accounting Standards as described below:

Level 1 – Inputs represent unadjusted quoted prices for identical instruments exchanged in active markets. The fair values of the company's Public Indian Investments that are not subject to selling restrictions are based on published quotes in active markets.

Level 2 – Inputs include directly or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar financial instruments exchanged in active markets, quoted prices for identical or similar financial instruments exchanged in inactive markets and other market observable inputs. The fair values of the company's investments in Government of India and Indian corporate bonds are based on information provided by independent pricing service providers.

Level 3 – Inputs include unobservable inputs that require management to use its own assumptions regarding unobservable inputs as there is little, if any, market activity in these instruments or related observable inputs that can be corroborated at the measurement date. The fair values of the company's Public Indian Investments subject to selling restrictions are based on published quotes in active markets, net of a discount for lack of marketability, which is not a market observable input. The majority of the company's Private Indian Investments are based on discounted cash flow analyses and recent third party transactions which utilize inputs that are not market observable such as after-tax discount rates, long term growth rates, and third party transaction prices.

Transfers between fair value hierarchy levels are considered effective from the beginning of the annual reporting period in which the transfer is identified.

Valuation techniques used by the company's independent pricing service providers and third party broker-dealers include use of prices from similar instruments where observable market prices exist, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants. The company assesses the reasonableness of pricing received from these third party sources by comparing the fair values received to recent transaction prices for similar assets where available, to industry accepted discounted cash flow models (that incorporate estimates of the amount and timing of future cash flows and market observable inputs such as credit spreads and discount rates) and to option pricing models (that incorporate market observable inputs including the quoted price, volatility and dividend yield of the underlying security and the risk-free rate).

Net realized gains (losses) on investments, and Net change in unrealized gains (losses) on investments

Where a financial instrument continues to be held by the company at the end of a reporting period, changes in the fair value of that instrument during the reporting period, excluding those changes reported as interest and dividends, are presented in net change in unrealized gains (losses) on investments. On disposition of that financial instrument, its inception-to-date net gain (loss), excluding those changes previously reported as interest and dividends, is presented as net realized gains (losses) on investments in the consolidated statements of earnings (loss). The cumulative unrealized net gain (loss) recognized in prior periods on that financial instrument is then reversed in net change in unrealized gains (losses) on investments in the consolidated statements of earnings (loss). The sum of the net realized gain (loss) and the cumulative reversal of prior period unrealized gains (losses) equals that financial instrument's net gain (loss) on investment for the current reporting period.

Performance fees

Performance fees are estimated and accrued at the end of each reporting period within the calculation period. An estimate is also made for the number of shares to be issued, if any, on settlement for the purposes of the calculation of diluted earnings per share based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the last day of the reporting period ("VWAP").

Income taxes

The provision for income taxes for the period comprises current and deferred income tax. Income taxes are recognized in the consolidated statements of earnings (loss), except when related to items recognized in other comprehensive income (loss) or directly in equity. In those cases, income taxes are also recognized in other comprehensive income (loss) or directly in equity, respectively.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is calculated under the liability method whereby deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases at the current substantively enacted tax rates. Changes in deferred income tax associated with components of other comprehensive income (loss) are recognized in other comprehensive income (loss) while all other changes in deferred income tax are included in the provision for income taxes in the consolidated statements of earnings (loss).

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Carry forwards of unused losses or unused tax credits are tax effected and recognized as deferred tax assets when it is probable that future taxable profits will be available against which these losses or tax credits can be utilized.

Deferred income tax is not recognized on unremitted earnings from the company's subsidiaries' holdings of Indian Investments where the company has determined it is not probable that those earnings will be repatriated in the foreseeable future.

Current and deferred income tax assets and liabilities are offset when income taxes are levied by the same taxation authority and there is a legally enforceable right of offset.

Borrowings

Borrowings are initially recognized at fair value, net of incremental and directly attributable transaction costs, and subsequently measured at amortized cost. Interest expense on borrowings is recognized in the consolidated statements of earnings (loss) using the effective interest method. Foreign exchange gains (losses) on U.S. dollar denominated borrowings are recognized in the consolidated statements of earnings (loss). Borrowings are derecognized when extinguished, with any gain or loss on extinguishment recognized in the consolidated statements of earnings (loss).

Equity

Common stock issued by the company is classified as equity when there is no contractual obligation to transfer cash or other financial assets to the holder of the shares. Incremental costs directly attributable to the issue or purchase for cancellation of equity instruments are recognized in equity, net of tax.

Dividends and other distributions to holders of the company's equity instruments are recognized directly in equity.

Share-based payments

The company has restricted share plans or equivalent for its directors and employees with vesting periods of up to ten years from the date of grant. The fair value of restricted share awards on the grant date is amortized to salaries and employee benefit expenses, included in general and administration expenses in the consolidated statements of earnings (loss), over the vesting period, with a corresponding increase in share-based payments, net, in the consolidated statements of changes in equity. At each balance sheet date, the company reviews its estimates of the number of restricted share awards expected to vest.

Net earnings (loss) per share

Basic net earnings (loss) per share is calculated by dividing the net earnings (loss) attributable to shareholders of Fairfax India by the weighted average number of subordinate and multiple voting shares issued and outstanding during the period.

Net earnings (loss) per diluted share

Diluted net earnings (loss) per share is calculated in the same manner as basic net earnings (loss) per share except that the weighted average number of subordinate and multiple voting shares outstanding during the period is adjusted for the dilutive effect, if any, of the contingently issuable subordinate voting shares or settlement in subordinate voting shares relating to the performance fee payable to Fairfax (see note 12) that would have been outstanding during the period had all potential subordinate voting shares been issued at the beginning of the period.

New accounting pronouncement adopted in 2024

On January 1, 2024 the company adopted the following amendments, which did not have an impact on the company's consolidated financial statements: *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* and *Non-current Liabilities with Covenants (Amendments to IAS 1)*.

New accounting pronouncements issued but not yet effective

The following new standards and amendments have been issued by the International Accounting Standards Board ("IASB") and were not yet effective for the fiscal year beginning January 1, 2024. The company is currently evaluating their expected impact on its consolidated financial statements and does not expect to adopt them in advance of their effective dates. The standards are not expected to have a material impact on the company's financial statements when adopted.

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024 the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements,* which will replace IAS 1 *Presentation of Financial Statements*, while carrying forward many of the requirements in IAS 1. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of earnings and to provide disclosures on management-defined performance measures in the notes to the financial statements, and also makes certain amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share*. The standard is to be applied retrospectively, with specific transition provisions, for annual reporting periods beginning on or after January 1, 2027 with earlier application permitted.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

On May 30, 2024 the IASB issued targeted amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* which included clarifying the date of recognition and derecognition of some financial assets and liabilities, with an exception relating to the derecognition of financial liabilities that are settled using an electronic payment system, and additional required disclosures for financial assets and liabilities with contractual terms that reference a contingent event (including environmental, social and governance linked features). The amendments are to be applied retrospectively on or after January 1, 2026 with early application permitted. An entity is not required to restate comparative information when it first applies these amendments, however, is permitted to do so only if possible without the use of hindsight. If an entity does not restate prior periods, the cumulative effect of initially applying the amendments is recognized as an adjustment to opening equity.

4. Critical Accounting Estimates and Judgments

In the preparation of the company's consolidated financial statements, management has made a number of critical accounting estimates and judgments which are discussed below. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Where estimates were made, the reported amounts of assets, liabilities, income and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future earnings were known at the time the consolidated financial statements were prepared.

Valuation of Private Indian Investments

The valuation of the company's Private Indian Investments are assessed at the end of each reporting period.

Fair values for substantially all of the company's Indian Investments are measured using market or income approaches. Considerable judgment may be required in developing estimates of fair value, particularly for valuations of Private Indian Investments. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company utilizes Fairfax's valuation personnel to assist with the valuation of its investment portfolio. Detailed valuations are performed for those financial instruments that are priced internally. The company does not use independent valuation experts to determine the fair value of its Private Indian Investments. The company's Chief Financial Officer oversees the valuation function and regularly reviews valuation processes and results, including at each quarterly reporting period. Significant valuation matters, particularly those requiring extensive judgment, are communicated to the company's Audit Committee.

Notwithstanding the rigour of the company's valuation processes, the valuations of Private Indian Investments, including the company's valuations of BIAL, Sanmar, Seven Islands, Maxop, Jaynix, Saurashtra, NCML and Global Aluminium, inherently have estimation uncertainty and different assumptions could lead to materially different fair values. Significant judgments and assumptions are required to determine the discounted cash flow, including multi-year free cash flow forecasts prepared by investees' management, after-tax discount rates and long term growth rates. Further discussion on these assumptions specific to each Indian Investment are included in note 5 under the respective heading of each Indian Investment. Discounted cash flows are subject to a sensitivity analysis (see note 6) given the uncertainty in preparing forecasts.

Income taxes

The company is subject to income taxes in Canada, Mauritius and India, and the company's determination of its tax liability or receivable is subject to review by those applicable tax authorities. The company exercised judgment in assessing that unremitted earnings related to its subsidiaries' holdings of Indian Investments, as disclosed in note 10, are not expected to result in taxable amounts as the company has determined it is not probable that those unremitted earnings will be repatriated in the foreseeable future; as a consequence no tax has been recorded in the consolidated financial statements on these unremitted earnings. While the company believes its tax positions to be reasonable, where the company's interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for income taxes may increase or decrease in future periods to reflect actual experience. The company receives specialized tax advice for assessing the income tax consequences of planned transactions and events, and undertaking the appropriate tax planning from Fairfax tax personnel.

Realization of deferred income tax assets is dependent upon the generation of taxable income in those jurisdictions where the relevant tax losses and temporary differences exist. Tax legislation of each jurisdiction in which the company operates is interpreted to determine the provision for (recovery of) income taxes and expected timing of the reversal of deferred income tax assets and liabilities. The company exercised judgment that certain carryforwards of unused losses or unused tax credits and timing differences disclosed in note 10 should not be recognized as a deferred income tax asset as it was considered not probable that those losses could be utilized by the company in the foreseeable future.

Consolidation of Anchorage

The company holds 43.6% out of its 64.0% equity interest in BIAL through Anchorage. In September 2021, the company sold an 11.5% equity interest (on a fully-diluted basis) in Anchorage to Ontario Municipal Employees Retirement System ("OMERS"), resulting in the recognition of non-controlling interests. The company exercised significant judgment in determining that Anchorage will continue to provide investment related services to the company on current and potential investments in the infrastructure sector in India and not meet the definition of an investment entity based on the facts and circumstances known or knowable at this time. As a result, the company will continue to consolidate Anchorage. The company's assessment of this position requires an ongoing analysis of Anchorage's strategic objectives and business activities. Accordingly, Anchorage's status in relation to the company as a consolidated subsidiary may change in future reporting periods based on the facts and circumstances at that time.

5. Indian Investments

Throughout the company's consolidated financial statements for the year ended December 31, 2024, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed within this note.

Summary of Changes in the Fair Value of the Company's Indian Investments

A summary of changes in the fair value of the company's Public and Private Indian Investments during 2024 is as follows:

	2024							
	Balance as of January 1	**Purchases**	**Sales**	**Amortization**	**Net realized gains on investments**	**Net change in unrealized gains (losses) on investments(1)**	**Net unrealized foreign currency translation gains (losses)**	**Balance as of December 31**
Public Indian Investments:								
Common stocks:								
IIFL Capital (formerly IIFL Securities)	147,437	–	–	–	–	183,854	(8,301)	322,990
IIFL Finance(2)	412,151	33,089	–	–	–	(124,222)	(9,617)	311,401
CSB Bank(3)	409,335	–	(71,298)	–	43,001	(118,492)	(7,790)	254,756
Fairchem Organics(4)	102,998	4,462	–	–	–	(2,361)	(2,865)	102,234
5paisa	52,129	–	–	–	–	(8,988)	(1,258)	41,883
Other	2,751	–	(3,469)	–	330	399	(11)	–
Derivatives:								
IIFL Finance forward derivative(2)	–	–	(8,210)	–	8,210	–	–	–
Total Public Indian Investments	1,126,801	37,551	(82,977)	–	51,541	(69,810)	(29,842)	1,033,264
Private Indian Investments:								
Common stocks:								
BIAL	1,599,988	–	–	–	–	78,635	(46,635)	1,631,988
Sanmar	302,881	–	–	–	–	(95,100)	(6,335)	201,446
Seven Islands	142,839	–	–	–	–	7,321	(4,170)	145,990
Maxop	56,674	–	–	–	–	43,067	(2,565)	97,176
Jaynix	49,277	–	–	–	–	34,463	(2,163)	81,577
Global Aluminium	–	82,729	–	–	–	–	(1,492)	81,237
Saurashtra	50,551	–	–	–	–	5,683	(1,546)	54,688
NCML	50,327	–	–	–	–	(4,774)	(1,303)	44,250
IH Fund	13,090	–	(1,619)	–	–	(1,592)	(289)	9,590
NSE	188,615	–	(188,948)	–	167,335	(167,222)	220	–
Other Indian Fixed Income	31,469	–	–	446	–	–	(892)	31,023
Total Private Indian Investments	2,485,711	82,729	(190,567)	446	167,335	(99,519)	(67,170)	2,378,965
Total Indian Investments	3,612,512	120,280	(273,544)	446	218,876	(169,329)	(97,012)	3,412,229

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period, with the exception of net change in unrealized losses of $167,222 related to the reversal of prior period unrealized gains upon the sale of NSE common shares.

(2) On May 17, 2024 in connection with the IIFL Finance Rights Offer, the company acquired an additional 6,911,076 common shares of IIFL Finance with a fair value of $33,089 (representing IIFL Finance's market price on the date of acquisition) for cash consideration of $24,879 (2.1 billion Indian rupees) (based on the IIFL Finance Rights Offer exercise price). As a result of the difference between market price and exercise price, the company recorded a gain on the IIFL Finance forward derivative of $8,210.

(3) On June 27, 2024 the company completed market sales of 16,868,645 common shares of CSB Bank for $71,298 (6.0 billion Indian rupees), resulting in realized gains of $43,001.

(4) During December 2024 the company completed market purchases of 324,000 common shares of Fairchem Organics for $4,462 (379.4 million Indian rupees).

A summary of changes in the fair value of the company's Public and Private Indian Investments during 2023 is as follows:

	2023							
	Balance as of January 1	**Purchases**	**Sales**	**Amortization**	**Net realized gains (losses) on investments**	**Net change in unrealized gains (losses) on investments(1)**	**Net unrealized foreign currency translation gains (losses)**	**Balance as of December 31**
Public Indian Investments:								
Common stocks:								
IIFL Finance(2)	493,341	–	(177,324)	–	177,324	(79,044)	(2,146)	412,151
CSB Bank	223,268	–	–	–	–	188,770	(2,703)	409,335
IIFL Capital (formerly IIFL Securities)	65,837	–	–	–	–	82,598	(998)	147,437
Fairchem Organics	111,083	–	–	–	–	(7,495)	(590)	102,998
5paisa	28,421	–	–	–	–	24,052	(344)	52,129
Other	15,577	–	(13,447)	–	6,403	(5,869)	87	2,751
360 ONE (formerly IIFL Wealth)	46,730	–	(45,974)	–	16,551	(17,727)	420	–
Total Public Indian Investments	984,257	–	(236,745)	–	200,278	185,285	(6,274)	1,126,801
Private Indian Investments:								
Common stocks:								
BIAL	1,233,747	250,000	–	–	–	125,033	(8,792)	1,599,988
Sanmar	337,846	–	–	–	–	(33,249)	(1,716)	302,881
NSE	159,627	–	–	–	–	30,141	(1,153)	188,615
Seven Islands	96,910	–	–	–	–	46,841	(912)	142,839
Maxop	51,886	–	–	–	–	5,128	(340)	56,674
Saurashtra	50,707	–	–	–	–	139	(295)	50,551
NCML(3)	56,871	9,824	–	–	–	(16,056)	(312)	50,327
Jaynix	32,796	–	–	–	–	16,797	(316)	49,277
IH Fund	15,576	–	(2,444)	–	–	40	(82)	13,090
Other Indian Fixed Income(3)(4)	19,585	24,013	(6,399)	412	(5,803)	(399)	60	31,469
Total Private Indian Investments	2,055,551	283,837	(8,843)	412	(5,803)	174,415	(13,858)	2,485,711
Total Indian Investments	3,039,808	283,837	(245,588)	412	194,475	359,700	(20,132)	3,612,512

(1) *All Private Indian Investments and certain common shares of CSB Bank (subject to selling restrictions) were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period with the exception of net change in unrealized losses of $399 related to the reversal of prior period unrealized gains on the conversion of NCML CCD included in Other Indian Fixed Income. Net change in unrealized gains related to common shares of CSB Bank classified as Level 3 was $152,049.*

(2) *As a result of past spin offs of 5paisa, IIFL Capital and 360 ONE at their respective fair values, the company's cost basis of IIFL Finance is nil. Accordingly, all proceeds from sales of IIFL Finance common shares during 2023 were reflected as realized gains.*

(3) *During 2023, the company converted its investment in the NCML CCD (included within Other Indian Fixed Income) and related accrued interest into NCML common shares. The NCML common shares were recognized at a fair value of $9,824 (809.1 million Indian rupees) and resulted in a realized loss on the NCML CCD of $5,803.*

(4) *On November 9, 2023, the company invested $24,013 (2.0 billion Indian rupees) in unsecured NCML non-convertible debentures ("NCML NCD") due November 8, 2028.*

Public Indian Investments

The fair values of Fairfax India's Public Indian Investments with shares listed on both the BSE (formerly known as Bombay Stock Exchange) and the National Stock Exchange of India ("NSE of India"), are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

The table below provides a summary of the company's Public Indian Investments:

		December 31, 2024		December 31, 2023	
Public Indian Investments:	**Industry**	**Shares held**	**Ownership**	**Shares held**	**Ownership**
Common stocks:					
IIFL Capital Services Limited ("IIFL Capital") (formerly IIFL Securities Limited)	Financial services	84,641,445	27.3%	84,641,445	27.5%
IIFL Finance Limited ("IIFL Finance")	Financial services	64,552,521	15.2%	57,641,445	15.1%
CSB Bank Limited ("CSB Bank")(1)	Financial services	69,394,331	40.0%	86,262,976	49.7%
Fairchem Organics Limited ("Fairchem Organics")	Commercial and industrial	7,202,656	55.3%	6,878,656	52.8%
5paisa Capital Limited ("5paisa")	Financial services	7,670,130	24.6%	7,670,130	24.6%

(1) *At December 31, 2023 the company was restricted by the Reserve Bank of India ("RBI") and the Securities and Exchange Board of India ("SEBI") from selling 69,394,331 common shares of CSB Bank. The restriction was lifted on August 7, 2024 and at December 31, 2024 the CSB Bank common shares had no selling restrictions. The company is also subject to a dilution schedule from the RBI, requiring the company to bring down its shareholding in CSB Bank to 30.0% within 10 years, and 26.0% within 15 years of the investment completion date of August 7, 2019.*

The changes in fair value of the company's Public Indian Investments in 2024 and 2023 are presented in the tables disclosed earlier in note 5.

Updates to Investment in IIFL Finance Limited

On March 4, 2024 the RBI ordered IIFL Finance to immediately cease the sanctioning and disbursing of gold loans, in connection with the results of an inspection which identified material supervisory concerns related to IIFL Finance's gold loan portfolio. Upon completion of a special audit that verified IIFL Finance had remediated the deficiencies, the RBI lifted the restrictions on September 19, 2024, permitting IIFL Finance to resume its gold loan business.

On April 17, 2024 IIFL Finance announced a rights offering to existing shareholders, whereby shareholders of record on April 23, 2024 were given the right to participate in a common share issuance on a pro rata basis of 1 newly issued equity share for every 9 equity shares held, at a price of 300.00 Indian rupees per share ("IIFL Finance Rights Offer"). The company's commitment to participate gave rise to a forward derivative asset ("IIFL Finance forward derivative") as IIFL Finance's market price was higher than the exercise price.

On May 17, 2024 in connection with the IIFL Finance Rights Offer, the company acquired an additional 6,911,076 common shares of IIFL Finance with a fair value of $33,089 (representing IIFL Finance's market price on the date of acquisition) for cash consideration of $24,879 (2.1 billion Indian rupees) (based on the IIFL Finance Rights Offer exercise price). As a result of the difference between market price and exercise price, the company recorded a gain on the IIFL Finance forward derivative of $8,210. As the company's participation exceeded its pro rata rights entitlement, Fairfax India's equity interest in IIFL Finance increased from 15.1% to 15.2%.

Private Indian Investments

The fair values of Fairfax India's Private Indian Investments cannot be derived from an active market and accordingly, are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. Use of unobservable inputs can involve significant judgment and may materially affect the reported fair value of these investments.

For all Private Indian Investment valuations prepared using a discounted cash flow analysis, discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment in which the Indian Investment operates. Long term growth rates were based on the expected long term sustainable growth rate of the economic environment and sectors in which the Indian Investment operates.

The changes in fair value of the company's Private Indian Investments in 2024 and 2023 are presented in the tables disclosed earlier in note 5.

Investment in Bangalore International Airport Limited

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership. KIAB is the first greenfield airport in India built through a public-private partnership.

During 2023 Fairfax India, through FIH Mauritius, acquired an additional 10.0% equity interest of BIAL from Siemens Project Ventures GmBH ("Siemens") for cash of $250,000 (20.7 billion Indian rupees).

On December 3, 2024 Fairfax India, through FIH Mauritius, entered into an agreement to purchase Siemens' remaining 10.0% equity interest in BIAL for purchase consideration of $255,000 ("Additional BIAL Investment"). The purchase consideration will be payable in three installments, with the initial installment of $84,150 to be paid on closing and the second and third installments of $94,350 and $76,500 to be paid in the third quarters of 2025 and 2026, respectively. The Additional BIAL Investment implies a fair value for 100% of BIAL's equity value at $2,550,000, which is supported by the discounted cash flow analysis described below.

At December 31, 2024 the company estimated the fair value of its investment in BIAL using a discounted cash flow analysis for its four business units based on multi-year free cash flow forecasts with assumed after-tax discount rates ranging from 12.4% to 17.3% and a long term growth rate of 3.5% (December 31, 2023 – 12.4% to 16.9%, and 3.5%, respectively). At December 31, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by BIAL's management in the third quarter of 2024 (December 31, 2023 – second quarter of 2023 for two business units and fourth quarter of 2022 for one business unit).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are future domestic and international passenger traffic, airport tariff assumptions for future control periods, completion of capital expansion projects and development of leasehold land. In the event that forecasted passenger traffic or expected airport tariff levels are not met in future periods, or if significant delays in construction and development activities occur, the fair value of the company's investment in BIAL may be negatively impacted.

Current Model Assumptions

Free cash flow forecasts were revised by BIAL's management during 2024 primarily to reflect: (i) the inclusion of cash flows generated by BIAL's Terminal 2 airport lounge services; (ii) an overall increase in capital expenditures related to a revised infrastructure expansion plan to support anticipated growth in passenger and air traffic; (iii) lower user development fees ("UDFs") over the remainder of the third control period and higher UDFs over the fourth control period commencing fiscal year 2027; and (iv) revisions to BIAL's real estate monetization plan primarily due to the reallocation of land required for aeronautical activities under BIAL's new partnership with the Tata Group during 2024, which is expected to drive growth in passenger traffic.

BIAL is an infrastructure investment that is currently in a period of capital expansion and as a result a significant amount of its fair value is driven by expected growth in passenger traffic in the later years of the forecasting period once various capital projects are complete. BIAL's aeronautical revenues are primarily driven by UDFs charged to airlines and passengers, which are set by the Airports Economic Regulatory Authority of India in five-year control periods and are fixed in a manner to generate a regulated return on invested equity for the airport operator. As the tariff setting mechanism adjusts for periods of underperformance, it is expected that underachievement in aeronautical revenues will be substantially recovered through, among other factors, higher UDFs in future control periods.

At December 31, 2024 the company held a 64.0% equity interest in BIAL (December 31, 2023 – 64.0%) and its internal valuation model indicated that the fair value of the company's investment in BIAL was $1,631,988 (December 31, 2023 – $1,599,988), which approximates the equity valuation of BIAL implied by the Additional BIAL Investment discussed above.

At December 31, 2024 the company held 43.6% out of its 64.0% (December 31, 2023 – 43.6% out of its 64.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 59.0% (December 31, 2023 – 59.0%). Refer to note 8 (Total Equity, under the heading Non-controlling interests) for further discussion on Anchorage.

Subsequent to December 31, 2024

On January 28, 2025 the company's shareholders approved a one-time deviation from the company's Investment Concentration Restriction described in note 11 (Financial Risk Management, under the heading Concentration Risk), to allow the company to complete the Additional BIAL Investment.

On February 20, 2025 the company, through FIH Mauritius, completed the Additional BIAL Investment. The company paid the initial installment of $84,150 and delivered a letter of credit in favour of Siemens representing the deferred purchase consideration of $170,850. Refer to note 7 (Borrowings, under the heading Revolving Credit Facility) for further details.

Investment in Sanmar Chemical Enterprises Limited

Sanmar Chemical Enterprises Limited (“Sanmar”), a private company located in Chennai, India, is one of the largest polyvinyl chloride (“PVC”) manufacturers in India, operating in India and Egypt. Sanmar also manufactures caustic soda, calcium chloride, chloromethanes, refrigerant gases, industrial salt and specialty chemical intermediates.

Sanmar’s operating subsidiaries are principally comprised of TCI Sanmar Chemicals S.A.E. (“Sanmar Egypt”) and Chemplast Sanmar Limited (“Chemplast”). Chemplast is publicly listed on both the BSE and NSE of India.

At December 31, 2024 the company estimated the fair value of its investment in Sanmar using: (i) a discounted cash flow analysis for Sanmar Egypt, based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 11.3% and a long term growth rate of 3.0% (December 31, 2023 – 11.0% and 3.0%, respectively); and (ii) the unadjusted bid price of Chemplast’s common shares. At December 31, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information for Sanmar Egypt prepared by Sanmar’s management in the fourth quarter of 2024 (December 31, 2023 – third quarter of 2023).

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is the future prices of petrochemical products. If the prices of petrochemical products do not develop favourably in future periods, the fair value of the company’s investment in Sanmar may be negatively impacted.

Current Model Assumptions

Free cash flow forecasts for Sanmar Egypt were revised by Sanmar’s management during 2024 primarily to reflect: (i) lower revenue over the forecast period primarily due to further softening of PVC prices, partially offset by declining feedstock costs; (ii) gradual shift towards higher-margin domestic PVC sales over fiscal years 2025 to 2027, supported by improved availability of the U.S. dollar in Egypt; and (iii) lower operating and manufacturing expenses over the forecast period due to the devaluation of the Egyptian pound.

At December 31, 2024 the portion of fair value derived from Sanmar’s equity interest in Chemplast was $217,604 (December 31, 2023 – $224,150), which was higher than the total fair value of Sanmar due to a low equity value attributable to Sanmar Egypt combined with the impact of net debt due to affiliates of Sanmar’s promoters.

At December 31, 2024 the company held a 42.9% equity interest in Sanmar (December 31, 2023 – 42.9%) and the fair value of the company’s investment in Sanmar was $201,446 (December 31, 2023 – $302,881).

Investment in Seven Islands Shipping Limited

Seven Islands Shipping Limited (“Seven Islands”), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels. During 2024, Seven Islands established a new subsidiary, Seven Islands Shipping International FZE (“SISIF”), located in the United Arab Emirates, which operates foreign-flagged vessels.

At December 31, 2024 the company estimated the fair value of its investment in Seven Islands using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 14.7% to 16.2% and long term growth rates ranging from 2.5% to 3.0% (December 31, 2023 – 15.7% and 3.0%, respectively for one business unit). At December 31, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Seven Islands’ management in the third quarter of 2024 (December 31, 2023 – third quarter of 2023).

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is the vessel profile, including planned vessel acquisitions and charter rates.

Current Model Assumptions

Free cash flow forecasts were revised by Seven Islands’ management during 2024 primarily to reflect: (i) the inclusion of cash flows generated by its new subsidiary, SISIF, which will operate two vessels transferred from

Seven Islands; (ii) higher EBITDA margins for Seven Islands over the forecast period supported by higher charter rates; and (iii) revised timing of vessel sales and acquisitions.

During 2024 Seven Islands paid the company dividends of $29,878 (2023 – $6,054), recorded in dividend income in the consolidated statements of earnings (loss), which resulted in lower cash at Seven Islands.

At December 31, 2024 the company held a 48.5% equity interest in Seven Islands (December 31, 2023 – 48.5%) and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was $145,990 (December 31, 2023 – $142,839).

Investment in Maxop Engineering Company Private Limited

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors.

At December 31, 2024 the company estimated the fair value of its investment in Maxop using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 14.9% to 16.1% and a long term growth rate of 4.0% (December 31, 2023 – 14.2% and 4.0% respectively for one business unit). At December 31, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Maxop's management in the fourth quarter of 2024 (December 31, 2023 – fourth quarter of 2023).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization, with revenue growth driven by growing domestic and international demand, supported by Maxop's planned capacity expansions.

Current Model Assumptions

Free cash flow forecasts were revised by Maxop's management during 2024 primarily to reflect: (i) higher revenue based on Maxop's pipeline of contract nominations from new and existing customers; and (ii) increased capital expenditures over fiscal years 2025 to 2027 primarily due to two major expansion projects (discussed further below), resulting in higher EBITDA over the forecast period.

Maxop's expansion projects include: (i) expansion of die casting capacity dedicated to export customers, expected to commence operations in fiscal year 2026; and (ii) expansion into aluminum extrusions through the construction of a new plant expected to commence operations in fiscal year 2027. Forecasted demand is supported by Maxop's growing pipeline of contract nominations, commitments and requests from customers.

At December 31, 2024 the company held a 67.0% equity interest in Maxop (December 31, 2023 – 67.0%) and its internal valuation model indicated that the fair value of the company's investment in Maxop was $97,176 (December 31, 2023 – $56,674).

Investment in Jaynix Engineering Private Limited

Jaynix Engineering Private Limited ("Jaynix"), a private company based in Gujarat, India, is a manufacturer of non-ferrous electrical connectors and electrical assemblies, and is a critical Tier 1 supplier to major electrical original equipment manufacturers in North America and Europe.

At December 31, 2024 the company estimated the fair value of its investment in Jaynix using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 23.4% and a long term growth rate of 1.5% (December 31, 2023 – 28.3% and 1.5% respectively). At December 31, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Jaynix's management in the fourth quarter of 2024 (December 31, 2023 – fourth quarter of 2023).

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is increased production volumes driven by excess demand, supported by planned capacity expansion, development of new products, acquisition of new customers, and growing long term relationships with existing customers.

Current Model Assumptions

Free cash flow forecasts were revised by Jaynix's management in 2024 primarily to reflect: (i) higher EBITDA in fiscal year 2025 based on year to date actuals; (ii) incorporating higher growth expected for fiscal year 2030;

(iii) additional capital expenditures related to land, buildings and machinery upgrades for capacity expansions to support future business growth; and (iv) lower taxes paid over the forecast period on account of increased depreciation and borrowings costs.

At December 31, 2024 the company held a 70.0% equity interest in Jaynix (December 31, 2023 – 70.0%) and its internal valuation model indicated that the fair value of the company's investment in Jaynix was $81,577 (December 31, 2023 – $49,277).

Investment in Global Aluminium Private Limited

Global Aluminium Private Limited ("Global Aluminium"), a private company located in Hyderabad, India, is an aluminum extrusions manufacturer with in-house capabilities to produce anodized and powder-coated aluminum products.

On October 11, 2024 Fairfax India completed the acquisition of an effective 65.0% equity interest in Global Aluminium for a purchase price of $82,729 (7.0 billion Indian rupees). The transaction requires Global Aluminium to merge with its wholly-owned subsidiary, which is expected to be completed in the first six months of 2025.

It was determined that the transaction price for the company's investment in Global Aluminium approximated fair value at December 31, 2024 as there have been no significant changes to Global Aluminium's business, capital structure, or operating environment, and the key assumptions in the company's acquisition valuation model continue to be valid. At December 31, 2024 the fair value of the company's investment in Global Aluminium was $81,237. Changes in fair value during 2024 were related to unrealized foreign currency translation losses as presented in the table disclosed earlier in note 5.

Investment in Saurashtra Freight Private Limited

Saurashtra Freight Private Limited ("Saurashtra"), a private company located in Mumbai, India, operates one of the largest container freight stations ("CFS") at Mundra port. Services provided by Saurashtra's CFS include transportation of containers to and from the port, stuffing and destuffing of containers, cargo storage, transportation of cargo to the end customer, and storage, maintenance and repair of empty containers. Saurashtra's subsidiary, Fairfreight Lines Private Limited ("Fairfreight Lines"), focuses on services for container shipping, offering integrated logistics solutions to its customers by providing containers to importers and exporters to transport cargo.

At December 31, 2024 the company estimated the fair value of its investment in Saurashtra using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 17.5% to 18.6% and long term growth rates ranging from 4.0% to 5.0% (December 31, 2023 – 16.2% to 18.0%, and 4.0% to 5.0%, respectively). At December 31, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Saurashtra's management in the third quarter of 2024 (December 31, 2023 – fourth quarter of 2023).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are the import and export handling capacity and utilization.

Current Model Assumptions

Free cash flow forecasts were revised by Saurashtra's management during 2024 primarily to reflect: (i) the inclusion of cash flows generated from operating a new CFS at Kandla port (which commenced operations in October 2024) under a profit sharing arrangement with a third party logistics company; (ii) higher EBITDA margins at the existing CFS attributable to increased storage income and cost optimization efforts, partially offset by downward revisions to import and export revenue in fiscal year 2025; and (iii) downward revisions to EBITDA forecasts and margins at Fairfreight Lines despite the recent recovery in ocean freight rates, as vessel capacity shortages have resulted in higher operating expenses.

At December 31, 2024 the company held a 51.0% equity interest in Saurashtra (December 31, 2023 – 51.0%) and its internal valuation model indicated that the fair value of the company's investment in Saurashtra was $54,688 (December 31, 2023 – $50,551).

Investment in National Commodities Management Services Limited

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is an integrated agriculture value chain solutions provider, with services including grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. In addition to its commodity management solutions business, NCML also operates silos constructed under concession agreements with the Food Corporation of India, and a non-banking financial company ("NBFC") which focuses on rural and agri-business financing.

NCML Common Shares

During 2023 the company converted its investment in 12.5% unsecured compulsorily convertible debentures issued by NCML in 2019 ("NCML CCD") and related accrued interest into NCML common shares. The NCML common shares were recognized at a fair value of $9,824 (809.1 million Indian rupees) and the company recorded a realized loss on the NCML CCD of $5,803. As a result of the above transactions, the company's equity interest in NCML increased from 89.5% to 91.0%.

At December 31, 2024 the company estimated the fair value of its investment in NCML common shares using: (i) a discounted cash flow analysis based on multi-year free cash flow forecasts for two business units with assumed after-tax discount rates ranging from 12.3% to 12.8% and long term growth rates ranging from 2.4% to 5.0% (December 31, 2023 – 11.9% to 12.0%, 2.4% to 5.0%, respectively); and (ii) an adjusted net book value approach for its NBFC business unit. At December 31, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by NCML's management in the fourth quarter of 2024 (December 31, 2023 – third quarter of 2023).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are warehouse and silo capacity and utilization.

Current Model Assumptions

Free cash flow forecasts were revised by NCML's management during 2024 primarily to reflect: (i) lower revenue from certain business lines based on current market conditions and increased regulatory requirements; (ii) improved EBITDA margins in the near term reflecting cost control measures which were implemented during fiscal year 2024 including reduced employee costs, travel expenses and professional fees; (iii) lower forecasted capital expenditures for the silo business as remaining projects are expected to be under budget; and (iv) longer time frame for warehouse monetizations given the delays in fiscal year 2024.

At December 31, 2024 the company held a 91.0% equity interest in NCML (December 31, 2023 – 91.0%) and its internal valuation model indicated that the fair value of the company's equity investment in NCML was $44,250 (December 31, 2023 – $50,327).

NCML Non-convertible Debentures

On November 9, 2023 the company invested $24,013 (2.0 billion Indian rupees) in 9.47% unsecured non-convertible debentures ("NCML NCD"), due November 8, 2028.

At December 31, 2024 the fair value of the company's investment in the NCML NCD of $23,361 (including a deferred loss of $2,965) (December 31, 2023 – $24,034, including a deferred loss of $3,631) was based on a discounted cash flow analysis using an estimate of NCML's credit spread, and is presented within Other Indian Fixed Income in the tables disclosed earlier in note 5.

Investment in India Housing Fund

India Housing Fund ("IH Fund") is a closed-ended fund of 360 ONE Private Equity Fund registered as a Category II Alternative Investment Fund ("AIF") under SEBI AIF Regulations. IH Fund is a fund incorporated to focus on investing in India's real estate sector by investing in equity, debt and equity-linked instruments of real estate and construction companies involved in projects or ventures with expected growth potential.

During 2024 the company received distributions of $1,619 (2023 – $2,444) from IH Fund.

At December 31, 2024 the company estimated the fair value of its investment in IH Fund of $9,590 (December 31, 2023 – $13,090) based on the net asset value provided by the third party fund manager. The fair values of the underlying assets are determined using quoted prices for short term investments, and industry accepted valuation models for debt and equity instruments.

Investment in National Stock Exchange of India Limited

At December 31, 2023 the company held a 1.0% equity interest in National Stock Exchange of India Limited ("NSE") with an estimated fair value of $188,615. During 2024, the company sold its remaining equity interest in

NSE for gross proceeds of $188,948 (15.7 billion Indian rupees), resulting in realized gains of $167,335. Gross proceeds of $15,039 (1.3 billion Indian rupees) related to NSE shares sold to IIFL Capital (formerly IIFL Securities), an associate of the company.

6. Cash and Investments

Fair Value Disclosures

The company's use of quoted market prices (Level 1), valuation models using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities by type of issuer was as follows:

	December 31, 2024					December 31, 2023				
	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)
Cash and cash equivalents	59,322	–	–	59,322	5,079	174,615	–	–	174,615	14,530
Bonds:										
Government of India[1]	–	149,484	–	149,484	12,798	–	31,794	–	31,794	2,646
Other Indian Fixed Income[2]	–	–	31,023	31,023	2,656	–	–	31,469	31,469	2,619
	–	149,484	31,023	180,507	15,454	–	31,794	31,469	63,263	5,265
Common stocks:										
IIFL Capital (formerly IIFL Securities)	322,990	–	–	322,990	27,652	147,437	–	–	147,437	12,269
IIFL Finance	311,401	–	–	311,401	26,660	412,151	–	–	412,151	34,297
CSB Bank[3]	254,756	–	–	254,756	21,811	84,735	–	324,600	409,335	34,062
Fairchem Organics	102,234	–	–	102,234	8,753	102,998	–	–	102,998	8,571
5paisa	41,883	–	–	41,883	3,586	52,129	–	–	52,129	4,338
Other	–	–	–	–	–	2,751	–	–	2,751	229
BIAL	–	–	1,631,988	1,631,988	139,721	–	–	1,599,988	1,599,988	133,141
Sanmar[4]	–	–	201,446	201,446	17,247	–	–	302,881	302,881	25,204
Seven Islands	–	–	145,990	145,990	12,499	–	–	142,839	142,839	11,886
Maxop	–	–	97,176	97,176	8,319	–	–	56,674	56,674	4,716
Jaynix	–	–	81,577	81,577	6,984	–	–	49,277	49,277	4,101
Global Aluminium	–	–	81,237	81,237	6,955	–	–	–	–	–
Saurashtra	–	–	54,688	54,688	4,682	–	–	50,551	50,551	4,206
NCML	–	–	44,250	44,250	3,788	–	–	50,327	50,327	4,188
IH Fund	–	–	9,590	9,590	821	–	–	13,090	13,090	1,089
NSE	–	–	–	–	–	–	–	188,615	188,615	15,695
	1,033,264	–	2,347,942	3,381,206	289,478	802,201	–	2,778,842	3,581,043	297,992
Total cash and investments	1,092,586	149,484	2,378,965	3,621,035	310,011	976,816	31,794	2,810,311	3,818,921	317,787
	30.2%	4.1%	65.7%	100.0%	100.0%	25.6%	0.8%	73.6%	100.0%	100.0%

(1) Priced based on information provided by independent pricing service providers at December 31, 2024 and 2023.

(2) At December 31, 2024, Other Indian Fixed Income included a deferred loss of $2,965 related to the NCML NCD (December 31, 2023 – $3,631).

(3) At December 31, 2023 the company was restricted by the RBI and SEBI from selling a certain percentage of its common shares of CSB Bank until August 7, 2024 and therefore applied a discount for lack of marketability of 6.9% (a significant unobservable valuation input) to the quoted price for the restricted common shares of CSB Bank. At December 31, 2024 there were no selling restrictions on CSB Bank common shares.

(4) At December 31, 2024 the portion of fair value derived from Sanmar's equity interest in Chemplast, a publicly traded subsidiary of Sanmar, was $217,604 (December 31, 2023 – $224,150), which was higher than the total fair value of Sanmar due to a low equity value attributable to Sanmar Egypt combined with the impact of net debt due to affiliates of Sanmar's promoters.

Transfers between fair value hierarchy levels are considered effective from the beginning of the annual reporting period in which the transfer is identified. During 2024 the company's investment in CSB Bank was transferred from Level 3 to Level 1 in the fair value hierarchy as a result of the release of selling restrictions in August 2024. During 2023 there were no transfers of financial instruments between fair value hierarchy levels.

A summary of changes in the fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy, denominated in the company's functional currency of the Indian rupee during 2024 and 2023 is as follows:

Indian rupees *(in millions)*	2024							
	Balance as of January 1	**Purchases**	**Sales**	**Transfers**	**Amortization**	**Net realized gains on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of December 31**
Common stocks:								
BIAL	133,141	–	–	–	–	–	6,580	139,721
Sanmar	25,204	–	–	–	–	–	(7,957)	17,247
Seven Islands	11,886	–	–	–	–	–	613	12,499
Maxop	4,716	–	–	–	–	–	3,603	8,319
Jaynix	4,101	–	–	–	–	–	2,883	6,984
Global Aluminium	–	6,955	–	–	–	–	–	6,955
Saurashtra	4,206	–	–	–	–	–	476	4,682
NCML	4,188	–	–	–	–	–	(400)	3,788
IH Fund	1,089	–	(135)	–	–	–	(133)	821
CSB Bank	27,011	–	–	(27,011)	–	–	–	–
NSE	15,695	–	(15,726)	–	–	13,927	(13,896)	–
Other Indian Fixed Income	2,619	–	–	–	37	–	–	2,656
Total	233,856	6,955	(15,861)	(27,011)	37	13,927	(8,231)	203,672

Indian rupees *(in millions)*	2023						
	Balance as of January 1	**Purchases**	**Sales**	**Amortization**	**Net realized losses on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of December 31**
Common stocks:							
BIAL	102,068	20,746	–	–	–	10,327	133,141
CSB Bank	14,453	–	–	–	–	12,558	27,011
Sanmar	27,950	–	–	–	–	(2,746)	25,204
NSE	13,206	–	–	–	–	2,489	15,695
Seven Islands	8,017	–	–	–	–	3,869	11,886
Maxop	4,293	–	–	–	–	423	4,716
Saurashtra	4,195	–	–	–	–	11	4,206
NCML	4,705	809	–	–	–	(1,326)	4,188
Jaynix	2,713	–	–	–	–	1,388	4,101
IH Fund	1,289	–	(203)	–	–	3	1,089
Other Indian Fixed Income	1,621	2,000	(526)	34	(477)	(33)	2,619
Total	184,510	23,555	(729)	34	(477)	26,963	233,856

The changes in fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy in the company's presentation currency of U.S. dollars are disclosed in note 5. For all Indian Investments classified as Level 3 in the fair value hierarchy, net change in unrealized gains (losses) on investments related to investments held at the end of the reporting periods, except for the net change in unrealized losses of 13,896 million Indian rupees during 2024 and 33 million Indian rupees during 2023 related to the reversals of prior period unrealized gains on sales of NSE common shares and conversion of the NCML CCD included in Other Indian Fixed Income, respectively.

The table that follows illustrates the potential impact on net earnings of various combinations of changes in unobservable inputs in the company's internal valuation models for its Indian Investments classified as Level 3 in the fair value hierarchy at December 31, 2024. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on an analysis of the return on various equity indices, management's knowledge of the Indian equity markets and the potential impact of changes in interest rates. The change reflects the additional uncertainty in determining the discounted cash flows for assessing the fair values of Private Indian Investments. This sensitivity analysis excludes the company's investments in Global Aluminium and IH Fund, as the company determined that there were no significant unobservable inputs suited for a sensitivity analysis. Additionally, significant unobservable inputs pertaining to Other Indian Fixed Income relate to individual issuer credit spreads, where an increase (decrease) in credit spreads would generally result in a lower (higher) fair value of the underlying investment, as reflected in note 11 (Financial Risk Management, under the heading Interest Rate Risk).

Investments	Fair value of Level 3 investment	Valuation technique	Significant unobservable inputs	Significant unobservable inputs used in the internal valuation models	Hypothetical $ change effect on fair value measurement(1)	Hypothetical $ change effect on net earnings(1)(2)
Common stocks:						
BIAL	$1,631,988	Discounted cash flow	After-tax discount rate	12.4% to 17.3%	(357,634) / 453,418	(310,248) / 393,340
			Long term growth rate	3.5%	31,513 / (29,802)	27,337 / (25,853)
Sanmar(3)	$ 201,446	Discounted cash flow	After-tax discount rate	11.3%	(35,793) / 45,463	(31,051) / 39,439
			Long term growth rate	3.0%	7,446 / (7,010)	6,459 / (6,081)
Seven Islands	$ 145,990	Discounted cash flow	After-tax discount rate	14.7% to 16.2%	(14,182) / 16,580	(12,303) / 14,383
			Long term growth rate	2.5% to 3.0%	2,438 / (2,346)	2,115 / (2,035)
Maxop	$ 97,176	Discounted cash flow	After-tax discount rate	14.9% to 16.1%	(15,567) / 18,718	(13,504) / 16,238
			Long term growth rate	4.0%	2,758 / (2,637)	2,393 / (2,288)
Jaynix	$ 81,577	Discounted cash flow	After-tax discount rate	23.4%	(4,082) / 4,498	(3,541) / 3,902
			Long term growth rate	1.5%	465 / (454)	403 / (394)
Saurashtra	$ 54,688	Discounted cash flow	After-tax discount rate	17.5% to 18.6%	(3,553) / 4,120	(3,082) / 3,574
			Long term growth rate	4.0% to 5.0%	615 / (594)	534 / (515)
NCML(4)	$ 44,250	Discounted cash flow	After-tax discount rate	12.3% to 12.8%	(9,148) / 11,611	(7,936) / 10,072
			Long term growth rate	2.4% to 5.0%	1,550 / (1,458)	1,345 / (1,264)

(1) *The impact on the internal valuation models from changes in significant unobservable inputs deemed to be subject to the most judgment and estimates disclosed in the table above shows the hypothetical increase (decrease) in net earnings. Changes in the after-tax discount rates (100 basis points) and long term growth rates (25 basis points), each in isolation, would hypothetically change the fair value of the company's investments as noted in the table above. Generally, an increase (decrease) in long term growth rates, or a decrease (increase) in after-tax discount rates would result in a higher (lower) fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy. After-tax discount rates are subject to a mitigating factor: increases (decreases) in after-tax discount rates tend to be accompanied by increases (decreases) in free cash flows, and the resulting changes in the fair value of an investment may offset each other.*

(2) *For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.*

(3) *Significant unobservable inputs relate only to the Sanmar Egypt business unit as Chemplast is publicly traded and valued based on its unadjusted bid price. The hypothetical $ change effect from a 10% increase or decrease in Chemplast's traded share price would be an increase or decrease in the fair value of Sanmar of $21,760, and an increase or decrease in net earnings of $18,877.*

(4) *The company determined that there were no significant unobservable inputs suited for a sensitivity analysis for NCML's NBFC business unit where an adjusted net book value approach was applied.*

Fixed Income Maturity Profile

Bonds are summarized by their earliest contractual maturity date in the table that follows. At December 31, 2024 and 2023 there were no bonds containing call or put features. The increase in bonds due after 1 year through 5 years primarily reflects the partial reinvestment of proceeds from the sales of common shares of NSE and CSB Bank into Government of India bonds.

	December 31, 2024		December 31, 2023	
	Amortized cost	Fair value	Amortized cost	Fair value
Due in 1 year or less	7,662	7,662	–	–
Due after 1 year through 5 years	171,570	172,845	63,636	63,263
	179,232	180,507	63,636	63,263
Effective interest rate		7.5%		8.0%

Investment Income

An analysis of investment income for the years ended December 31 is summarized in the table that follows:

Interest and dividends

	2024	2023
Interest:		
Cash and cash equivalents	2,690	5,400
Short term investments	484	2,159
Bonds	16,330	9,274
	19,504	16,833
Dividends: Common stocks	41,946	28,831

Net gains (losses) on investments and net foreign exchange gains (losses)

	2024			2023		
	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)
Net gains (losses) on investments:						
Short term investments	12	–	12	–	–	–
Bonds	(17)	1,675	1,658	(7,075)(1)	1,603	(5,472)
Common stocks	210,666(1)	(169,329)(1)	41,337	200,278(1)	360,099(1)	560,377
Derivatives	8,210(1)	–	8,210	–	–	–
	218,871	(167,654)	51,217	193,203	361,702	554,905
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	908	–	908	852	–	852
Short term investments	–	–	–	248	(531)	(283)
Borrowings	–	(14,321)	(14,321)	–	(2,923)	(2,923)
Other	797	–	797	641	–	641
	1,705	(14,321)	(12,616)	1,741	(3,454)	(1,713)

(1) Refer to note 5 for a summary of changes in the fair value of the company's Public and Private Indian Investments during 2024 and 2023.

7. Borrowings

	December 31, 2024			December 31, 2023		
	Principal	Carrying value(1)	Fair value(2)	Principal	Carrying value(1)	Fair value(2)
Unsecured Senior Notes:						
5.0% Unsecured Senior Notes due February 26, 2028	500,000	498,349	469,100	500,000	497,827	452,250

(1) Principal net of unamortized issue costs.

(2) Fair value of the Unsecured Senior Notes was based principally on information provided by independent pricing service providers (Level 2 in the fair value hierarchy).

Unsecured Senior Notes

On February 26, 2021 the company completed an offering of $500,000 principal amount of 5.0% unsecured senior notes due February 26, 2028 ("Unsecured Senior Notes") at par, for net proceeds of $496,350 after commissions and expenses. Fairfax, through its subsidiaries, holds $58,400 of the $500,000 principal amount under the same terms as the other participants. Refer to note 12 for further details of amounts due to related parties.

At December 31, 2024 the Unsecured Senior Notes were recognized net of unamortized issuance costs of $1,651 (December 31, 2023 – $2,173) and recorded in borrowings within the consolidated balance sheets. The issuance costs are amortized over the remaining life of the Unsecured Senior Notes and recorded in interest expense in the consolidated statements of earnings (loss).

Revolving Credit Facility

On December 17, 2021 the company entered into a $175,000 unsecured revolving credit facility ("Revolving Credit Facility") with a syndicate led by a Canadian bank. The Revolving Credit Facility had a three-year term with an option to extend for an additional year. On October 3, 2023 the company amended the Revolving Credit Facility to extend its maturity date to October 2, 2026, while maintaining the option to extend for an additional year. At December 31, 2024 and 2023 the Revolving Credit Facility was undrawn and remained available.

Subsequent to December 31, 2024

On February 14, 2025 the company amended the Revolving Credit Facility to increase its limit from $175,000 to $250,000, including the use of letters of credit. On February 20, 2025 FIH Mauritius delivered a letter of credit in favour of Siemens representing the deferred BIAL purchase price of $170,850. The Additional BIAL Investment is discussed in note 5. The increased Revolving Credit Facility limit will reduce to $225,000 after completion of the second installment payment in the third quarter of 2025, and revert to $175,000 after completion of the third and final installment payment in the third quarter of 2026.

Interest Expense

In 2024 interest expense of $25,521 (2023 – $25,521) was comprised of interest expense related to stated interest of $25,000 (2023 – $25,000), and the amortization of issuance costs of $521 (2023 – $521). At December 31, 2024 the company recognized accrued interest expense of $8,611 (December 31, 2023 – $8,611) within the consolidated balance sheets.

8. Total Equity

Common shareholders' equity

Authorized Capital

The company's authorized share capital consists of: (i) an unlimited number of multiple voting shares that may only be issued to Fairfax or its affiliates; (ii) an unlimited number of subordinate voting shares; and (iii) an unlimited number of preference shares, issuable in series. Except as provided in any special rights or restrictions attaching to any series of preference shares issued from time to time, the preference shares will not be entitled to vote at any meeting of the shareholders of the company.

Issued Capital

Issued capital at December 31, 2024 included 30,000,000 (December 31, 2023 – 30,000,000) multiple voting shares and 104,839,462 (December 31, 2023 – 105,398,509) subordinate voting shares without par value. Each subordinate voting share carries one vote per share at all meetings of shareholders except for separate meetings of holders of another class of shares. Fairfax India's subordinate voting shares trade on the Toronto Stock Exchange ("TSX") under the symbol FIH.U. Each multiple voting share carries fifty votes per share at all meetings of shareholders except for separate meetings of holders of another class of shares. Fairfax, through its subsidiaries, owns all the issued and outstanding multiple voting shares, which are not publicly traded. At December 31, 2024 there were no preference shares outstanding.

Common Stock

The number of shares outstanding was as follows:

	2024	**2023**
Subordinate voting shares – January 1	105,398,509	108,270,900
Purchases for cancellation	(559,047)	(2,872,391)
Subordinate voting shares – December 31	104,839,462	105,398,509
Multiple voting shares – beginning and end of year	30,000,000	30,000,000
Common shares effectively outstanding – December 31	134,839,462	135,398,509

Purchase of Shares

The company has the ability to purchase for cancellation subordinate voting shares at prevailing market prices under the terms of its normal course issuer bid and in accordance with the rules and policies of the TSX. During 2024, under the terms of its normal course issuer bid, the company purchased for cancellation 559,047 subordinate voting shares (2023 – 2,872,391) for a net cost of $8,424 (2023 – $37,246), of which $2,542 was charged to retained earnings (2023 – $7,025).

In connection with the normal course issuer bid, the company also entered into an automatic share purchase plan with its designated broker to allow for the purchase of subordinate voting shares during times when the company normally would not be active in the market. Such purchases are determined by the broker in its sole discretion based on the parameters established by the company prior to commencement of the applicable trading black-out period. At December 31, 2024 the company did not provide instructions to its broker for the purchase of shares during the black-out period.

Dividends

The company did not pay any dividends on its outstanding multiple and subordinate voting shares during 2024 and 2023.

Non-controlling interests

Anchorage, a consolidated subsidiary of FIH Mauritius, was formed in 2019 to provide investment related services to support the company in investing in companies, businesses and opportunities in the airport and infrastructure sectors in India. At December 31, 2024 and December 31, 2023, OMERS held an 11.5% equity interest (on a fully-diluted basis) in Anchorage. At December 31, 2024 the company continued to hold 43.6% out of its 64.0% (December 31, 2023 – 43.6% out of its 64.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 59.0% (December 31, 2023 – 59.0%). Upon completion of the Additional BIAL Investment described in note 5, the company's fully-diluted equity interest in BIAL will increase to 69.0%.

Net earnings attributable to non-controlling interests of $8,436 during 2024 (2023 – $12,076) principally related to net unrealized gains on Anchorage's investment in BIAL.

The company shall use commercially reasonable efforts to list Anchorage by way of an IPO in India, subject to regulatory approvals and market conditions on or before September 2025. If the valuation of Anchorage upon closing of the IPO is below approximately $1.1 billion (at period end exchange rates) (91.6 billion Indian rupees), then OMERS' ownership in Anchorage will increase to a maximum of 15.0% and the company's ownership in Anchorage will decrease to a minimum of 85.0% (fully-diluted equity interest in BIAL will decrease from 59.0% at December 31, 2024 to a minimum of 57.5%, excluding the impact of the Additional BIAL Investment described in note 5). If Anchorage does not list by way of an IPO in India by September 2025, then OMERS' ownership in Anchorage will remain at 11.5%. The net assets of Anchorage at December 31, 2024 was $1,093,612 (93.6 billion Indian rupees).

9. Net Earnings (Loss) per Share

Net earnings (loss) per common share is calculated as follows using the weighted average common shares outstanding:

	2024	2023
Net earnings (loss) attributable to shareholders of Fairfax India – basic and diluted	(41,173)	371,770
Weighted average common shares outstanding – basic and diluted	135,165,840	136,818,139
Net earnings (loss) per common share – basic and diluted	$ (0.30)	$ 2.72

At December 31, 2024 the company determined that no performance fee accrual was required related to the fourth calculation period. During 2023, in accordance with the terms of the Investment Advisory Agreement (defined in note 12), Fairfax elected to receive payment of the performance fee for the third calculation period in cash.

At December 31, 2024 and December 31, 2023 there were no contingently issuable subordinate voting shares or other instruments outstanding that could potentially dilute earnings per share.

10. Income Taxes

The company's provision for income taxes for the years ended December 31 are summarized in the following table:

	2024	2023
Current income tax:		
Current year expense	8,525	9,305
Adjustment to prior years' income taxes	5,126	14
	13,651	9,319
Deferred income tax:		
Origination and reversal of temporary differences	31,448	58,731
Change in tax rates related to Indian capital gains	13,849	–
	45,297	58,731
Provision for income taxes	58,948	68,050

A significant portion of the company's earnings before income taxes is earned or incurred outside of Canada. The statutory income tax rates for jurisdictions outside of Canada generally differ from the Canadian statutory income tax rate (and may be significantly higher or lower).

On July 23, 2024 as part of its 2024-25 Union Budget, the Indian government announced several changes to capital gains tax rates for Indian residents and non-residents. The revised capital gains tax rates were substantively enacted during 2024 and effective from July 23, 2024. The capital gains tax rate for resident companies was lowered, resulting in a favourable impact for Anchorage and the capital gains tax rate was increased for non-resident or foreign companies, resulting in an unfavourable impact for FIH Mauritius and FIH Private.

At December 31, 2024 and December 31, 2023 the company evaluated the potential impact of the application of capital gains tax in India on any future dispositions of investments in equity shares held by FIH Mauritius, FIH Private and Anchorage.

The company recorded deferred income tax expense of $45,297 in 2024 (2023 – $58,731) primarily attributable to net unrealized gains on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017 and the change in Indian capital gains tax rates effective July 23, 2024.

The company's earnings (loss) before income taxes by jurisdiction and the associated provision for income taxes for 2024 and 2023 are summarized in the following table:

	2024			2023		
	Canada	Mauritius	Total	Canada	Mauritius	Total
Earnings (loss) before income taxes	(41,257)	67,468	26,211	(29,794)	481,690	451,896
Provision for income taxes	–	58,948[(1)]	58,948	–	68,050[(2)]	68,050
Net earnings (loss)	(41,257)	8,520	(32,737)	(29,794)	413,640	383,846

(1) Includes Indian withholding taxes of $8,016 (including capital gains taxes paid on sales of CSB Bank and Other Public Indian Investments), a provision relating to a prior year tax assessment of $5,116 and an increase in potential capital gains tax in India of $45,297.

(2) Includes Indian withholding taxes of $9,157 (including capital gains taxes paid on sales of 360 ONE and Other Public Indian Investments) and an increase in potential capital gains tax in India of $58,731.

The increase in loss before income taxes in Canada during 2024 compared to 2023 principally related to higher net foreign exchange losses on borrowings. The decrease in earnings before income taxes in Mauritius during 2024 compared to 2023 primarily reflected lower net gains on investments, partially offset by lower performance fees.

A reconciliation of the provision for income taxes calculated at the Canadian statutory income tax rate to the provision for income taxes at the effective tax rate in the consolidated financial statements for the years ended December 31 are summarized in the following table:

	2024	2023
Canadian statutory income tax rate	26.5%	26.5%
Provision for income taxes at the Canadian statutory income tax rate	6,946	119,752
Tax rate differential on (income earned) losses incurred outside of Canada	10,891	(80,731)
Change in tax rates related to Indian capital gains	13,849	–
Provision relating to prior years	5,126	14
Increase in unrecorded tax benefit of losses and temporary differences	17,096	30,299
Foreign exchange effect	5,018	(1,280)
Other including permanent differences	22	(4)
Provision for income taxes	58,948	68,050

The tax rate differential on losses incurred outside of Canada of $10,891 in 2024 (2023 – tax rate differential on income earned outside of Canada of $80,731) principally reflected the impact of net investment gains and losses taxed in India and Mauritius at lower rates compared to the Canadian statutory income tax rate.

The increase in unrecorded tax benefit of losses and temporary differences of $17,096 in 2024 principally reflected increases in unrecorded deferred tax assets related to foreign accrual property losses of $9,185, the potential impact of the application of capital loss benefit in India on future dispositions of investments in equity shares of $7,374, temporary timing differences on debt and equity issuance costs of $5,525, and interest expense limitations of $3,317, partially offset by the impact of foreign exchange of $6,918, net operating losses in Canada of $1,358, and the reversal of temporary timing differences on performance and professional fees of $29, with respect to the company's wholly-owned subsidiaries, that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS Accounting Standards.

The increase in unrecorded tax benefit of losses and temporary differences of $30,299 in 2023 principally reflected increases in unrecorded deferred tax assets related to foreign accrual property losses of $29,783, net operating losses in Canada of $7,674, the impact of foreign exchange of $3,714, and the potential impact of the application of capital loss benefit in India on future dispositions of investments in equity shares of $2,422, partially offset by the reversal of temporary timing differences on performance and professional fees of $10,962, and on debt and equity issuance costs of $2,332, with respect to the company's wholly-owned subsidiaries, that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS Accounting Standards.

At December 31, 2024 deferred tax assets of $121,381 in Canada and $13,691 in India (December 31, 2023 – $115,130 in Canada and $6,671 in India) were not recorded as it was considered not probable that those losses could be utilized by the company.

Changes in net income taxes refundable (payable) for the years ended December 31 were as follows:

	2024	2023
Balance – January 1	220	681
Amounts recorded in the consolidated statements of earnings (loss)	(13,651)	(9,319)
Payments made during the year	8,107	8,859
Foreign currency translation	119	(1)
Balance – December 31	(5,205)	220

Management reviews the recoverability of potential deferred tax assets on an ongoing basis and adjusts, as necessary, to reflect their anticipated realization. The deferred income tax liability of $149,780 at December 31, 2024 (December 31, 2023 – $108,553) principally related to the potential impact of the application of capital gains tax in India on any future dispositions of investments in equity shares as noted above. At December 31, 2024 deferred tax assets not recorded by the company of $135,072 (December 31, 2023 – $121,801) were primarily comprised of foreign accrual property loss carryforwards of $66,381 (December 31, 2023 – $62,886), net operating loss carryforwards of $43,819 (December 31, 2023 – $49,209), the potential impact of the application of capital loss benefit in India on future dispositions of investments in equity shares of $13,691 (December 31, 2023 – $6,671), temporary timing differences on debt and equity issuance costs of $7,977 (December 31, 2023 – $2,961), interest expense limitations of $3,159 (December 31, 2023 – nil), and temporary timing differences on performance and professional fees of $45 (December 31, 2023 – $74). The net operating loss and foreign accrual property loss carryforwards expire between 2037 and 2044.

Deferred income tax has not been recognized for the withholding tax and other taxes that could be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings amounted to approximately $1,717,549 at December 31, 2024 (December 31, 2023 – $1,767,288).

International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

On May 23, 2023 the IASB issued amendments to IAS 12 Income Taxes to provide temporary relief from accounting and disclosure for deferred taxes arising from the implementation of Pillar Two rules. The company retrospectively adopted this amendment during the second quarter of 2023 and applied the exception to recognizing and disclosing information regarding Pillar Two deferred income tax assets and liabilities.

The principal components of Canada's Pillar Two global minimum tax rules were enacted into law on June 20, 2024, and are generally effective as of January 1, 2024. Based on the company's preliminary assessment, having regard to certain financial information as of December 31, 2024 and modelling based on 2023 financial information, the company does not expect that it will have any material Pillar Two tax liability in Canada at December 31, 2024. The other principal jurisdictions in which Fairfax India operates – India and Mauritius – have not introduced any detailed Pillar Two tax legislation at this time. The company will continue to monitor any developments in these jurisdictions.

11. Financial Risk Management

Overview

The primary goals of the company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheet from events that have the potential to materially impair its financial strength. The company's activities expose it to certain financial risks during or at the end of the reporting period. There were no significant changes to the types of the company's risk exposures or the processes used by the company for managing those risk exposures at December 31, 2024 compared to those identified at December 31, 2023, except as described below.

U.S. Tariffs Developments

Subsequent to December 31, 2024, the U.S. announced new tariffs on imports originating from Canada, Mexico and China. The U.S. further announced a 25% tariff on all steel and aluminum imports into the U.S. from anywhere, which once effective, may impact the fair value of the company's investments in Maxop, Jaynix and Global Aluminium. The company is currently assessing the direct and indirect impacts of these tariffs and potential retaliatory tariffs and other trade protectionist measures that may arise, on the company and its Indian Investments. Given that developments are ongoing with respect to these proposed tariffs and other measures, their impacts are uncertain and could adversely impact the company's business, financial condition and results of operations.

Market Risk

Market risk, comprised of foreign currency risk, interest rate risk and other price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is exposed to market risk principally in its investing activities and to the extent that those activities expose the company to foreign currency risk. The valuation of the company's investment portfolio is largely dependent on the underlying performance of the companies within the portfolio, but may also be affected, along with other financial statement items, by fluctuations in interest rates, foreign currency exchange rates and market prices, which may be impacted by geopolitical events.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument or another asset or liability will fluctuate due to changes in foreign exchange rates and produce an adverse effect on net earnings and equity when measured in Indian rupees, the company's functional currency. The company's net earnings and equity may also be significantly affected by foreign currency translation movements as the majority of its net assets and net earnings are denominated in a currency other than the company's U.S. dollar presentation currency. The company has not hedged its foreign currency risk. There were no significant changes to the company's framework used to monitor, evaluate and manage foreign currency risk at December 31, 2024 compared to December 31, 2023.

The company's net foreign currency exposure on balances denominated in currencies other than the Indian rupee (expressed in U.S. dollars) are primarily comprised as follows:

	December 31, 2024					December 31, 2023				
	Cash and cash equivalents	Borrowings	Payable to related parties	Accrued interest expense	Net exposure	Cash and cash equivalents	Borrowings	Payable to related parties	Accrued interest expense	Net exposure
U.S. dollars	53,077	(498,349)	(10,099)	(8,611)	(463,982)	27,112	(497,827)	(120,858)	(8,611)	(600,184)
All other currencies	166	—	—	—	166	211	—	—	—	211
Total	53,243	(498,349)	(10,099)	(8,611)	(463,816)	27,323	(497,827)	(120,858)	(8,611)	(599,973)

The company's net liability exposure to the U.S. dollar decreased at December 31, 2024 compared to December 31, 2023 primarily reflecting the cash settlement of the performance fee payable to Fairfax for the third calculation period during 2024, while there was no performance fee accrued at December 31, 2024 for the fourth calculation period. Additionally, the increase in cash and cash equivalents denominated in U.S. dollars represented higher investments in U.S. treasury bills.

The following table illustrates the potential impact on pre-tax earnings and net earnings of a hypothetical appreciation or depreciation of the Indian rupee against the U.S. dollar and all other currencies.

	December 31, 2024			December 31, 2023		
	Net foreign currency exposure	Hypothetical $ change effect on pre-tax earnings	Hypothetical $ change effect on net earnings(1)	Net foreign currency exposure	Hypothetical $ change effect on pre-tax earnings	Hypothetical $ change effect on net earnings(1)
Change in Indian rupee exchange rate						
10.0% appreciation	(417,434)	46,382	34,091	(539,976)	59,997	44,098
5.0% appreciation	(440,625)	23,191	17,045	(569,974)	29,999	22,049
No change	(463,816)	–	–	(599,973)	–	–
5.0% depreciation	(487,007)	(23,191)	(17,045)	(629,972)	(29,999)	(22,049)
10.0% depreciation	(510,198)	(46,382)	(34,091)	(659,970)	(59,997)	(44,098)

(1) *For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.*

Certain shortcomings are inherent in the method of analysis presented, including the assumption that the hypothetical appreciation or depreciation of the Indian rupee against the U.S. dollar and all other currencies occurred with all other variables held constant.

Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Typically, as interest rates rise, the fair value of fixed income investments decline and, conversely, as interest rates decline, the fair value of fixed income investments rise. In each case, the longer the maturity of the financial instrument, the greater the consequence of a change in interest rates. The company's interest rate risk management strategy is to position its fixed income portfolio based on its view of future interest rates and the yield curve, balanced with liquidity requirements. General economic conditions, political conditions and many other factors can also adversely affect the bond markets and, consequently, the value of fixed income securities held. Interest rate movements in India may affect the company's equity and net earnings. A sustained increase in market interest rates may result in higher cost of capital for portfolio companies, which all else being equal would negatively impact the company's private company equity valuations. The Portfolio Advisor and Fairfax actively monitor interest rates in India and the potential impact changes in interest rates may have on the company's investment portfolio. There were no significant changes to the company's framework used to monitor, evaluate and manage interest rate risk at December 31, 2024 compared to December 31, 2023.

The company's exposure to interest rate risk increased in 2024 primarily reflecting the partial reinvestment of proceeds from the sales of common shares of NSE and CSB Bank into Government of India bonds. The table that follows displays the potential impact of changes in interest rates on the company's fixed income portfolio based on parallel 200 basis point shifts up and down, in 100 basis point increments which the company believes to be reasonably possible in the current economic environment. This analysis was performed on each individual security, with the hypothetical effect on net earnings.

	December 31, 2024			December 31, 2023		
	Fair value of fixed income portfolio	Hypothetical $ change effect on net earnings[1]	Hypothetical % change in fair value	Fair value of fixed income portfolio	Hypothetical $ change effect on net earnings[1]	Hypothetical % change in fair value
Change in interest rates						
200 basis point increase	171,973	(6,447)	(4.7)%	60,649	(2,119)	(4.1)%
100 basis point increase	176,171	(3,276)	(2.4)%	61,932	(1,080)	(2.1)%
No change	180,507	–	–	63,263	–	–
100 basis point decrease	184,995	3,392	2.5%	64,643	1,121	2.2%
200 basis point decrease	189,635	6,900	5.1%	66,077	2,286	4.4%

(1) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Certain shortcomings are inherent in the method of analysis presented above. Computations of the prospective effects of hypothetical interest rate changes are based on numerous assumptions, including the maintenance of the level and composition of fixed income securities at the indicated date, and should not be relied on as indicative of future results. Actual values may differ from the projections presented should market conditions vary from assumptions used in the calculation of the fair value of individual securities; such variations include non-parallel shifts in the term structure of interest rates and a change in individual issuer credit spreads.

Market Price Fluctuations

Market price fluctuation is the risk that the fair value or future cash flows of an equity investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual investment or its issuer, or other factors affecting all similar investments in the market.

The company's exposure to market price risk decreased to $3,381,206 at December 31, 2024 from $3,581,043 at December 31, 2023. Refer to note 6 for the potential impact on net earnings of various combinations of changes in significant unobservable inputs in the company's internal valuation models for the company's investments classified as Level 3 in the fair value hierarchy.

The company estimates the potential impact on net earnings from a 20% increase or decrease in the fair value of its Public Indian Investments at December 31, 2024 to be a hypothetical increase or decrease in net earnings of $179,271 (December 31, 2023 – increase or decrease in net earnings of $195,427). For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial obligations to the company, and arises predominantly from cash and cash equivalents, short term investments and investments in debt instruments. There were no significant changes to the company's exposure to credit risk (except as set out in the discussion which follows) or the framework used to monitor, evaluate and manage credit risk at December 31, 2024 compared to December 31, 2023.

Cash and Cash Equivalents

At December 31, 2024 the company's cash and cash equivalents of $59,322 (December 31, 2023 – $174,615) were primarily held in major financial institutions. The company monitors risks associated with cash and cash equivalents by regularly reviewing the financial strength and creditworthiness of these financial institutions. From these reviews, the company may transfer balances from financial institutions where it perceives heightened credit risk to others considered to be more stable.

Investments in Debt Instruments

The company's risk management strategy for debt instruments is to invest primarily in high credit quality issuers. Management considers high quality debt instruments to be those with a S&P or Moody's issuer credit rating of BBB/Baa or higher. While the company reviews third party credit ratings, it also carries out its own analysis and does not delegate the credit decision to rating agencies. The company endeavours to limit credit exposure by monitoring fixed income portfolio limits on individual corporate issuers and limits based on credit quality.

At December 31, 2024 the company's debt instruments were all considered to be subject to credit risk with a fair value of $180,507 (December 31, 2023 – $63,263), representing 5.0% (December 31, 2023 – 1.7%) of the total cash and investments portfolio.

The composition of the company's fixed income portfolio is presented in the table below:

	December 31, 2024		December 31, 2023	
	Fair value	**Rating**	**Fair value**	**Rating**
Government of India bonds[(1)]	149,484	Baa3/BBB-	31,794	Baa3/BBB-
Other Indian Fixed Income	31,023	Not rated	31,469	Not rated
Total bonds	180,507		63,263	

(1) Rated Baa3 by Moody's and BBB- by S&P at December 31, 2024 and 2023.

The company's exposure to credit risk from its investments in fixed income securities increased at December 31, 2024 compared to December 31, 2023 primarily reflecting the partial reinvestment of proceeds from the sales of common shares of NSE and CSB Bank into Government of India bonds. Except as described above, there were no other significant changes to the composition of the company's fixed income portfolio classified according to each security's respective issuer credit rating at December 31, 2024 compared to December 31, 2023.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The company manages liquidity risk by maintaining sufficient liquid assets to enable settlement of financial commitments on their respective due dates. Unless otherwise noted, all accounts payable and accrued liabilities are due within three months, and income taxes payable, if any, must be remitted to the respective tax jurisdictions as they are due. There were no significant changes to the company's exposure to liquidity risk (except as set out in the discussion below) or the framework used to monitor, evaluate and manage liquidity risk at December 31, 2024 compared to December 31, 2023.

The undeployed cash and investments at December 31, 2024 provide adequate liquidity to meet the company's known significant commitments over the next twelve months, which are principally comprised of purchase consideration for the Additional BIAL Investment, investment and advisory fees, interest expense, and general and administration expenses.

At December 31, 2024 the company's payment obligations which are due beyond one year primarily relate to the recurring nature of expenses described above and a principal repayment on the Unsecured Senior Notes due in February 2028, which bear interest at a fixed rate of 5.0% per annum, payable in semi-annual installments, and the third installment payment related to the Additional BIAL Investment. In addition, under the Investment Advisory Agreement (defined in note 12), if a performance fee is payable for the fourth calculation period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares.

The company has the ability to sell a portion of its Indian Investments to supplement its liquidity requirements, by way of private placements or in public markets for its Public Indian Investments, or through private sales or IPOs for its Private Indian Investments.

At December 31, 2024, in addition to cash and cash equivalents of $59,322, the company held common shares of Public Indian Investments which carry no selling restrictions with a fair value of $1,033,264 and Government of India bonds with a fair value of $149,484. The company expects to continue to receive investment income on its holdings of fixed income securities and dividends from its equity investments to supplement its cash and cash equivalents. To further augment its liquidity, the company can draw upon its Revolving Credit Facility. Accordingly, the company has adequate working capital to support its ongoing operations.

Concentration Risk

The company's cash and investments are primarily concentrated in India and in Indian businesses or businesses with customers, suppliers or business primarily conducted in, or dependent on, India. The market value of the company's investments, the income generated by the company and the company's performance will be particularly sensitive to changes in the economic condition, interest rates, and regulatory environment in India. Adverse changes to the economic condition, interest rates or regulatory environment in India may have a material adverse effect on the company's business, cash flows, financial condition and net earnings. At December 31, 2024 and 2023 the company's total cash and investments composition by the issuer's country of domicile was primarily India, and at December 31, 2024 represented 98.5% (December 31, 2023 – 99.3%) of the total cash and investments portfolio.

The company's holdings of Public and Private Indian Investments (see note 5) at December 31, 2024 and 2023 are summarized by the issuer's primary industry sector in the table below:

	December 31, 2024	December 31, 2023
Infrastructure	1,631,988	1,599,988
Financial services	948,282	1,232,943
Commercial and industrial	631,281	586,191
Ports and shipping	200,678	193,390
	3,412,229	3,612,512

The company will not make an Indian Investment if, after giving effect to such investment, the total invested amount of such investment would exceed 20.0% of the company's total assets at the time of the investment; provided, however, that the company is permitted to complete up to two Indian Investments where, after giving effect to each such investment, the total invested amount of each such investment would be less than or equal to 25.0% of the company's total assets (the "Investment Concentration Restriction"). The company's investment limit for an Indian Investment in accordance with the Investment Concentration Restriction decreased at December 31, 2024 from December 31, 2023 based on the change in its asset base. Indian Investments may be financed through equity or debt offerings as part of the company's objective to reduce its cost of capital and provide returns to common shareholders. At December 31, 2024 the company determined that it was in compliance with the Investment Concentration Restriction. On January 28, 2025 the company obtained shareholder approval for a one-time deviation from the Investment Concentration Restriction in order to complete the Additional BIAL Investment described in note 5.

Capital Management

The company's objectives when managing capital are to protect its lenders, to safeguard its ability to continue as a going concern, and to maintain an optimal capital structure to reduce the cost of capital in order to optimize returns for common shareholders. The company will seek attractive risk-adjusted returns, but will at all times seek downside protection and attempt to minimize the loss of capital. Total capital (comprised of borrowings, common shareholders' equity and non-controlling interests) decreased from $3,582,601 at December 31, 2023 to $3,455,611 at December 31, 2024 principally reflecting a decrease in common shareholders' equity as described below.

Common shareholders' equity decreased from $2,958,718 at December 31, 2023 to $2,826,495 at December 31, 2024 primarily reflecting unrealized foreign currency translation losses attributable to shareholders of $81,820, a net loss attributable to shareholders of $41,173, and purchases of subordinate voting shares for cancellation of $8,424 in 2024.

Non-controlling interests increased from $126,056 at December 31, 2023 to $130,767 at December 31, 2024, primarily reflecting net earnings attributable to non-controlling interests of $8,436 principally arising from net unrealized gains on the company's investment in BIAL held through Anchorage, partially offset by unrealized foreign currency translation losses attributable to non-controlling interests of $3,725 in 2024.

Subsequent to December 31, 2024

On February 14, 2025 the company amended the Revolving Credit Facility to increase its limit from $175,000 to $250,000, including the use of letters of credit. On February 20, 2025 FIH Mauritius delivered a letter of credit in favour of Siemens representing the deferred BIAL purchase price of $170,850. The Additional BIAL Investment is discussed in note 5.

12. Related Party Transactions

Payable to Related Parties

The company's payable to related parties (excluding amounts related to Unsecured Senior Notes discussed below) was comprised as follows:

	December 31, 2024	December 31, 2023
Performance fee	–	110,158
Investment and advisory fees	10,099	10,700
	10,099	120,858

Investment Advisory Agreement

The company and its subsidiaries have entered into an agreement with Fairfax and the Portfolio Advisor to provide administration and investment advisory services to the company and its subsidiaries (the "Investment Advisory Agreement"). As compensation for the provision of these services, the company and its subsidiaries pay an investment and advisory fee, and if applicable, a performance fee. Such fees are determined with reference to the company's common shareholders' equity.

Performance Fee

The performance fee is accrued quarterly and is calculated, on a cumulative basis, as 20% of any increase (including distributions) in book value per share (before factoring in the impact of the performance fee for the current calculation period) above a 5% per annum increase less any performance fees settled in prior calculation periods. On any date, book value per share is calculated as common shareholders' equity at the end of the reporting period, divided by the total number of common shares of the company effectively outstanding on that date. The amount of book value per share at any time which must be achieved before any performance fee would be payable is sometimes referred to as the "hurdle per share".

In March 2024 the company settled in cash, the performance fee payable of $110,158 due to Fairfax for the third calculation period (three-year period from January 1, 2021 to December 31, 2023).

The period from January 1, 2024 to December 31, 2026 (the "fourth calculation period") is the next consecutive three-year period for which a performance fee, if applicable, will be accrued. Under the Investment Advisory Agreement, if a performance fee is payable for the fourth calculation period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares. The number of subordinate voting shares to be issued will be calculated based on the VWAP.

At December 31, 2024 the company determined that no performance fee accrual was required related to the fourth calculation period (December 31, 2023 – performance fee payable of $110,158 related to the third calculation period). Accordingly, no performance fee was recorded in the consolidated statements of earnings (loss) in 2024 (2023 – performance fee of $69,385).

Investment and Advisory Fees

The investment and advisory fees are calculated and payable quarterly as 0.5% of the value of undeployed capital and 1.5% of the company's common shareholders' equity less the value of undeployed capital. In 2024 the investment and advisory fees recorded in the consolidated statements of earnings (loss) were $40,405 (2023 – $39,382).

Unsecured Senior Notes

Fairfax, through its subsidiaries, holds $58,400 of the Unsecured Senior Notes under the same terms as the other participants. Amounts due to related parties related to the Unsecured Senior Notes were comprised as follows:

	December 31, 2024	December 31, 2023
Principal portion, presented within borrowings on the consolidated balance sheet	58,400	58,400
Interest portion, presented within accrued interest expense on the consolidated balance sheet	1,006	1,006
	59,406	59,406

Interest expense recorded in the consolidated statements of earnings (loss) in 2024 included $2,920 related to amounts due to related parties (2023 – $2,920). Refer to note 7 for further details on the Unsecured Senior Notes.

Fairfax's Voting Rights and Equity Interest

At December 31, 2024 Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares (December 31, 2023 – 30,000,000) and owned and/or exercised control or direction over 28,504,470 subordinate voting shares (December 31, 2023 – 28,504,470) of Fairfax India. At December 31, 2024 Fairfax's aggregate ownership, control and/or direction of the subordinate voting shares and multiple voting shares represented a 95.2% voting interest and a 43.4% equity interest (December 31, 2023 – 95.2% and 43.2%) in Fairfax India.

Management Compensation

Pursuant to the Investment Advisory Agreement, Fairfax is required to provide a Chief Executive Officer, a Chief Financial Officer and a Corporate Secretary to the company. For so long as the Investment Advisory Agreement remains in effect, all compensation payable to the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary of the company will be borne by Fairfax. In addition, all compensation payable to the Executive Vice Chairman, the Vice President and Vice President, Corporate Affairs is borne by Fairfax.

Director Compensation

Compensation for the company's Board of Directors for the years ended December 31, determined in accordance with IFRS Accounting Standards, was recognized in general and administration expenses in the consolidated statements of earnings (loss) and was as follows:

	2024	**2023**
Retainers and fees	180	195
Share-based payments	95	30
Other	–	50
	275	275

13. Segment Reporting

The company has concluded that Fairfax India is engaged in a single geographic and business segment, that of investing in India and Indian Investments.

14. General and Administration Expenses

General and administration expenses for the years ended December 31 were comprised as follows:

	2024	**2023**
Audit, legal, tax, and professional fees[(1)]	2,778	7,623
Salaries and employee benefit expenses	1,246	1,025
Administrative expenses	1,693	1,700
Other	2,197	2,324
	7,914	12,672

(1) Audit, legal, tax, and professional fees were lower during 2024 primarily due to decreased consulting fees.

15. Supplementary Cash Flow Information

Cash and cash equivalents of $59,322 (December 31, 2023 – $174,615) were included in the consolidated balance sheets and statements of cash flows as follows:

	December 31, 2024	**December 31, 2023**
Cash and term deposits with banks	39,351	171,373
U.S. treasury bills	19,971	3,242
	59,322	174,615

Details of certain cash flows provided by (used in) operating activities included in the consolidated statements of cash flows for the years ended December 31 were as follows:

	2024	2023
Purchases of investments		
Bonds	(241,560)	(80,608)
Common stocks	(112,070)	(250,000)
	(353,630)	(330,608)
Sales of investments		
Bonds	120,524	145,319
Common stocks	265,334	239,189
	385,858	384,508
Net interest and dividends received (paid)		
Net interest income received	17,008	14,458
Dividends received	36,398	28,831
Interest paid on borrowings	(25,000)	(25,000)
	28,406	18,289
Income taxes paid	(8,107)	(8,859)

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(Figures and amounts are in US$ and $ thousands except share and per share amounts and as otherwise indicated. Figures may not add due to rounding.)

Notes to Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Readers of the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should review the entire Annual Report for additional commentary and information. Additional information relating to the company, including its annual information form, can be found on SEDAR+ at www.sedarplus.ca. Additional information can also be accessed from the company's website www.fairfaxindia.ca.

(2) Unless otherwise noted, consolidated financial information of the company within this MD&A is derived from the consolidated financial statements of the company prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), and is presented in U.S. dollars with the Indian rupee as the functional currency of the company and its consolidated subsidiaries.

(3) Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in this Annual Report, which have been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies. Please refer to the Glossary of Non-GAAP and Other Financial Measures located at the end of this MD&A for details.

Business Developments

Overview

Fairfax India Holdings Corporation's ("the company" or "Fairfax India") subordinate voting shares trade on Toronto Stock Exchange ("TSX") under the symbol FIH.U. The multiple voting shares of the company are not publicly traded. Fairfax Financial Holdings Limited ("Fairfax") is Fairfax India's ultimate parent and acts as its administrator. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Hamblin Watsa Investment Counsel Ltd. (the "Portfolio Advisor"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the province of Ontario, is the portfolio advisor of the company and its consolidated subsidiaries, and is responsible to source and advise with respect to all investments.

The following narrative sets out the company's key business developments in 2024 and 2023.

Book Value per Share

Common shareholders' equity at December 31, 2024 was $2,826,495 (December 31, 2023 – $2,958,718). The book value per share at December 31, 2024 was $20.96 compared to $21.85 at December 31, 2023 representing a decrease in 2024 of 4.1%, primarily reflecting unrealized foreign currency translation losses attributable to shareholders of Fairfax India of $81,820 principally due to the weakening of the Indian rupee against the U.S. dollar, and a net loss attributable to shareholders of Fairfax India of $41,173, primarily attributed to a provision for income taxes, investment and advisory fees, and interest expense, partially offset by net gains on investments, and interest and dividend income. The company also purchased for cancellation 559,047 subordinate voting shares during 2024 for a net cost of $8,424 ($15.07 per subordinate voting share) through its normal course issuer bid, which partially offset the decrease in book value per share.

The table below presents the book value per share and book value per share before cumulative performance fees for the period from the company's IPO date of January 30, 2015 to December 31, 2024, and the annual growth rate and the compound annual growth rate in book value per share and book value per share before cumulative performance fees.

	Book value per share	Annual growth in book value per share	Book value per share before cumulative performance fees	Annual growth in book value per share before cumulative performance fees
January 30, 2015(1)	$10.00	–	$10.00	–
December 31, 2015	$ 9.50	(5.0)%	$ 9.50	(5.0)%
December 31, 2016	$10.25	7.9%	$10.25	7.9%
December 31, 2017	$14.46	41.1%	$15.24	48.7%
December 31, 2018	$13.86	(4.1)%	$14.59	(4.3)%
December 31, 2019	$16.89	21.9%	$18.11	24.1%
December 31, 2020	$16.37	(3.1)%	$17.29	(4.5)%
December 31, 2021	$19.65	20.0%	$21.50	24.3%
December 31, 2022	$19.11	(2.7)%	$20.63	(4.0)%
December 31, 2023	$21.85	14.3%	$24.13	17.0%
December 31, 2024	$20.96	(4.1)%	$23.19	(3.9)%
Compound annual growth in book value per share(2)		7.7%		8.9%

(1) On January 30, 2015 Fairfax India completed its IPO at an offering price of $10.00 per share.

(2) The company's book value per share of $20.96 at December 31, 2024 represented a compound annual growth rate from the IPO price of $10.00 per share of 7.7% (a growth of 8.9% before cumulative performance fees).

The company had strong performance from the closing of its IPO in January 2015 to December 31, 2024. As a result, the company's book value per share of $20.96 at December 31, 2024 represented a compound annual growth rate during that period of 7.7% (8.9% before cumulative performance fees described in note 12 (Related Party Transactions) to the consolidated financial statements for the year ended December 31, 2024) from the IPO price of $10.00 per share, outperforming the compound annual growth rate of the U.S. dollar S&P BSE Sensex Index of 6.9% during the same period.

The company has issued and purchased common shares since it was federally incorporated on November 25, 2014 as follows:

Date	Number of subordinate voting shares	Number of multiple voting shares(1)	Total number of shares	Average issue/purchase price per share	Net proceeds/ (purchase cost)
2014 – issuance of shares	–	1	1	$10.00	–
2015 – issuance of shares	76,678,879	29,999,999	106,678,878	$ 9.62	1,025,825
2016 – purchase of shares	(1,797,848)	–	(1,797,848)	$11.78	(21,178)
2017 – issuance of shares	42,553,500	–	42,553,500	$11.60	493,504
2017 – purchase of shares	(1,900)	–	(1,900)	$14.21	(27)
2018 – issuance of shares(2)	7,663,685	–	7,663,685	$14.93	114,437
2018 – purchase of shares	(2,234,782)	–	(2,234,782)	$14.42	(32,218)
2019 – purchase of shares	(230,053)	–	(230,053)	$13.03	(2,998)
2020 – purchase of shares	(3,160,910)	–	(3,160,910)	$ 9.14	(28,905)
2021 – issuance of shares(3)	546,263	–	546,263	$ 9.55	5,217
2021 – purchase of shares	(8,781,482)	–	(8,781,482)	$14.45	(126,869)
2022 – purchase of shares	(2,964,452)	–	(2,964,452)	$12.00	(35,582)
2023 – purchase of shares	(2,872,391)	–	(2,872,391)	$12.97	(37,246)
2024 – purchase of shares	(559,047)	–	(559,047)	$15.07	(8,424)
	104,839,462	30,000,000	134,839,462		

(1) Multiple voting shares that may only be issued to Fairfax or its affiliates and are not publicly traded.

(2) Subordinate voting shares issued to Fairfax on March 9, 2018 for settlement of the performance fee accrued at December 31, 2017 of $114,437. Issuance of the subordinate voting shares was a non-cash transaction and were issued at the VWAP of $14.93 in accordance with the Investment Advisory Agreement.

(3) Subordinate voting shares issued to Fairfax on March 5, 2021 for settlement of the performance fee accrued at December 31, 2020 of $5,217. Issuance of the subordinate voting shares was a non-cash transaction and were issued at the VWAP of $9.55 in accordance with the Investment Advisory Agreement.

On September 26, 2024 the company announced that the TSX accepted its intention to commence a normal course issuer bid to purchase up to 5,585,509 subordinate voting shares during the period from September 30, 2024 to September 29, 2025. Prior to the above announcement, the company had an existing normal course issuer bid to purchase up to 5,646,788 subordinate voting shares which commenced on September 30, 2023 and expired on September 29, 2024. Decisions regarding any future purchases will be based on market conditions, share price and other factors including opportunities to invest capital for growth. The Notice of Intention to Make a Normal Course Issuer Bid is available, without charge, by contacting the Corporate Secretary of the company.

In connection with the normal course issuer bid, the company also entered into an automatic share purchase plan with its designated broker to allow for the purchase of subordinate voting shares during times when the company normally would not be active in the market. Such purchases are determined by the broker in its sole discretion based on the parameters established by the company prior to commencement of the applicable trading black-out period. At December 31, 2024 the company did not provide instructions to its broker for the purchase of shares during the black-out period.

Capital Transactions

During 2024, the company continued to purchase shares under its normal course issuer bid, and purchased for cancellation 559,047 subordinate voting shares for a net cost of $8,424 (2023 – 2,872,391 subordinate voting shares for a net cost of $37,246).

On October 3, 2023 the company amended the $175,000 unsecured revolving credit facility ("Revolving Credit Facility") to extend its maturity date from December 17, 2024 to October 2, 2026, while maintaining the option to extend the facility for an additional year. At December 31, 2024 the Revolving Credit Facility was undrawn and remained available.

Subsequent to December 31, 2024

On February 14, 2025 the company amended the Revolving Credit Facility to increase its limit from $175,000 to $250,000, including the use of letters of credit, which was required to support the deferred purchase consideration for the Additional BIAL Investment discussed in the Indian Investments section of this MD&A.

For further details refer to notes 7 (Borrowings) and 8 (Total Equity) to the consolidated financial statements for the year ended December 31, 2024.

Summary of Indian Investments

Throughout this MD&A, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed in note 5 (Indian Investments) to the consolidated financial statements for the year ended December 31, 2024. Full descriptions of the Indian Investments committed to, acquired and sold in 2024 and 2023 are provided in the Indian Investments section of this MD&A.

Track Record

The company's investment performance since inception has been strong for both its public and private company investments (as measured in U.S. dollars). It has monetized and realized significant gains on its Indian Investments, that have been reinvested. The company expects to continue to take advantage of the strong Indian economic environment in the future. The table below provides a summary of the company's existing and monetized Indian Investments, including their compounded annualized return in U.S. dollars since the company's inception:

		December 31, 2024					
Existing Indian Investments:	**Initial investment date**	**Ownership %**	**Cash consideration[1]**	**Fair value**	**Net change**	**Cumulative interest and dividends[2]**	**Compounded annualized return[3]**
Public Indian Investments:							
Common stocks:							
IIFL Finance[4]	December 2015	15.2%	101,118	311,401	210,283	18,716	17.9%*
IIFL Capital (formerly IIFL Securities)[4]	December 2015	27.3%	51,055	322,990	271,935	16,993	25.2%*
5paisa[4]	December 2015	24.6%	16,603	41,883	25,280	–	15.4%*
Fairchem Organics[5]	February 2016	55.3%	34,203	102,234	68,031	2,726	19.3%
CSB Bank	October 2018	40.0%	136,348	254,756	118,408	–	11.3%
			339,327	1,033,264	693,937	38,435	18.5%
Private Indian Investments:							
Common stocks:							
NCML	August 2015	91.0%	188,288	44,250	(144,038)	823	(15.3)%
Sanmar	April 2016	42.9%	199,039	201,446	2,407	–	0.2%
Saurashtra	February 2017	51.0%	30,018	54,688	24,670	14,812	11.6%
BIAL	March 2017	64.0%	902,982	1,631,988	729,006	2,241	10.1%
IH Fund[6]	January 2019	–	11,591	9,590	(2,001)	5,933	4.5%
Seven Islands	March 2019	48.5%	83,846	145,990	62,144	35,932	14.6%
Maxop	November 2021	67.0%	51,448	97,176	45,728	–	25.7%
Jaynix	February 2022	70.0%	32,504	81,577	49,073	–	37.5%
Global Aluminium[7]	October 2024	65.0%	82,729	81,237	(1,492)	–	(1.8)%
Other Indian Fixed Income	November 2021	–	31,408	31,023	(385)	1,134	1.5%
			1,613,853	2,378,965	765,112	60,875	7.3%
Total existing Indian Investments			1,953,180	3,412,229	1,459,049	99,310	10.2%

Monetized Indian Investments:	**Initial investment date**	**Last sale date**	**Cash consideration[1]**	**Cash proceeds[1]**	**Cash proceeds less cash consideration**	**Cumulative interest and dividends[2]**	**Compounded annualized return[3]**
Partially monetized[8]:							
CSB Bank	October 2018	June 2024	33,144	71,298	38,154	–	15.5%
IIFL Finance[4]	December 2015	December 2023	35,711	177,324	141,613	7,467	24.9%*
Fairchem Organics[5]	February 2016	February 2022	7,787	45,585	37,798	86	49.7%
			76,642	294,207	217,565	7,553	25.5%
Fully monetized:							
Other Public Indian Investments	March 2018	July 2024	182,148	286,033	103,885	9,326	27.7%
NSE	July 2016	April 2024	26,783	188,948	162,165	15,048	32.8%
360 ONE (formerly IIFL Wealth)[4]	December 2015	May 2023	107,044	243,465	136,421	40,492	16.7%*
Privi Speciality[5]	August 2016	April 2021	54,975	164,895	109,920	1,985	27.1%
Sanmar Bonds[9]	April 2016	December 2019	299,000	433,873	134,873	–	11.0%
			669,950	1,317,214	647,264	66,851	18.3%
Total monetized Indian Investments			746,592	1,611,421	864,829	74,404	19.4%
** Aggregate: IIFL Finance, IIFL Capital (formerly IIFL Securities), 5paisa and 360 ONE (formerly IIFL Wealth)*							*20.2%*

(1) *Cash consideration and cash proceeds reflect U.S. dollar amounts translated from Indian rupees at foreign currency exchange rates at time of purchase or sale.*

(2) *Cumulative interest and dividends is comprised of dividend income and interest income recorded and received over the period of the company's investment.*

(3) *Compounded annualized return reflects the U.S. dollar annualized internal rate of return calculated for each of the company's existing and monetized Indian Investments, taking into account (i) the timing of cash flows (including cash consideration of purchases, cash proceeds on sales, cumulative interest and dividends received, and return of capital distributions) over the period of the company's investment, and (ii) the fair value at the end of the reporting period for existing Indian Investments.*

(4) *In December 2015 and February 2017 the company acquired common shares of IIFL Holdings Limited ("IIFL Holdings") for aggregate cash consideration of $276,734. In October 2017 IIFL Holdings spun off its wholly-owned subsidiary, 5paisa, and in May 2019, also spun off its wholly-owned subsidiaries IIFL Capital (formerly IIFL Securities) and 360 ONE WAM Limited (formerly IIFL Wealth), and renamed the remaining business to IIFL Finance. As a result, the initial cash consideration of $276,734 paid for IIFL Holdings and cumulative interest and dividends have been allocated to each of the spun-off entities based on their respective fair values at the dates of spin off. Cash consideration also includes any cash paid for purchases subsequent to spin offs.*

(5) *Cash consideration for Fairchem Organics and Privi Speciality Chemicals Limited ("Privi Speciality") reflects the company's initial cash consideration for Fairchem Speciality Limited and Privi Organics Limited, respectively, prior to their merger in 2017 and demerger in 2020. Cash consideration for Fairchem Organics also includes cash paid for purchases subsequent to the demerger.*

(6) *Cash consideration for IH Fund reflects the company's initial cash consideration less return of capital distributions received in cash.*

(7) *Return of (1.8)% for Global Aluminium reflects the impact of unrealized foreign currency translation losses since its acquisition date of October 11, 2024.*

(8) *On partially monetized investments, cash consideration and cumulative interest and dividends reflect amounts proportionate to shares sold.*

(9) *Cash proceeds for Sanmar bonds reflect the bonds' total principal and interest.*

Operating Environment

Global Economic Environment

According to the World Economic Outlook Update (January 2025) published by the International Monetary Fund ("IMF"), global GDP growth is forecasted at 3.3% for both 2025 and 2026, up slightly from estimated growth of 3.2% in 2024. While global growth is expected to hold steady, the risk for some countries including China, is heightened due to elevated policy uncertainty. Over recent months financial market pricing has been shaped by expectations of trade policy shifts under governments recently elected in 2024, while geopolitical tensions, including the Middle East, continue to cause global trade frictions.

Major central banks are expected to continue easing monetary policy in 2025, though at different paces, reflecting variations in growth and inflation outlooks. Where inflation has remained persistent, central banks are moving more cautiously in the easing cycle or even raising rates. The divergent paths of monetary policy across countries may result in significant movements in exchange rates and capital flows.

Indian Economy

According to the latest estimates from the Indian government, the country's GDP grew 8.2% in its fiscal year 2024 (April to March 2024), and GDP growth for fiscal year 2025 and fiscal year 2026 are projected at 6.4% and 6.7%, respectively. Growth is expected to be supported by a recovery in private consumption and fixed investment. In its January 2025 World Economic Outlook, the IMF similarly projected fiscal year 2025 GDP growth at 6.5%, attributing the slower growth to a sharper-than-expected deceleration in industrial activity.

India's middle class is growing, and increasing average wealth will continue to drive demand for new goods and services. Rural consumption has remained robust, supported by strong agricultural performance. Strong manufacturing gains are expected in the coming years, as companies take advantage of a young, skilled, and competitive workforce, while the services sector will continue to be a key driver of growth. Manufacturing exports, particularly in high-value-added components (such as electronics, semiconductors, and pharmaceuticals), have displayed strength, underscoring India's growing role in global value chains. However, headwinds to growth may arise from changing trade policies, continued supply chain disruptions, and erratic weather conditions.

The Reserve Bank of India ("RBI") maintained the benchmark rate at 6.50% at its most recent monetary policy meeting in December 2024, for the eleventh consecutive meeting. In February 2025, the RBI announced India's first rate cut in five years, reducing the benchmark rate to 6.25%. The RBI has undertaken a neutral monetary policy stance and remains focused on ensuring that inflation aligns to the target, while still supporting growth.

Union Budget for Fiscal Year 2025-26

On February 1, 2025 Finance Minister Nirmala Sitharaman presented the 2025-26 Union Budget of India, focusing on four engines of development: (i) agriculture; (ii) micro, small, and medium enterprises ("MSMEs"); (iii) investment; and (iv) exports. Several policy announcements were made, including:

- Spurring agricultural growth: Facilitating short term loans for farmers and fishermen, and the introduction of initiatives to improve productivity and sustainability, including the development of high yielding and climate resilient seeds.
- Supporting MSMEs: Improving the ease and cost of doing business through measures such as customized credit cards for micro enterprises, new schemes for first time entrepreneurs, and other measures to support more labour intensive sectors.

- Investing in people, economy, and innovation: Expanding access and capacity for medical education, technology and skill development institutions, and providing broadband connectivity for all government secondary schools and primary health centres in rural areas. Also, providing monetary support for state infrastructure, maritime development fund, power sector reforms, and allocating funds to private sector research and development.
- Promoting exports: Introduction of sectoral and ministerial targets to facilitate access to export credit, cross-border factoring support, and support to MSMEs on non-tariff measures in overseas markets.

The budget also outlined new tax reforms, including changes for both indirect and direct taxes. The new tax structure offers reduced personal income tax rates for middle-class taxpayers and aims to simplify taxation and improve compliance by reducing exemptions and deductions, while still maintaining lower tax rates. In July 2024 the 2024-25 Union Budget of India introduced a simplified tax regime resulting in a decrease to the long term capital gains rate for Indian residents and an increase for non-residents. The tax rate changes were enacted into law on August 16, 2024 with effect from July 23, 2024, and an impact of $13,849 has been reflected in the company's deferred income tax provision at December 31, 2024.

Consistent with the promotion of exports, various tariffs and duties have been adjusted to protect domestic manufacturers and make Indian exports more competitive globally. Proposals include duty-free inputs for handicraft and leather sectors, as well as duty exemptions on various medicines, electronic goods, automobile components and textile products. These changes are aimed at helping India strengthen its 'Make in India' initiative, while also promoting the creation of jobs.

Indian Market Indices and Foreign Exchange Rate

The U.S. dollar S&P BSE Sensex 30 increased 5.2% during 2024, hitting a new all time high in September, and overcoming headwinds, including lower corporate earnings growth, weaker-than-expected GDP data, net foreign investor outflows, and a slowdown in government capital expenditures prior to the elections. Despite these challenges, India ended the year with a positive annual performance, underscoring its robust structural growth potential. The U.S. dollar also strengthened against many currencies around the world, primarily in the fourth quarter of 2024, including the Indian rupee which depreciated 2.8% in 2024.

Consistent with the Indian market, the company recorded a net gain on investments during 2024 and unrealized foreign currency translation losses as the company's net assets and net earnings are primarily denominated in Indian rupees.

The company's Indian Investments face varying degrees of impact in response to changes in the global economic environment. Further discussion specific to each Indian Investment is included in the Indian Investments section under the respective heading of each Indian Investment of this MD&A.

Business Objectives

Investment Objective

Fairfax India is an investment holding company whose 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, or dependent on, India ("Indian Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage, a consolidated subsidiary of FIH Mauritius based in India.

Investment Strategy

The company invests in businesses that are expected to benefit from India's pro-business political environment, its growing middle class and its demographic trends that are likely to drive strong growth for several years. Sectors of the Indian economy that the company believes will benefit most from such trends include infrastructure, financial institutions, consumer services, logistics, manufacturing, aviation, transportation, retail and exports. The company is not limited to investing solely in these sectors and intends to invest in other sectors as and when opportunities arise.

The company utilizes, and expects to benefit significantly from, the experience and expertise of Fairfax, the Portfolio Advisor, Fairbridge Capital Private Limited ("Fairbridge"), and their respective networks in India, to source and evaluate investment opportunities for the company.

The company employs a conservative, fundamental value-based approach to identifying and investing in high quality public and private Indian businesses. This approach is designed to compound book value per share over the long term. The company will seek attractive risk-adjusted returns, but will at all times seek downside protection and attempt to minimize the loss of capital.

The company intends to make Indian Investments with a view to be a strategic partner to grow the business and as a result optimize investment returns for the shareholders of Fairfax India. The level and nature of this strategic relationship will vary by investment. It may include one or more of the following, as deemed appropriate by the company: (i) board appointment or nomination rights; (ii) board observer rights; (iii) input on management selection; (iv) the provision of managerial assistance; and (v) ongoing monitoring and cooperation with the board and management of the portfolio business to ensure that its strategy is being implemented in a manner that is consistent with the investment objectives of the company and with the company's and Fairfax's fundamental values (as set forth in Fairfax's guiding principles which are included in Fairfax's publicly available annual reports).

Fairfax India's involvement with the Indian Investments may include providing specialized guidance or expertise in limited circumstances or on a temporary basis and does not extend to any involvement in the day-to-day operations of those Indian Investments. Activities are expected to be ancillary and undertaken to maximize returns from investments. Board representation is sought only to maintain protective rights and to maximize the value of the company's investment for its shareholders.

The company may from time to time seek to monetize any of its Indian Investments. The circumstances under which the company may sell some or all of its investments include: (i) where the company believes that the Indian Investments are fully valued or that the original investment thesis has played out; or (ii) where the company has identified other investment opportunities which it believes present more attractive risk-adjusted return opportunities and additional capital is needed to make such alternative investments.

The company may exit its private Indian Investments ("Private Indian Investments" as disclosed in the Indian Investments section of this MD&A) either through initial public offerings ("IPO") or private sales. For publicly traded Indian Investments ("Public Indian Investments" as disclosed in the Indian Investments section of this MD&A), exit strategies may include selling the investments through private placements or in public markets.

Investment Selection

To identify potential investments, the company principally relies on the experience and expertise of Fairfax, the Portfolio Advisor, Fairbridge, and their respective networks in India.

The following is an illustrative list of criteria that the company, Fairfax, the Portfolio Advisor and Fairbridge believe to be paramount when identifying and investing in Indian Investments:

Attractive valuation – The company's conservative fundamental value approach leads it to focus on businesses that have positive, stable cash flows that can be purchased at discounted multiples. The company does not invest in start-up businesses or businesses that have speculative business plans.

Experienced and aligned management – The company focuses on businesses with experienced, entrepreneurial management teams with strong, long term track records. The company generally requires the portfolio businesses to have in place, either prior to or immediately following investment by the company, proper incentives to drive the businesses' profitability and maintain effective governance structures.

Strong competitive position in industry – The company seeks to invest in businesses that hold leading and defendable market positions, possess strong brand power and are well-positioned to capitalize on the growth opportunities in the Indian economy. The company also seeks to invest in businesses that demonstrate significant competitive advantages as compared to their peers, such that they are in a position to protect their market position and profitability.

Alignment of the management team with the values of the company – The company, Fairfax, the Portfolio Advisor and Fairbridge all seek to adhere to the highest standards of business practices and ethics. The company requires that the management teams at each of its portfolio businesses adhere to a similar standard of business practices and ethics and adhere to the company's fundamental values, as described above.

The Portfolio Advisor, the company and their affiliates conduct thorough due diligence investigations when evaluating any Indian Investment prior to making a recommendation to the company and its subsidiaries to invest. This generally includes consultations with Fairfax's network of current and former management teams, consultants, competitors, investment bankers and senior executives to assess, among other things, the industry dynamics, the character of the management team and the viability of the business plan.

More specifically, due diligence in respect of a particular investment opportunity typically includes, among other items as deemed necessary from time to time: (i) review of historical and projected financial information; (ii) on-site visits; (iii) interviews with management, employees, customers and vendors; (iv) review of material agreements; (v) background checks; and (vi) research relating to the businesses' management, industry, markets, products and services, and competitors.

Investment Restrictions

The company will not make an Indian Investment if, after giving effect to such investment, the total invested amount of such investment would exceed 20.0% of the company's total assets at the time of the investment; provided, however, that the company is permitted to complete up to two Indian Investments where, after giving effect to each such investment, the total invested amount of each such investment would be less than or equal to 25.0% of the company's total assets (the "Investment Concentration Restriction"). The company's investment limit for an Indian Investment in accordance with the Investment Concentration Restriction decreased at December 31, 2024 from December 31, 2023 based on the change in its asset base. At December 31, 2024 the company determined that it was in compliance with the Investment Concentration Restriction.

On January 28, 2025 the company obtained shareholder approval for a one-time deviation from the Investment Concentration Restriction in order to complete the Additional BIAL Investment described in the Indian Investments section of this MD&A.

Indian Investments

Cautionary Statement Regarding Financial Information of Significant Indian Investments

Fairfax India has agreed to voluntarily provide within the MD&A, summarized financial information prepared in accordance with recognition, measurement and presentation principles consistent with IFRS Accounting Standards for Indian Investments for which it had previously filed a business acquisition report in accordance with section 8.2 of *National Instrument 51-102 Continuous Disclosure Obligations.* IIFL Finance Limited, IIFL Capital Services Limited (included for its significance in 2024), Sanmar Chemical Enterprises Limited, Bangalore International Airport Limited and CSB Bank Limited (collectively, "Significant Indian Investments"), prepare their financial statements in accordance with Indian Accounting Standards ("Ind AS"), with the exception of the financial statements of CSB Bank prepared in accordance with Indian Generally Accepted Accounting Principles ("Indian GAAP") as a result of the RBI's decision to defer implementation of Ind AS for scheduled commercial banks until further notice. Ind AS are based on and substantially converged with IFRS Accounting Standards. Fairfax India is limited with respect to the amount of independent verification it is able to perform on the Significant Indian Investments' financial statements. The summarized financial information contained in this MD&A was prepared exclusively for Fairfax India. Such financial information is the responsibility of the respective management teams and has been prepared by them using recognition, measurement and presentation principles consistent with IFRS Accounting Standards, and provided to the company in Indian rupees.

The company's Significant Indian Investments have fiscal years ending on March 31. Summarized financial information of the company's Significant Indian Investments has generally been provided for the periods subsequent to the company's investment and to the extent that the most recent interim financial information is available to the company's management. Significant Indian Investments' summarized financial information should be read in conjunction with Fairfax India's historical consolidated financial statements including the notes thereto and the related MD&A as well as Fairfax India's other public filings.

Fairfax India has no knowledge that would indicate that the Significant Indian Investments' summarized financial information contained herein requires material modifications. However, readers are cautioned that the Significant Indian Investments' summarized financial information contained in this MD&A may not be appropriate for their purposes.

Public Indian Investments

The fair values of Fairfax India's Public Indian Investments with shares listed on both the BSE (formerly known as Bombay Stock Exchange) and the National Stock Exchange of India ("NSE of India"), are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

The changes in fair value of the company's Public Indian Investments in 2024 and 2023 are presented in the tables disclosed in note 5 (Indian Investments) to the consolidated financial statements for the year ended December 31, 2024.

Investment in IIFL Capital Services Limited

Business Overview

IIFL Capital Services Limited ("IIFL Capital", formerly IIFL Securities Limited) is a publicly traded independent full-service retail and institutional brokerage and investment advisory firm located in Mumbai India, providing diversified financial services and products which include broking services, financial products distribution, institutional research and investment banking services.

Additional information can be accessed from IIFL Capital's website www.iiflcapital.com.

At December 31, 2024 the company did not have any representation on the board of IIFL Capital.

Key Business Drivers, Events and Risks

IIFL Capital is a key player in both retail and institutional segments of the capital market, with over 3,500 partners and over 100 branches across India. IIFL Capital's current strategy for growth for the non-institutional sector involves the transformation of the legacy execution-focused platform into a comprehensive wealth management platform with a focus on the affluent segment. For the institutional sector, IIFL Capital aims to continue building on its market-leading institutional broking and investment banking franchises by widening research and sector coverage, leveraging its enhanced block placement capabilities, and becoming the 'Banker of choice' for the Indian entrepreneurial ecosystem by focusing on both mid and large sized transactions. IIFL Capital also intends to improve balance sheet efficiency by disposing of non-core real estate assets.

At December 31, 2024 IIFL Capital's non-institutional business segment had assets under management ("AUM") of approximately $28.6 billion (2,448 billion Indian rupees) (December 31, 2023 – $21.8 billion (1,816 billion Indian rupees)). IIFL Capital's institutional broking franchise business provides comprehensive research coverage for over 285 stocks in more than 20 sectors, accounting for over 69% of India's market capitalization. The investment banking business continues to have a robust deal pipeline and completed over 50 transactions in 2024.

Valuation and Consolidated Financial Statement Impact

At December 31, 2024 the fair value of the company's investment in IIFL Capital was $322,990 (December 31, 2023 – $147,437), comprised of 84,641,445 common shares of IIFL Capital representing a 27.3% equity interest (December 31, 2023 – 27.5%).

IIFL Capital's share price increased by 125.4% from 144.95 Indian rupees per share at December 31, 2023 to 326.70 Indian rupees per share at December 31, 2024.

In 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Capital of $3,058 (2023 – $3,087).

Subsequent to December 31, 2024

On February 11, 2025 IIFL Capital declared a dividend of 3 Indian rupees per share. Fairfax India expects to receive approximately $3 million (253.9 million Indian rupees).

IIFL Capital's Summarized Financial Information

IIFL Capital's fiscal year ends on March 31. Summarized below are IIFL Capital's balance sheets at September 30, 2024 and March 31, 2024.

Balance Sheets
(unaudited – US$ thousands)

	September 30, 2024(1)	March 31, 2024(1)
Financial assets	1,086,672	880,070
Non-financial assets	66,667	64,115
Financial liabilities	875,453	721,651
Non-financial liabilities	12,730	8,110
Total equity	265,156	214,424

(1) *The net assets of IIFL Capital were translated at September 30, 2024 at $1 U.S. dollar = 83.80 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.*

Financial assets increased principally reflecting higher client and exchange receivables and increased cash flows from operations, in addition to higher loan receivables related to margin trading facilities and increased investments. Non-financial assets increased primarily due to an increase in right of use assets and current tax assets, partially offset by lower fixed assets due to the sale of properties during the period. Financial liabilities increased primarily reflecting higher client and exchange payables, partially offset by net repayments of borrowings during the period. Non-financial liabilities increased primarily due to an increase in current tax liabilities.

Summarized below are IIFL Capital's statements of earnings for the six months ended September 30, 2024 and 2023.

Statements of Earnings
(unaudited – US$ thousands)

	Six months ended September 30, 2024(1)	**Six months ended September 30, 2023(1)**
Revenue	161,187	114,598
Earnings before income taxes	61,151	29,355
Net earnings	46,367	22,111

(1) Amounts for the six months ended September 30, 2024 and 2023 were translated into US$ using the average exchange rates of $1 U.S. dollar = 83.60 Indian rupees and $1 U.S. dollar = 82.43 Indian rupees prevailing during those respective periods.

IIFL Capital's revenue increased primarily reflecting increased fee and commission income, and interest income, which was driven by growth across all of its key segments – broking, financial product distribution, and investment banking. Earnings before income taxes and net earnings increased primarily reflecting higher revenue as discussed above, partially offset by increased employee and technology expenses, and higher finance costs.

Investment in IIFL Finance Limited

Business Overview

IIFL Finance Limited ("IIFL Finance") is a publicly traded retail-focused diversified financing company located in Mumbai, India that offers home loans, gold loans, micro, small and medium enterprise loans, personal loans and microfinance loans, in addition to its non-core segments of loans for construction and real estate finance and capital market finance.

Additional information can be accessed from IIFL Finance's website www.iifl.com.

At December 31, 2024 the company had appointed one of the nine IIFL Finance board members.

Key Business Drivers, Events and Risks

IIFL Finance's key business drivers include its access to well-diversified sources of funds, a diversified asset portfolio with a strategic focus on households, and its extensive network of physical branches and various digital channels, which enable it to deliver credit to underserved segments and under penetrated geographical areas in India. At December 31, 2024 IIFL Finance had over 4,800 branches across India, making it one of the largest retail focused non-banking financial companies.

At December 31, 2024 IIFL Finance had AUM of approximately $8.3 billion (714 billion Indian rupees) (December 31, 2023 – $9.3 billion (774 billion Indian rupees)) comprised of home loans (42%), gold loans (21%), microfinance (14%), micro, small and medium enterprise loans (20%), personal loans (<1%), construction and real estate finance (1%), and capital market finance (1%). The well diversified asset portfolio is predominantly retail in nature with small loan ticket sizes, mitigating the risk of asset concentration and exposure to cyclical movements.

On March 4, 2024 the RBI ordered IIFL Finance to immediately cease the sanctioning and disbursing of gold loans, in connection with the results of an inspection which identified material supervisory concerns related to IIFL Finance's gold loan portfolio ("RBI Order"). Upon completion of a special audit that verified IIFL Finance had remediated the deficiencies, the RBI lifted the restrictions on September 19, 2024, permitting IIFL Finance to resume its gold loan business. The decrease in AUM during the year was primarily due to the ban on gold loan lending.

On April 17, 2024 IIFL Finance announced a rights offering to existing shareholders, whereby shareholders of record on April 23, 2024 were given the right to participate in a common share issuance on a pro rata basis of 1 newly issued equity share for every 9 equity shares held, at a price of 300.00 Indian rupees per share ("IIFL Finance Rights Offer"). The IIFL Finance Rights Offer was completed in May 2024 and was fully subscribed.

After completion of the IIFL Finance Rights Offer, the company and Fairfax have, in aggregate, provided $85 million in liquidity support to IIFL Finance in the form of equity and debt throughout the duration of the RBI Order. At this time, the company does not expect to provide further liquidity support to IIFL Finance in relation to the RBI Order.

Valuation and Consolidated Financial Statement Impact

During 2023 the company sold 27,000,000 common shares of IIFL Finance for gross proceeds of $177,324 (14.7 billion Indian rupees). As a result of past spin offs of 5paisa, IIFL Capital and 360 ONE at their respective fair values, the company's cost basis of IIFL Finance is nil. Accordingly, all proceeds from sales of IIFL Finance common shares were reflected as a realized gain of $177,324.

On May 17, 2024 in connection with the IIFL Finance Rights Offer, the company acquired an additional 6,911,076 common shares of IIFL Finance with a fair value of $33,089 (representing IIFL Finance's market price on the date of acquisition) for cash consideration of $24,879 (2.1 billion Indian rupees) (based on the IIFL Finance Rights Offer exercise price). As a result of the difference between market price and exercise price, the company recorded a gain on the IIFL Finance forward derivative of $8,210. As the company's participation exceeded its pro rata rights entitlement, Fairfax India's equity interest in IIFL Finance increased from 15.1% to 15.2%.

At December 31, 2024 the fair value of the company's investment in IIFL Finance was $311,401 (December 31, 2023 – $412,151), comprised of 64,552,521 common shares of IIFL Finance representing a 15.2% equity interest (December 31, 2023 – 57,641,445 common shares representing a 15.1% equity interest). IIFL Finance's share price decreased by 30.6% from 595.00 Indian rupees per share at December 31, 2023 to 413.00 Indian rupees per share at December 31, 2024.

In 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Finance of $2,776 (2023 – $4,116).

IIFL Finance's Summarized Financial Information

IIFL Finance's fiscal year ends on March 31. Summarized below are IIFL Finance's balance sheets at September 30, 2024 and March 31, 2024.

Balance Sheets
(unaudited – US$ thousands)

	September 30, 2024(1)	**March 31, 2024**(1)(2)
Financial assets	6,402,055	7,309,056
Non-financial assets	205,533	175,272
Financial liabilities	4,928,138	6,001,094
Non-financial liabilities	52,024	37,661
Total equity	1,627,426	1,445,573

(1) The net assets of IIFL Finance were translated at September 30, 2024 at $1 U.S. dollar = 83.80 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

(2) Certain prior period comparative figures have been restated for comparability to be consistent with current period's presentation.

Financial assets decreased principally reflecting a lower loan portfolio as a result of the RBI Order, which impacted gold loans. Non-financial assets increased primarily due to an increase in tax assets. Financial liabilities decreased primarily reflecting net repayments of borrowings and a decrease in payables principally related to a reduction in IIFL Finance's assigned and securitized loan portfolio. Non-financial liabilities increased primarily attributable to an increase in current tax liabilities. The increase in total equity primarily reflected the impact of the IIFL Finance Rights Offer completed in May 2024 which raised approximately $152 million (12.7 billion Indian rupees), in addition to net earnings during the six months ended September 30, 2024.

Summarized below are IIFL Finance's statements of earnings for the six months ended September 30, 2024 and 2023.

Statements of Earnings
(unaudited – US$ thousands)

	Six months ended September 30, 2024(1)	Six months ended September 30, 2023(1)(2)
Revenue	622,255	593,759
Earnings before income taxes	35,466	157,932
Net earnings	29,317	121,115

(1) Amounts for the six months ended September 30, 2024 and 2023 were translated into US$ using the average exchange rates of $1 U.S. dollar = 83.60 Indian rupees and $1 U.S. dollar = 82.43 Indian rupees prevailing during those respective periods.

(2) Certain prior period comparative figures have been restated for comparability to be consistent with current period's presentation.

IIFL Finance's revenue increased primarily reflecting higher interest income largely supported by growth in IIFL Finance's home loan and enterprise loan portfolios, partially offset by the impact of the RBI Order on the gold loan portfolio. Earnings before income taxes and net earnings decreased primarily due to a provision of approximately $70 million (5.9 billion Indian rupees) recorded during the six months ended September 30, 2024 related to security receipts associated with past Alternative Investment Fund ("AIF") investments, which IIFL Finance expects to recover as underlying assets are monetized. In addition, the RBI Order restricted business activity, which resulted in lower overall profitability for IIFL Finance.

Investment in CSB Bank Limited

Business Overview

CSB Bank Limited ("CSB Bank") is a publicly traded company located in Thrissur, India, established in 1920 and is a full-service bank offering retail banking, non-resident Indian banking services, small-to-medium enterprise and wholesale banking services through 811 branches and 777 automated teller machines across India.

Additional information can be accessed from CSB Bank's website www.csb.co.in.

At December 31, 2024 the company had appointed two of the ten CSB Bank board members.

Key Business Drivers, Events and Risks

CSB Bank's key business drivers relate to its ability to provide financial services in India, particularly in the areas of retail, SMEs, gold and corporate lending and to mobilize low cost deposits in the form of current accounts, savings accounts and non-resident Indian deposits. CSB Bank has recently enhanced its focus on cost management while implementing the first phase of its centralized banking system migration, which is expected to go live during the first quarter of fiscal year 2026. This new technology will enable CSB Bank to deliver consistent service and accelerate growth to achieve its goal of transitioning from a small bank to mid-sized bank by fiscal year 2030.

During fiscal year 2024 CSB Bank divided a number of its branches into gold loan and non-gold loan businesses, effectively creating two separate operations within the branches. Based on the success of this transition, CSB Bank expects to expand this strategy to additional branches. CSB Bank also aims to continue its branch expansion plans on a moderate scale over fiscal year 2025 to further its presence in India and reduce concentration risk.

Banks in India are highly regulated by the RBI including specific regulations on shareholder voting rights, shareholdings and board representation. The company is subject to a dilution schedule from the RBI, requiring the company to bring down its shareholding in CSB Bank to 40.0% within 5 years (which was completed during 2024), to 30.0% within 10 years, and 26.0% within 15 years of the investment completion date of August 7, 2019.

Valuation and Consolidated Financial Statement Impact

In accordance with the RBI dilution schedule, on June 27, 2024 the company sold 16,868,645 common shares of CSB Bank for gross proceeds of $71,298 (6.0 billion Indian rupees), resulting in realized gains of $43,001.

At December 31, 2024 the fair value of the company's investment in CSB Bank was $254,756 (December 31, 2023 – $409,335, including a 6.9% discount for lack of marketability on restricted shares) comprised of 69,394,331 common shares representing a 40.0% equity interest (December 31, 2023 – 86,262,976 common shares representing a 49.7% equity interest). At December 31, 2023 the company held 69,394,331 common shares subject to selling restrictions imposed by the RBI until August 7, 2024. At December 31, 2024 there were no selling restrictions on CSB Bank common shares.

CSB Bank's share price decreased by 24.8% from 418.00 Indian rupees per share at December 31, 2023 to 314.30 Indian rupees per share at December 31, 2024.

CSB Bank's Summarized Financial Information

CSB Bank's fiscal year ends on March 31. Summarized below are CSB Bank's balance sheets at September 30, 2024 and March 31, 2024.

Balance Sheets
(unaudited – US$ thousands)

	September 30, 2024(1)	March 31, 2024(1)
Financial assets	4,597,151	4,225,027
Non-financial assets	134,726	117,215
Financial liabilities	4,182,840	3,833,163
Non-financial liabilities	64,412	62,547
Shareholders' equity	484,625	446,532

(1) The net assets of CSB Bank were translated at September 30, 2024 at $1 U.S. dollar = 83.80 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets increased primarily due to increased loans and advances to customers and investment securities. Non-financial assets increased primarily reflecting software purchases and an increase in other receivables. Financial liabilities increased principally as a result of higher deposits from customers and increased borrowings. Non-financial liabilities increased primarily due to increased lease liabilities.

Summarized below are CSB Bank's statements of earnings for the six months ended September 30, 2024 and 2023.

Statements of Earnings
(unaudited – US$ thousands)

	Six months ended September 30, 2024(1)	Six months ended September 30, 2023(1)
Revenue	131,059	121,602
Earnings before income taxes	45,812	46,932
Net earnings	34,094	35,137

(1) Amounts for the six months ended September 30, 2024 and 2023 were translated into US$ using the average exchange rates of $1 U.S. dollar = 83.60 Indian rupees and $1 U.S. dollar = 82.43 Indian rupees prevailing during those respective periods.

Revenue increased primarily due to higher net fee and commission income, and other income reflecting profit on sale of government treasuries and priority sector lending certificates. Net interest income also increased despite regulatory changes to penalty charges, which have resulted in reduced yields. Earnings before income taxes and net earnings decreased slightly primarily reflecting increased personnel, general and administrative, and depreciation expense, consistent with higher headcount and number of branches compared to the prior period, partially offset by increased revenue described above.

Investment in Fairchem Organics Limited

Business Overview

Fairchem Organics Limited ("Fairchem Organics") is a publicly traded specialty chemical manufacturer located in Ahmedabad, India. Fairchem Organics manufactures oleochemicals used in the paints, inks and adhesives industries, as well as intermediate neutraceutical and health products. It has developed an in-house technology that uses machinery designed and manufactured by leading European companies to physically separate and convert waste generated during the production of soya, sunflower and corn oils into valuable neutraceutical and fatty acids.

Additional information can be accessed from Fairchem Organics' website www.fairchem.in.

At December 31, 2024 the company had appointed one of the six Fairchem Organics board members.

Key Business Drivers, Events and Risks

Fairchem Organics' key business drivers relate to the success of its oleochemicals business and vertical integration into value added products, such as fatty acids and natural vitamin E. As environmental concerns have increased, the demand for sustainable and biodegradable oleochemicals used in lubricants, paper printing, paints and coatings, and animals feed industries experienced strong growth in recent years.

The close proximity to raw materials available in Asia (India, Malaysia and Indonesia) has resulted in a shift of oleochemical production away from the U.S. and Europe. As India is one of the largest consumers of soft oils, the easy access to raw materials and lower costs, combined with efficient manufacturing processes and strong customer and supplier relationships have provided Fairchem Organics with certain competitive advantages over its international peers. Fairchem Organics also has little or no direct competition for some of its products, and is considered to produce a superior quality product compared to its competitors. These competitive advantages continue to be maintained through research and development aimed at improving product yield, and optimizing manufacturing processes while ensuring quality.

Fairchem Organics' current growth initiatives include investing in the development of new value-added oleochemical products through forward integration processes and introduction of new raw materials, increasing capacity, and enhancing its customer base by diversifying into new geographical markets and creating new applications for prime products. Fairchem Organics expects significant growth in the application of its new high-grade isostearic product (launched in fiscal year 2024) in the cosmetics industry once compliance requirements and trials by international consumers are completed.

In September 2024, the Indian government raised the import duty on certain crude and refined vegetable oils, used as inputs in Fairchem Organics' products, by approximately 20% in an effort to protect farmers from lower seed oil prices. It is uncertain how long the increased import duty will be in effect. Fairchem Organics' pricing flexibility on its dimer acid product is limited due to competition from Chinese companies, therefore higher import duties in India have negatively impacted Fairchem Organics' margins and profitability in the near term. In December 2024, the Chinese government announced a reduction in export incentives on certain products including refined oils, which may ease pricing pressures for Fairchem Organics.

Valuation and Consolidated Financial Statement Impact

During December 2024, the company completed market purchases of 324,000 common shares of Fairchem Organics for $4,462 (379.4 million Indian rupees).

At December 31, 2024 the fair value of the company's investment in Fairchem Organics was $102,234 (December 31, 2023 – $102,998), comprised of 7,202,656 common shares of Fairchem Organics representing a 55.3% equity interest (December 31, 2023 – 6,878,656 common shares representing a 52.8% equity interest).

Fairchem Organics' share price decreased by 2.5% from 1,246.00 Indian rupees per share at December 31, 2023 to 1,215.20 Indian rupees per share at December 31, 2024.

In 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Fairchem Organics of $618 (2023 – $626).

Investment in 5paisa Capital Limited

Business Overview

5paisa Capital Limited ("5paisa") is a publicly traded online financial services provider located in Mumbai, India with a "do-it-yourself" investment brokerage model that allows customers to execute investment transactions for low brokerage fees. 5paisa is primarily engaged in providing a technology platform through online and mobile applications for trading securities on the BSE and the NSE of India.

Additional information can be accessed from 5paisa's website www.5paisa.com.

At December 31, 2024 the company did not have any representation on the board of 5paisa.

Key Business Drivers, Events and Risks

5paisa's key business driver relates to its ability to provide digital investment and lending solutions, a relatively newer segment with the potential to achieve critical mass in the near future with the spread of the Internet, mobile penetration, telecommunication and data services throughout India. 5paisa's services are targeted towards retail investors and high volume traders who actively invest and trade in securities markets, and seek "do-it-yourself" services at a low cost. 5paisa remains focused on innovation based on understanding customer behaviour, and constantly strives to achieve technological superiority through the developments of its robust trading platform, advanced mobile app, its artificial intelligence-powered robo-advisory platform, and the paperless account opening process.

5paisa, through its wholly-owned subsidiary, 5paisa P2P Limited, also offers a digital peer-to-peer lending platform registered with the RBI which connects verified creditworthy lenders and individual borrowers in India.

SEBI, the principal regulator of the securities market in India, announced several regulatory changes during 2024 to reduce market speculation and volatility, promote fairness in the industry, and increase transparency for retail investors. Beginning October 1, 2024 all stock exchanges, depositories and clearing corporations must charge brokers uniform transaction fees, where previously transaction fees varied based on trade volume, with discounts provided for higher volumes. This will impact all brokers, but particularly those brokers benefiting from high volume discounts. The regulatory change, among other measures implemented by SEBI have impacted client participation and exchange turnover, and may impact 5paisa's profitability in the near term, until the market adjusts.

At December 31, 2024 the 5paisa mobile application has reached 21.2 million downloads and its total customer base exceeded 4.7 million. During 2024, over 85% of customer acquisitions were attributed to customers onboarded to the digital platform without intervention or assistance. 5paisa remains focused on improving the quality of customer acquisitions and investing in new technologies to strengthen revenue and optimize costs.

Valuation and Consolidated Financial Statement Impact

At December 31, 2024 the fair value of the company's investment in 5paisa was $41,883 (December 31, 2023 – $52,129), comprised of 7,670,130 common shares of 5paisa representing a 24.6% equity interest (December 31, 2023 – 24.6%).

5paisa's share price decreased by 17.3% from 565.55 Indian rupees per share at December 31, 2023 to 467.50 Indian rupees per share at December 31, 2024.

Investment in Other Public Indian Investments

During 2024 the company completed sales of its remaining equity interest in Other Public Indian Investments for gross proceeds of $3,469 (289.9 million Indian rupees), resulting in realized gains of $330.

In 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Other Public Indian Investments of $13 (2023 – $10).

Private Indian Investments

Cautionary Statement Regarding the Valuation of Private Indian Investments

In the absence of an active market for the company's Private Indian Investments, fair values for these investments are determined by management using industry acceptable valuation methodologies after considering the history and nature of the business, operating results and financial conditions, outlook and prospects, general economic, industry and market conditions, contractual rights relating to the investment, public market comparables (if available) and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which the company's Private Indian Investments could be disposed of may differ from the fair values assigned and those differences may be material.

The changes in fair value of the company's Private Indian Investments in 2024 and 2023, including details on valuation methodologies and current model assumptions are disclosed in note 5 (Indian Investments) to the consolidated financial statements for the year ended December 31, 2024.

Investment in Bangalore International Airport Limited

Business Overview

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership. KIAB is the first greenfield airport in India built to the highest level of international standards through a public-private partnership.

BIAL's principal lines of business are as follows:

Aeronautical revenue from the airport

Aeronautical revenue is revenue earned from airlines for providing services such as landing, parking and housing fees ("aeronautical services"). BIAL's aeronautical revenues are also primarily driven by user development fees ("UDFs") charged to airlines and passengers and determined by the Airports Economic Regulatory Authority of

India (the "regulator") in five-year control periods and are fixed in a manner to generate a regulated return over time on invested equity (the "Regulatory Asset Base") for the airport operator. Under the current regulatory approach applicable to BIAL, aviation concessions (which include cargo, ground handling, fuel throughput, and into-plane services) are treated as aeronautical services. In addition, the regulator also attributes 30.0% of non-aeronautical revenue (described below) as a part of aeronautical revenue when computing the regulated return.

Non-aeronautical revenue from the airport

All revenue sources from the airport other than aeronautical revenue (which includes aviation concessions, as described earlier) are treated as non-aeronautical revenue. This includes revenue from activities such as catering services, vehicle parking, advertising, retail and duty-free shops, and food and beverages. BIAL earns its non-aeronautical revenue from concession arrangements that reflect a percentage of revenue sharing, with a minimum guaranteed revenue each year. Non-aeronautical revenue is expected to grow substantially due to the increase in the number of passengers using the airport, the availability of additional space for development and the increasing propensity of passengers to spend money.

Real estate monetization

The airport is located on approximately 4,000 acres of land and the concession agreement provides for development of a portion of this land for commercial purposes such as hotels, retail establishments, offices and industrial or entertainment parks. This permits BIAL to monetize approximately 460 acres after providing for the land required to build roads, utilities, landscaping and other services. Over time, there is potential for significant upside from monetization of this real estate.

Other non-airport related revenue

BIAL's other lines of business include: (i) Taj Bangalore, a five-star hotel located next to the airport which is operated under a management contract with Indian Hotels Company Limited; and (ii) the operation of domestic and international lounge services at Terminal 2.

Additional information can be accessed from BIAL's website www.bengaluruairport.com.

At December 31, 2024 the company had appointed seven of the sixteen BIAL board members.

Key Business Drivers, Events and Risks

KIAB is the busiest airport in South India, and the third largest in the country. The airport handled domestic passenger traffic of 35.3 million and international passenger traffic of 5.4 million in 2024, representing year over year growth of 7.9% and 21.1%, respectively. This growth has been supported by increased capacity from major domestic and international carriers, the launch of new routes, and the start of operations by new international airlines. Cargo volumes also grew 17.4% year over year, driven by the strong Indian domestic retail market and a surge in demand for international air cargo as a result of recent geopolitical events impacting the ocean freight industry. BIAL handled the highest market share of perishable cargo in India for the fourth consecutive year in fiscal year 2024.

In February 2024, Air India Limited (India's leading global airline) and Tata Advanced Systems Limited (India's leading private sector player for aerospace and defence solutions), both of which are affiliates of the Tata Group, entered into an agreement with the Government of Karnataka for a cumulative investment of 23 billion Indian rupees (approximately $269 million at period end exchange rates) in the state's aerospace and defence sector. The investment includes the development of comprehensive maintenance, repair and overhaul facilities for aircrafts and other aerospace facilities on BIAL's leasehold land. The strategic alliance is expected to boost air travel connectivity to and from India and will help establish KIAB as a premier aviation hub for Southern India, driving growth in both domestic and international passenger traffic.

The commencement of domestic and international operations for the first phase of Terminal 2 during 2023 increased annual passenger capacity at the airport by approximately 25 million. During 2024, BIAL revised its airport infrastructure expansion plan pertaining to several projects to be undertaken between fiscal years 2025 and 2028, with a primary goal to enhance accessibility and optimize existing airport operations in preparation for anticipated growth in passenger and air traffic. Such plans include new airport metro stations, upgrades to existing terminals, additional airplane taxiways, and new tunnels, connectors and walkways. Other development plans are underway and include the following projects:

- ***Terminal 2:*** The second phase of Terminal 2 will add capacity for another 20 million passengers per annum and is expected to be completed in BIAL's fiscal year 2029. The combined capacity of the existing terminal and Terminal 2 when completed will be approximately 80 million passengers per annum.

- ***Terminal 3:*** In order to meet expected growth in passenger traffic over the longer term, BIAL has planned to further expand capacity through the construction of a third terminal building ("Terminal 3"), which is expected to be completed in BIAL's fiscal year 2034. The combined capacity of the existing terminal, Terminal 2 and Terminal 3 is expected to be beyond 90 million passengers per annum.
- ***Real Estate:*** BIAL has planned to monetize leasehold land through various business models including own-development projects, land subleases, revenue sharing arrangements and joint ventures, with an overall goal to develop Bengaluru Airport City as a world-class mixed-use destination. Key assets currently under development include: (i) business parks; (ii) a 775-room business hotel; (iii) a retail, dining and entertainment village; (iv) multi-purpose concert arena; (v) a large central kitchen; (vi) an aircraft maintenance training facility for Air India; and (vii) other assets, including a corporate event venue and warehouse. During 2024, BIAL's real estate monetization plan was revised to reflect land subleased to the Tata Group (discussed above). The remaining land development is expected to be comprised of diversified asset classes, with the majority to be completed over a 15 to 20 year timeframe.

Valuation and Consolidated Financial Statement Impact

During 2023 Fairfax India, through FIH Mauritius, acquired an additional 10.0% equity interest of BIAL from Siemens Project Ventures GmBH ("Siemens") for cash of $250,000 (20.7 billion Indian rupees).

On December 3, 2024 Fairfax India, through FIH Mauritius, entered into an agreement to purchase Siemens' remaining 10.0% equity interest in BIAL for purchase consideration of $255,000 ("Additional BIAL Investment"). The purchase consideration will be payable in three installments, with the initial installment of $84,150 to be paid on closing and the second and third installments of $94,350 and $76,500 to be paid in the third quarters of 2025 and 2026, respectively. The Additional BIAL Investment implies a fair value for 100% of BIAL's equity value at $2,550,000.

At December 31, 2024 the company held a 64.0% equity interest in BIAL (December 31, 2023 – 64.0%), and its internal valuation model indicated that the fair value of the company's investment in BIAL was $1,631,988 (December 31, 2023 – $1,599,988), which approximates the equity valuation of BIAL implied by the Additional BIAL Investment discussed above.

At December 31, 2024 the company held 43.6% out of its 64.0% (December 31, 2023 – 43.6% out of its 64.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 59.0% (December 31, 2023 – 59.0%). Refer to note 8 (Total Equity, under the heading Non-controlling interests) to the consolidated financial statements for the year ended December 31, 2024 for further discussion on Anchorage.

Subsequent to December 31, 2024

On February 20, 2025 the company, through FIH Mauritius, completed the Additional BIAL Investment. The company paid the initial installment of $84,150 and delivered a letter of credit in favour of Siemens representing the deferred purchase consideration of $170,850. Refer to note 7 (Borrowings, under the heading Revolving Credit Facility) to the consolidated financial statements for the year ended December 31, 2024.

BIAL's Summarized Financial Information

BIAL's fiscal year ends on March 31. Summarized below are BIAL's balance sheets at September 30, 2024 and March 31, 2024.

Balance Sheets
(unaudited – US$ thousands)

	September 30, 2024(1)	March 31, 2024(1)
Current assets	372,250	349,078
Non-current assets	1,539,082	1,549,462
Current liabilities	205,438	197,943
Non-current liabilities	1,364,586	1,390,798
Shareholders' equity	341,308	309,799

(1) The net assets of BIAL were translated at September 30, 2024 at $1 U.S. dollar = 83.80 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Current assets increased primarily reflecting higher cash flows from operations, and investment of surplus cash into short term fixed deposits. Non-current assets decreased due to the depreciation of property, plant and equipment and lower deferred tax assets, partially offset by investments in longer term fixed deposits. Current liabilities increased primarily due to increased current maturities of borrowings (consistent with decreased non-current liabilities), partially offset by a decrease in capital expenditure payables.

Summarized below are BIAL's statements of earnings (loss) for the six months ended September 30, 2024 and 2023.

Statements of Earnings (Loss)
(unaudited – US$ thousands)

	Six months ended September 30, 2024[(1)]	Six months ended September 30, 2023[(1)]
Revenue	233,532	157,705
EBITDA	163,686	103,685
Net earnings (loss)	33,421	(5,483)

(1) Amounts for the six months ended September 30, 2024 and 2023 were translated into US$ using the average exchange rates of $1 U.S. dollar = 83.60 Indian rupees and $1 U.S. dollar = 82.43 Indian rupees prevailing during those respective periods.

The increase in revenue primarily reflected the increased aeronautical revenues as a result of higher UDFs with effect from April 1, 2024 and higher passenger traffic levels as a result of increased capacity. The higher passenger traffic levels also translated into higher non-aeronautical revenues, and reflected higher spend by passengers. The increase in EBITDA principally reflected increased revenues, partially offset by higher operating and administrative expenses in connection with higher business volumes. Net earnings for the six months ended September 30, 2024 compared to a net loss in the prior period was primarily due to higher EBITDA as described above, partially offset by higher tax expense consistent with improved earnings, and increased interest and depreciation expense due to Terminal 2 being fully operational in the current period.

Investment in Sanmar Chemical Enterprises Limited

Business Overview

Sanmar Chemical Enterprises Limited ("Sanmar"), a private company located in Chennai, India, is one of the largest polyvinyl chloride ("PVC") manufacturers in India with an operational presence in India and Egypt. Sanmar has an aggregate installed capacity of approximately 838,000 metric tons per annum, comprised of approximately 438,000 metric tons per annum in India and 400,000 metric tons per annum in Egypt. On December 3, 2024, Sanmar's company name was formally changed from Sanmar Engineering Services Limited to Sanmar Chemical Enterprises Limited.

Sanmar's principal lines of business are as follows:

Chemplast Sanmar Limited ("Chemplast") – a public company

Chemplast is listed on both the BSE and NSE of India, and is currently the largest specialty paste PVC manufacturer in India. A significant portion of Chemplast's revenues are derived from integrated operations. Chemplast's product range falls into two distinct groups: specialty chemicals business (including specialty paste PVC resins and its custom manufactured chemicals business), and value-added chemicals (such as caustic soda and chloromethanes). Specialty paste PVC resin is primarily used in the artificial leather industry to produce footwear, auto parts, furniture upholstery and mats. The custom manufactured chemicals business is involved in manufacturing advanced intermediates for agro-chemical, pharmaceutical, and fine chemicals sectors. Caustic soda is primarily used in the manufacturing of paper and pulp, textiles, alumina, soaps and detergents, and is also the basic feedstock for various chemicals. Chloromethanes are primarily used in pharmaceutical and agro-chemical sectors.

Chemplast Cuddalore Vinyls Limited ("CCVL") is currently the second largest suspension PVC manufacturer in India. Suspension PVC is primarily used in pipes and fittings, window and door profiles. The majority of CCVL's revenues are generated through direct sales to end customers.

TCI Sanmar Chemicals S.A.E. ("Sanmar Egypt")

Sanmar Egypt is the largest Indian investor in Egypt's chemical business and the largest caustic soda, calcium chloride and PVC manufacturer in Egypt. Calcium chloride granules are used worldwide for dust control, de-icing, drilling operations and as a food additive. Sanmar Egypt sells directly to end customers and also through distributors. PVC is mainly sold in key target markets like Egypt, Turkey and parts of southern Europe.

Additional information can be accessed from Sanmar's website www.sanmargroup.com.

At December 31, 2024 the company had appointed one of the four Sanmar board members.

Key Business Drivers, Events and Risks

Sanmar continues to draw strength from strong brand equity, experienced management, dominant market position in the chemicals industry, and long term demand outlook for PVC and caustic soda in India and across global markets. Sanmar's key business drivers relate to the execution of its plan to drive the growth of its custom manufactured chemicals business, increase PVC manufacturing capacity in India (specifically the specialty PVC) to align with the growing long term demand for PVC, and to improve the overall capacity utilization at all of its PVC production facilities.

The international PVC market remains subdued, primarily due to slower growth from key sectors such as construction and property, largely due to high interest rates in the U.S. and Europe, and slower than anticipated economic recovery in China. As a result, global PVC prices experienced a downward trend during 2024 and several countries, including India, have imposed, or are in the process of imposing, anti-dumping duties on imports of PVC products in an effort to protect domestic producers.

Due to the foreign currency crisis in Egypt, Sanmar Egypt has focused on exporting PVC to global markets in the short term to ensure sufficient supply of U.S. dollars to cover raw material expenses and debt servicing. Positive developments in 2024 such as the unification of the central bank exchange rate with market rates, expansion of the IMF loan program, in addition to several significant foreign investment announcements, have helped improve foreign reserves and the availability of U.S. dollars in Egypt. However due to a large order backlog to secure U.S. dollar customer advances, Sanmar Egypt expects the shift in its sales mix back to higher margin domestic sales to be gradual.

Valuation and Consolidated Financial Statement Impact

At December 31, 2024 the company held a 42.9% equity interest in Sanmar (December 31, 2023 – 42.9%) and the fair value of the company's investment in Sanmar was $201,446 (December 31, 2023 – $302,881).

At December 31, 2024 the portion of fair value derived from Sanmar's equity interest in Chemplast was $217,604 (December 31, 2023 – $224,150), which was higher than the total fair value of Sanmar due to a low equity value attributable to Sanmar Egypt combined with the impact of net debt due to affiliates of Sanmar's promoters. The share price of Chemplast decreased marginally from 499.60 Indian rupees per share at December 31, 2023 to 499.00 Indian rupees per share at December 31, 2024.

Sanmar's Summarized Financial Information

Sanmar's fiscal year ends on March 31. Summarized below are Sanmar's balance sheets at September 30, 2024 and March 31, 2024.

Balance Sheets
(unaudited – US$ thousands)

	September 30, 2024(1)	March 31, 2024(1)
Current assets	361,641	341,465
Non-current assets	2,086,604	2,102,971
Current liabilities	714,667	642,523
Non-current liabilities	1,115,043	1,123,600
Total equity	618,535	678,313

(1) *The net assets of Sanmar were translated at September 30, 2024 at $1 U.S. dollar = 83.80 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.*

Current assets increased primarily reflecting increased accrued export incentives and inventories. Non-current assets decreased primarily due to the depreciation of property, plant, and equipment. Current liabilities increased primarily reflecting higher feedstock payables in connection with recently commissioned expansion projects in India, and increased customer advances at Sanmar Egypt. Non-current liabilities decreased primarily due to net repayments of borrowings.

Summarized below are Sanmar's statements of earnings (loss) for the six months ended September 30, 2024 and 2023.

Statements of Earnings (Loss)
(unaudited – US$ thousands)

	Six months ended September 30, 2024(1)	Six months ended September 30, 2023(1)
Revenue	469,169	477,993
EBITDA	33,433	37,036
Net loss	(64,020)	(35,896)

(1) Amounts for the six months ended September 30, 2024 and 2023 were translated into US$ using the average exchange rates of $1 U.S. dollar = 83.60 Indian rupees and $1 U.S. dollar = 82.43 Indian rupees prevailing during those respective periods.

Revenue was substantially unchanged compared to the prior period in Indian rupees. Revenue from operations increased slightly due to improved demand for suspension PVC and caustic soda as a result of recently commissioned expansion projects at Chemplast, partially offset by lower PVC prices and lower caustic soda prices and volumes in Egypt. EBITDA decreased primarily reflecting lower contribution from Sanmar Egypt as described above, partially offset by higher contributions from paste and suspension PVC in India and the custom manufactured chemicals business at Chemplast. Net loss increased due to higher deferred taxes and borrowing costs at Sanmar Egypt, and increased depreciation related to completed expansion projects.

Investment in Seven Islands Shipping Limited

Business Overview

Seven Islands Shipping Limited ("Seven Islands"), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels. During 2024, Seven Islands established a new subsidiary, Seven Islands Shipping International FZE ("SISIF"), located in the United Arab Emirates, which operates foreign-flagged vessels. At December 31, 2024 Seven Islands, together with SISIF, owned 25 vessels, including 2 gas carriers, with a total deadweight capacity of approximately 1.3 million metric tons.

Additional information can be accessed from Seven Islands' website www.sishipping.com.

At December 31, 2024 the company had appointed one of the seven Seven Islands board members.

Key Business Drivers, Events and Risks

Seven Islands' key business drivers relate to its ability to acquire vessels from reputable vessel owners within the international market and quickly deploy those vessels through charter contracts with India's largest oil and gas companies. Seven Islands' business model is susceptible to overall shipping cycles and could be impacted by industry downturns in terms of lower rates and increased competition. However, Seven Islands operates primarily in the crude oil, oil products and liquefied petroleum gas transport segments wherein India has one of the fastest growing energy consumption rates, mitigating business deployment risk for oil and gas tankers in India in comparison with other countries. In addition, India has witnessed a decline in the fleet of other shipping companies, due to lower operational efficiencies, forming a gap that Seven Islands has been able to fill.

During 2024, Seven Islands transferred two of its Indian owned vessels to operate as foreign-flagged vessels under the new wholly-owned subsidiary, SISIF. Operating primarily in a free economic trade zone within the United Arab Emirates, the vessels can employ both Indian and foreign crew members, in addition to receiving certain benefits comparable to Indian owned and flagged vessels, including the absence of corporate tax.

Geopolitical tensions continue to impact the crude oil market, affecting both oil supply chains and demand patterns. As the ban on Russian oil by western nations and the European Union remains intact, Russia continues to export oil to China and India at higher volumes. New sanctions recently issued by the U.S. targeting Russian oil producers and tankers may further disrupt supply chains. While Seven Islands primarily operates along the Indian coast, Arabian Gulf, and Southeast Asia, shipping oil for Indian oil companies, it indirectly benefits from the increased demand for medium-sized vessels and longer-haul routes, particularly in Asia, which has resulted in an uptick in tanker charter rates. Throughout 2023 and 2024, tensions in the Middle East have diverted oil suppliers to take longer routes, tightening fleet supply and creating additional demand, further contributing to higher charter rates.

Recent macroeconomic trends indicate global oil demand will continue to grow in 2025, primarily driven by steady demand for petrochemical feedstock. China, the long-time global leader in oil demand growth, represents almost half of global petrochemical demand and is currently the second largest consumer of petrochemical feedstock in the world, and is expected to maintain its leading role into 2025. India is set to be the second largest driver of growth in oil demand, supported by healthy manufacturing and agricultural activity, which are expected to maintain high demand for gasoline and diesel. Additionally, Seven Islands remains somewhat insulated from volatility, at least in the short term, as the majority of its revenue contracts are on time charter for six months to over two years.

Seven Islands' revenues are denominated in U.S. dollars, whereas a majority of expenses incurred are denominated in Indian rupees. Seven Islands is also exposed to fluctuations in the Indian rupee to the extent that vessel acquisitions are negotiated and settled in U.S. dollars.

Valuation and Consolidated Financial Statement Impact

At December 31, 2024 the company held a 48.5% equity interest in Seven Islands (December 31, 2023 – 48.5%) and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was $145,990 (December 31, 2023 – $142,839).

In 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Seven Islands of $29,878 (2023 – $6,054).

Investment in Maxop Engineering Company Private Limited

Business Overview

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors. Maxop operates from eight manufacturing facilities located in India with total installed casting capacity of over 20,000 metric tons, and caters to customers in Asia, North America and Europe.

Additional information can be accessed from Maxop's website www.maxop.com.

At December 31, 2024 the company had appointed one of the four Maxop board members.

Key Business Drivers, Events and Risks

Maxop's key business drivers relate to the growing demand and increasing scope of industrial applications for aluminum die casting, a process which manufactures lightweight parts and provides high flexibility for complex shapes. The automotive industry is a major consumer of aluminum die-cast products as it provides an effective alternative to reduce vehicle weight in order to meet increasingly strict fuel economy standards. The die casting market is expected to benefit from significant growth in global demand for vehicle production, in large part due to the rising popularity of electric vehicles.

Accordingly, the automotive parts die casting segment makes up a significant portion of Maxop's revenue profile across domestic and export sales. Maxop is also a supplier of fully machined precision components, and diversifies its revenue mix by catering to general engineering product segments in the non-automotive sector with applications such as air conditioning and food processing machine parts. Maxop has also recently undertaken the construction of a new plant dedicated to manufacturing aluminum extrusion products, primarily catering to its existing customer base in the automotive sector. The new plant is expected to commence operations in fiscal year 2027.

Projected market conditions for 2025 appear to be constrained, with downward trends in demand anticipated for both the domestic and export automotive industrial markets. The slowdown can be attributed to production and project delays within the automotive industry, owing to persistent elevated inflation and geopolitical conflicts, impacting supply chains and increasing raw material costs. Despite these conditions, Maxop continues to focus on increasing market share by acquiring new customers and securing contracts with existing customers, and is in the process of adding new infrastructure to increase capacity.

Maxop's key initiatives involve strategic enhancements to improve operational excellence and optimize costs, exploring opportunities within the electric vehicles market, and expanding manufacturing facilities to serve regions and industries with significant growth outlooks. Maxop also mitigates its exposure to volatility in input prices through its aluminum processing plants which transform scrap metal to aluminum ingots for its aluminum die casting and machinery supply segment.

Valuation and Consolidated Financial Statement Impact

At December 31, 2024 the company held a 67.0% equity interest in Maxop (December 31, 2023 – 67.0%) and its internal valuation model indicated that the fair value of the company's investment in Maxop was $97,176 (December 31, 2023 – $56,674).

Investment in Jaynix Engineering Private Limited

Business Overview

Jaynix Engineering Private Limited ("Jaynix"), a private company based in Gujarat, India, is a manufacturer of non-ferrous electrical connectors and electrical assemblies, and is a critical Tier 1 supplier to major electrical original equipment manufacturers in North America and Europe.

Additional information can be accessed from Jaynix's website www.jaynix.com.

At December 31, 2024 the company had appointed one of the five Jaynix board members.

Key Business Drivers, Events and Risks

Jaynix's key business drivers relate to its ability to grow its customer base and product offerings in North America and Europe while maintaining high product quality. Jaynix leverages its low-cost manufacturing operations across five manufacturing plants in India to cater to markets in North America and Europe, and has in-house capabilities to design products and scale its manufacturing production capacities. Jaynix's current growth initiatives involve increasing production capacity and developing new products, including Jaynix-branded lugs and neutral bars. Accordingly, two new factory buildings are under construction and expected to commence operations in 2025, and investments have been made to upgrade existing machinery and acquire new machinery, including the recent purchase of specialized sheet metal machinery to meet customer demand for complete product assemblies. Jaynix is also currently evaluating options to expand its manufacturing presence to North America.

Jaynix is able to maintain its competitive advantage as the requirement for specific certifications presents a barrier to entry for other competitors seeking to enter the North American and European markets, while Jaynix's management has operational expertise in obtaining and maintaining these certifications. During 2024, Jaynix added an additional certification lab to support business growth and capacity expansions. Overall growth in demand, which was previously subdued primarily due to the U.S. housing market, has shown signs of recovery. This recovery has been additionally boosted by increased demand from customers to develop new products and from higher than usual demand from the data centre industry. Jaynix has been able to maintain stable product margins as raw material costs (including aluminum, which is the primary raw material used by Jaynix) are passed through to the customer.

Valuation and Interim Consolidated Financial Statement Impact

At December 31, 2024 the company held a 70.0% equity interest in Jaynix (December 31, 2023 – 70.0%) and its internal valuation model indicated that the fair value of the company's investment in Jaynix was $81,577 (December 31, 2023 – $49,277).

Investment in Global Aluminium Private Limited

Business Overview

Global Aluminium Private Limited ("Global Aluminium"), a private company located in Hyderabad, India, is an aluminum extrusions manufacturer with in-house capabilities to produce anodized and powder-coated aluminum products. Global Aluminium operates from two manufacturing facilities located in India with total production and value-addition capacity of approximately 65,000 metric tons.

Additional information can be accessed from Global Aluminium's website www.globalaluminium.com.

At December 31, 2024 the company had appointed one of the two Global Aluminium board members.

Key Business Drivers, Events and Risks

Global Aluminium's key business drivers relate to the wide ranging application of aluminum extrusion products, particularly for premium industrial uses across diverse industries including architecture, aeronautics, electronics and electrical, and automotive sectors. Global Aluminium has invested in design capabilities which allows it to focus on industrial customers with requirements for complex profiles subject to high value addition processes. Additionally, Global Aluminium has developed a reputation for high quality products with minimal defects, quick turnaround times and highly responsive after-sales service.

The three major industries which use aluminum products – building and construction, automotive and renewable energy – are experiencing tailwinds globally, primarily driven by environmental concerns and high interest rates. A push towards electric vehicles and tightening fuel efficiency standards have increased the usage of aluminum in the automotive industry. Global Aluminium's current strategic initiatives include technological upgrades to enhance the durability of its products, increasing production capacity, and expanding export revenues and value-added services by hiring sales representatives in the U.S., Europe, and Australia.

In November 2024 the U.S. Department of Commerce withdrew its previously announced anti-dumping duties from several countries, which applied an approximate 39% duty on certain Indian companies, including Global Aluminum. Global Aluminium is focusing on growing its presence in the U.S. and other geographic regions.

Valuation and Interim Consolidated Financial Statement Impact

On October 11, 2024 Fairfax India completed the acquisition of an effective 65.0% equity interest in Global Aluminium for a purchase price of $82,729 (7.0 billion Indian rupees). The transaction requires Global Aluminium to merge with its wholly-owned subsidiary, which is expected to be completed in the first six months of 2025.

At December 31, 2024 the company held an effective 65.0% equity interest in Global Aluminium and the fair value of the company's investment in Global Aluminium was $81,237. Changes in fair value during 2024 were related to unrealized foreign currency translation losses.

Investment in Saurashtra Freight Private Limited

Business Overview

Saurashtra Freight Private Limited ("Saurashtra"), a private company located in Mumbai, India, operates one of the largest container freight stations ("CFS") at Mundra port. Services provided by Saurashtra's CFS include transportation of containers to and from the port, stuffing and destuffing of containers, cargo storage, transportation of cargo to the end customer, and storage, maintenance and repair of empty containers. Saurashtra's subsidiary, Fairfreight Lines Private Limited ("Fairfreight Lines"), focuses on services for container shipping, offering integrated logistics solutions to its customers by providing containers to importers and exporters to transport cargo.

Additional information can be accessed from Saurashtra's website www.saurashtrafreight.com.

At December 31, 2024 the company had appointed one of the three Saurashtra board members.

Key Business Drivers, Events and Risks

Saurashtra measures the operating performance of its CFS business based on the utilization of its standard twenty-foot (shipping container) equivalent units ("TEUs") relative to total installed capacity, and total import and export container traffic in the market. In 2024 Saurashtra handled 138,828 TEUs compared to annual installed capacity of 248,000 TEUs, implying a capacity utilization of approximately 56% (2023 – 142,741 TEUs compared to annual installed capacity of 223,000, implying a capacity utilization of approximately 64%). Saurashtra is the second largest CFS at Mundra port in terms of total throughput, achieving a 13% market share for 2024. In October 2024, Saurashtra became the operator of a new CFS in the nearby Kandla port under a profit sharing agreement with a third party logistics company. The new Kandla CFS will add annual installed capacity of 66,000 TEUs to Saurashtra's CFS operations.

The CFS industry is highly fragmented with 14 CFS at Mundra port. Many of these CFS are inefficient and operating below capacity, providing Saurashtra with the opportunity to benefit from industry consolidation. Saurashtra also continues to actively pursue additional volume and increase capacity through offering comprehensive packages to shipping lines and evaluating expansion projects in its existing businesses and the wider logistics industry.

Due to ongoing geopolitical events impacting global supply routes, operational challenges continue to impact shipping businesses that operate out of major Indian ports. Specifically, inconsistent vessel schedules and port congestion have disrupted import and export container traffic, leading to reduced TEU utilization in the short term. Additionally, there has been an increase in the use of 'Direct Port Delivery' as a means to obtain cargo more quickly, a process that bypasses use of the CFS, resulting in downward pressures for import TEU utilization. With the recent armistice in the Middle East, the anticipated gradual resumption of the use of the Suez Canal and return to regular shipping routes may help ease these operational challenges.

The above noted supply chain disruptions have also caused a shortage of capacity for the container shipping industry resulting in increased slot costs, however, ocean freight rates have recently rebounded, allowing for improved financial results from Fairfreight Lines compared to the prior year. Fairfreight Lines remains cautious of changes to the operating environment, and implemented cost rationalization measures over the past year to help sustain profitability.

Valuation and Consolidated Financial Statement Impact

At December 31, 2024 the company held a 51.0% equity interest in Saurashtra (December 31, 2023 – 51.0%) and its internal valuation model indicated that the fair value of the company's investment in Saurashtra was $54,688 (December 31, 2023 – $50,551).

In 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Saurashtra of $4,419 (2023 – $8,305).

Investment in National Commodities Management Services Limited

Business Overview

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is an integrated agriculture value chain solutions provider, with services including grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. In addition to its commodity management solutions business, NCML also operates silos constructed under concession agreements with the Food Corporation of India ("FCI"), and an NBFC which focuses on rural and agri-business financing.

Additional information can be accessed from NCML's website www.ncml.com.

At December 31, 2024 the company had appointed two of the five NCML board members.

Key Business Drivers, Events and Risks

NCML's key business drivers relate to its ability to achieve long term modernization of its grain storage facilities, the expansion of its commodity management solutions line of businesses with adjacent services, and the successful construction and operation of the silos under concession agreements with the FCI. At December 31, 2024, six of NCML's silo projects were operational, and one remaining silo project is expected to be completed in 2025. Between 2020 and 2023 NCML and FCI agreed to terminate nine out of the sixteen original silo projects due to inability to procure suitable land and other construction-related challenges.

Ongoing geopolitical conflicts and unfavourable weather conditions have contributed to elevated food price inflation in India. In an effort to safeguard and strengthen domestic food security, the Indian government implemented export restrictions on certain agricultural crops and imposed stock limits on wheat for wholesalers, retailers and processors. These factors have generally led to lower commodity deposits into storage facilities. However, NCML has closely monitored market demand in order to optimize its leased warehousing capacity and utilization, resulting in improved operating margins.

NCML's overall business growth continues to be constrained by funding limitations. As a result, NCML has focused on strengthening its liquidity. During 2023, NCML agreed to settle $36.1 million (3.0 billion Indian rupees) of outstanding external debt for $11.5 million (1.0 billion Indian rupees). NCML recorded a gain on the settlement of the external debt, which was fully offset by the impairment of certain assets. Additional capital may also be released through the sale of excess land parcels and warehouse assets, and the scaling down of businesses with less favourable risk-reward characteristics.

Valuation and Consolidated Financial Statement Impact

NCML Common Shares

During 2023 the company converted its investment in 12.5% unsecured compulsorily convertible debentures issued by NCML in 2019 ("NCML CCD") and related accrued interest into NCML common shares. The NCML common shares were recognized at a fair value of $9,824 (809.1 million Indian rupees) and the company recorded a realized loss on the NCML CCD of $5,803. As a result of the above transactions, the company's equity interest in NCML increased from 89.5% to 91.0%.

At December 31, 2024 the company held a 91.0% equity interest in NCML (December 31, 2023 – 91.0%) and its internal valuation model indicated that the fair value of the company's equity investment in NCML was $44,250 (December 31, 2023 – $50,327).

NCML Non-convertible Debentures

On November 9, 2023 the company invested $24,013 (2.0 billion Indian rupees) in 9.47% unsecured non-convertible debentures ("NCML NCD"), due November 8, 2028.

At December 31, 2024 the fair value of the company's investment in the NCML NCD was $23,361 (including a deferred loss of $2,965) (December 31, 2023 – $24,034, including a deferred loss of $3,631), and is presented within Other Indian Fixed Income within the table disclosed earlier in the Summary of Indian Investments section.

Investment in India Housing Fund

Business Overview

India Housing Fund ("IH Fund") is a closed-ended fund of 360 ONE Private Equity Fund registered as a Category II AIF under SEBI AIF Regulations. IH Fund is a fund incorporated to focus on investing in India's real estate sector by investing in equity, debt and equity-linked instruments of real estate and construction companies involved in projects or ventures with expected growth potential.

At December 31, 2024 IH Fund had invested approximately $102 million at period end exchange rates (8.8 billion Indian rupees) in six real estate sector investments.

At December 31, 2024 the company had appointed one of the five members of IH Fund's Investment Committee.

Key Business Drivers, Events and Risks

The Indian real estate sector is a key growth driver of the country's economy and one of the largest employment generators in India. This sector is estimated to reach a value between $5 trillion and $7 trillion by 2047, with a possibility of surpassing $10 trillion. Equity investments in Indian real estate during 2024 was also estimated at an all time high of $11.4 billion, marking an increase of 54% year over year, and demonstrating a rising interest in the sector as an investment opportunity.

Valuation and Consolidated Financial Statement Impact

At December 31, 2024 the company estimated the fair value of its investment in IH Fund was $9,590 (December 31, 2023 – $13,090).

During 2024 the company received distributions of $1,619 (2023 – $2,444) from IH Fund and in 2024 the consolidated statements of earnings (loss) included dividend income earned from the investment in IH Fund of $1,184 (2023 – $1,384).

Investment in National Stock Exchange of India Limited

During 2024 the company sold its remaining equity interest in NSE for gross proceeds of $188,948 (15.7 billion Indian rupees), resulting in realized gains of $167,335. Gross proceeds of $15,039 (1.3 billion Indian rupees) related to NSE shares sold to IIFL Capital (formerly IIFL Securities), an associate of the company.

In 2023 the consolidated statements of earnings (loss) included dividend income earned from the investment in NSE of $4,866.

Results of Operations

Fairfax India's consolidated statements of earnings (loss) for the years ended December 31, 2024, 2023 and 2022 are shown in the following table:

	2024	2023	2022
Income			
Interest	19,504	16,833	11,353
Dividends	41,946	28,831	23,985
Net realized gains on investments	218,871	193,203	95,882
Net change in unrealized gains (losses) on investments	(167,654)	361,702	153,656
Net foreign exchange losses	(12,616)	(1,713)	(47,350)
	100,051	598,856	237,526
Expenses			
Investment and advisory fees	40,405	39,382	38,988
Performance fee (recovery)	—	69,385	(36,428)
General and administration expenses	7,914	12,672	13,470
Interest expense	25,521	25,521	25,521
	73,840	146,960	41,551
Earnings before income taxes	26,211	451,896	195,975
Provision for income taxes	58,948	68,050	4,487
Net earnings (loss)	(32,737)	383,846	191,488
Attributable to:			
Shareholders of Fairfax India	(41,173)	371,770	191,439
Non-controlling interests	8,436	12,076	49
	(32,737)	383,846	191,488
Net earnings (loss) per share	$ (0.30)	$ 2.72	$ 1.38
Net earnings (loss) per diluted share	$ (0.30)	$ 2.72	$ 1.34

The company had a net loss attributable to shareholders of $41,173 (a net loss of $0.30 per basic and diluted share) in 2024 compared to net earnings attributable to shareholders of $371,770 (net earnings of $2.72 per basic and diluted share) in 2023.

The key components of results of operations for 2024 (with comparisons to 2023, except as otherwise noted) included the following:

Net change in unrealized losses on investments of $167,654 (2023 – net change in unrealized gains on investments of $361,702) were principally driven by changes in market prices of Public Indian Investments and fair values of Private Indian Investments determined using industry accepted valuation techniques and models, in addition to reversals of prior period unrealized gains upon sales. For more information about Indian Investments, see the Indian Investments section of this MD&A. For further analysis of the changes in fair value of Indian Investments, refer to note 5 (Indian Investments) to the consolidated financial statements for the year ended December 31, 2024.

Net realized gains on investments of $218,871 principally related to realized gains on the sale of common shares of NSE and CSB Bank, settlement of the IIFL Finance forward derivative upon completion of the IIFL Finance Rights Offer, and sale of Other Public Indian Investments. Net realized gains on investments of $193,203 in 2023 principally related to realized gains on partial sales of IIFL Finance, and sales of the remaining common shares of 360 ONE (formerly IIFL Wealth) and certain Other Public Indian Investments, partially offset by a realized loss related to the conversion of the NCML CCD.

Interest income of $19,504 in 2024 increased from $16,833 in 2023 principally as a result of increased holdings of Government of India bonds, partially offset by lower interest earned from short term government treasury bills.

Dividends of $41,946 in 2024 increased from $28,831 in 2023 primarily due to increased dividends from the company's investment in Seven Islands, partially offset by decreased dividends from NSE and IIFL Finance due to their sales during the year, and lower dividends from Saurashtra.

Net foreign exchange losses of $12,616 in 2024 (2023 – $1,713) primarily related to foreign exchange losses on U.S. dollar denominated borrowings. The increase from 2023 reflected a more significant depreciation of the Indian rupee against the U.S. dollar during 2024.

Total expenses of $73,840 in 2024 decreased from $146,960 in 2023 primarily due to the impact of no performance fees accrued in the current year given the decrease in book value per share, in addition to decreased general and administration expenses primarily due to lower consulting fees.

Provision for income taxes of $58,948 in 2024 (2023 – $68,050) primarily reflected deferred income taxes as a result of net unrealized gains on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017 and the impact of changes to Indian capital gains tax rates with effect from July 23, 2024, in addition to current taxes recognized as a result of Indian capital gains tax on sales and withholding taxes on interest and dividends received, and a provision related to a prior year tax assessment. Refer to note 10 (Income Taxes) to the consolidated financial statements for the year ended December 31, 2024 for further detail.

Consolidated Balance Sheet Summary

The company's consolidated balance sheet at December 31, 2024 (with comparisons to December 31, 2023, except as otherwise noted) was primarily comprised of the following:

Total Assets

Total assets at December 31, 2024 of $3,630,780 (December 31, 2023 – $3,821,535) were principally comprised as follows:

Total cash and investments decreased from $3,818,921 at December 31, 2023 to $3,621,035 at December 31, 2024. The company's total cash and investments composition by the issuer's country of domicile was as follows:

	December 31, 2024					December 31, 2023				
	India	U.S.	Canada	Other	Total	India	U.S.	Canada	Other	Total
Cash and cash equivalents	6,079	19,971	29,603	3,669	59,322	147,291	3,242	20,603	3,479	174,615
Bonds:										
Government of India	149,484	–	–	–	149,484	31,794	–	–	–	31,794
Other Indian Fixed Income	31,023	–	–	–	31,023	31,469	–	–	–	31,469
	180,507	–	–	–	180,507	63,263	–	–	–	63,263
Common stocks:										
IIFL Capital (formerly IIFL Securities)	322,990	–	–	–	322,990	147,437	–	–	–	147,437
IIFL Finance	311,401	–	–	–	311,401	412,151	–	–	–	412,151
CSB Bank	254,756	–	–	–	254,756	409,335	–	–	–	409,335
Fairchem Organics	102,234	–	–	–	102,234	102,998	–	–	–	102,998
5paisa	41,883	–	–	–	41,883	52,129	–	–	–	52,129
Other Public Indian Investments	–	–	–	–	–	2,751	–	–	–	2,751
BIAL	1,631,988	–	–	–	1,631,988	1,599,988	–	–	–	1,599,988
Sanmar	201,446	–	–	–	201,446	302,881	–	–	–	302,881
Seven Islands	145,990	–	–	–	145,990	142,839	–	–	–	142,839
Maxop	97,176	–	–	–	97,176	56,674	–	–	–	56,674
Jaynix	81,577	–	–	–	81,577	49,277	–	–	–	49,277
Global Aluminium	81,237	–	–	–	81,237	–	–	–	–	–
Saurashtra	54,688	–	–	–	54,688	50,551	–	–	–	50,551
NCML	44,250	–	–	–	44,250	50,327	–	–	–	50,327
IH Fund	9,590	–	–	–	9,590	13,090	–	–	–	13,090
NSE	–	–	–	–	–	188,615	–	–	–	188,615
	3,381,206	–	–	–	3,381,206	3,581,043	–	–	–	3,581,043
Total cash and investments	3,567,792	19,971	29,603	3,669	3,621,035	3,791,597	3,242	20,603	3,479	3,818,921

Cash and cash equivalents decreased from $174,615 at December 31, 2023 to $59,322 at December 31, 2024 principally due to net purchases of Government of India bonds, the settlement of the performance fee payable for the third calculation period, and payments of investment and advisory fees, and interest on the Unsecured Senior Notes, partially offset by net sales of investments in common stocks and the receipt of dividend and interest income.

Bonds and Common stocks – The company is actively seeking investment opportunities in India and will continue to redirect capital from its cash and cash equivalents, short term investments, and Government of India bonds into Indian Investments as and when those opportunities are identified. For more information about recent Indian Investments, see the Indian Investments section of this MD&A. For more information on the company's total cash and investments holdings of $3,621,035 at December 31, 2024 (December 31, 2023 – $3,818,921) see note 6 (Cash and Investments) of the consolidated financial statements for the year ended December 31, 2024.

Interest and dividends receivable increased from $1,367 at December 31, 2023 to $8,849 at December 31, 2024, primarily due to dividends receivable of $5,548 relating to Seven Islands which was repatriated to the company on January 6, 2025, in addition to higher interest accrued on Other Indian Fixed Income.

Total Liabilities and Equity

Total liabilities at December 31, 2024 of $673,518 (December 31, 2023 – $736,761) were principally comprised as follows:

Accrued interest expense of $8,611 at December 31, 2024 (December 31, 2023 – $8,611) was comprised of accrued interest expense for the $500,000 principal 5.0% unsecured senior notes due February 26, 2028 ("Unsecured Senior Notes"), which are due in semi-annual installments.

Income taxes payable of $5,379 at December 31, 2024 (December 31, 2023 – nil) was primarily comprised of a provision relating to a prior year tax assessment.

Payable to related parties decreased from $120,858 at December 31, 2023 to $10,099 at December 31, 2024 principally due to the settlement of the performance fee payable of $110,158 to Fairfax for the third calculation period ended December 31, 2023. At December 31, 2024 the company determined that no performance fee accrual was required related to the fourth calculation period given the decrease in book value per share.

Deferred income taxes increased from $108,553 at December 31, 2023 to $149,780 at December 31, 2024 primarily due to deferred income taxes attributable to unrealized gains on the company's investments in IIFL Capital (formerly IIFL Securities), BIAL, Maxop and Jaynix, in addition to the impact of changes to Indian capital gains tax rate enacted during 2024, partially offset by a reversal of prior period deferred income taxes recognized on the company's investment in CSB Bank as a result of sales and unrealized losses during the year.

Borrowings increased from $497,827 at December 31, 2023 to $498,349 at December 31, 2024, reflecting the amortization of issuance costs on the Unsecured Senior Notes.

Total equity at December 31, 2024 of $2,957,262 (December 31, 2023 – $3,084,774) was comprised of common shareholders' equity of $2,826,495 (December 31, 2023 – $2,958,718) and non-controlling interests of $130,767 (December 31, 2023 – $126,056). Refer to note 8 (Total Equity) to the consolidated financial statements for the year ended December 31, 2024.

Comparison of 2023 to 2022 – Total assets of $3,821,535 at December 31, 2023 (December 31, 2022 – $3,365,569) and total liabilities of $736,761 at December 31, 2023 (December 31, 2022 – $608,796) were primarily impacted by net change in unrealized gains on investments, which resulted in higher performance fees and deferred income taxes, in addition to purchases and sales of investments, purchases of subordinate voting shares for cancellation, and unrealized foreign currency translation losses.

Financial Risk Management

The primary goals of the company's financial risk management program are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheets from events that have the potential to materially impair its financial strength. There were no significant changes in the types of the company's risk exposures or the process used by the company for managing those risk exposures at December 31, 2024 compared to those identified at December 31, 2023, other than as outlined in note 11 (Financial Risk Management) to the consolidated financial statements for the year ended December 31, 2024.

Capital Resources and Management

The company's objectives when managing capital are to protect its lenders, to safeguard its ability to continue as a going concern, and to maintain an optimal capital structure to reduce the cost of capital in order to optimize returns for common shareholders. The company will seek attractive risk-adjusted returns, but will at all times seek downside protection and attempt to minimize the loss of capital. Total capital (comprised of borrowings, common shareholders' equity and non-controlling interests) decreased from $3,582,601 at December 31, 2023 to $3,455,611 at December 31, 2024. Refer to note 11 (Financial Risk Management, under the heading Capital Management) to the consolidated financial statements for the year ended December 31, 2024 for additional details.

On December 2, 2024 DBRS Morningstar reaffirmed the company's Issuer Rating and the Unsecured Senior Notes rating at BBB with a Stable trend.

At December 31, 2024 the Revolving Credit Facility was undrawn and remained available. Refer to note 7 (Borrowings) to the consolidated financial statements for the year ended December 31, 2024 for additional details.

Subsequent to December 31, 2024

On February 14, 2025 the company amended the Revolving Credit Facility to increase its limit from $175,000 to $250,000, including the use of letters of credit. On February 20, 2025 FIH Mauritius delivered a letter of credit in favour of Siemens representing the deferred BIAL purchase price of $170,850. The Additional BIAL Investment is discussed in the Indian Investments section of this MD&A.

Liquidity

For a detailed discussion on short term and long term liquidity requirements and sources of liquidity, refer to note 11 (Financial Risk Management, under the heading Liquidity Risk) to the consolidated financial statements for the year ended December 31, 2024.

Highlights in 2024 (with comparisons to 2023) of major components of the statements of cash flows are presented in the following table:

	2024	2023
Operating activities		
Cash used in operating activities excluding the impact of net sales (purchases) of investments	(136,060)	(39,002)
Net sales of short term investments	397	51,712
Purchases of investments	(353,630)	(330,608)
Sales of investments	385,858	384,508
Cash provided by (used in) operating activities	(103,435)	66,610
Financing activities		
Purchases of subordinate voting shares for cancellation	(8,424)	(37,246)
Cash used in financing activities	(8,424)	(37,246)
Increase (decrease) in cash and cash equivalents during the year	(111,859)	29,364

"Cash used in operating activities excluding the impact of net sales (purchases) of investments" provides a measure of the cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of purchases and sales of investments. Cash used in operating activities excluding the impact of net sales (purchases) of investments of $136,060 in 2024 increased from $39,002 in 2023, primarily reflecting the settlement of performance fees relating to the third calculation period, partially offset by increased cash received from dividend income and lower general and administration expenses.

Net sales of short term investments of $397 in 2024 related to net sales of Indian treasury bills. Net sales of short term investments of $51,712 in 2023 related to U.S. and Indian treasury bills.

Purchases of investments of $353,630 in 2024 primarily related to purchases of Government of India bonds and common shares of Global Aluminium, IIFL Finance and Fairchem Organics. Purchases of investments of $330,608 in 2023 primarily related to purchases of BIAL common shares, Government of India bonds, and Other Indian Fixed Income.

Sales of investments of $385,858 in 2024 primarily related to sales of remaining common shares of NSE and Other Public Indian Investments, partial sales of CSB Bank common shares, and sales of Government of India bonds. Sales of investments of $384,508 in 2023 primarily related to partial sales of IIFL Finance common shares, Government of India bonds, and sales of the company's remaining 360 ONE (formerly IIFL Wealth) holdings and certain Other Public Indian Investments. Refer to note 15 (Supplementary Cash Flow Information) to the consolidated financial statements for the year ended December 31, 2024 for details of purchases and sales of investments.

Purchases of subordinate voting shares for cancellation of $8,424 in 2024 (2023 – $37,246) related to the company's purchases of 559,047 subordinate voting shares under the terms of the normal course issuer bid (2023 – 2,872,391).

Contractual Obligations

The company's contractual obligations principally relate to its borrowings, fees due to Fairfax under the terms of the Investment Advisory Agreement, and installment payments related to the Additional BIAL Investment as discussed in the Indian Investments section of this MD&A. Refer to note 7 (Borrowings) and note 12 (Related Party Transactions) to the consolidated financial statements for the year ended December 31, 2024 for additional details.

Accounting and Disclosure Matters

Management's Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the company's management, including the company's CEO and CFO, the company conducted an evaluation of the effectiveness of its disclosure controls and procedures as of December 31, 2024, as required by Canadian securities legislation. Disclosure controls and procedures are designed to ensure that the information required to be disclosed by the company in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the company's CEO and CFO, as appropriate, to allow required disclosures to be made in a timely fashion. Based on their evaluation, the CEO and CFO have concluded that as of December 31, 2024, the company's disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined under National Instrument 52-109). The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS Accounting Standards, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The company's management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2024. In making this assessment, the company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control – Integrated Framework (2013)*. Based on this assessment, the company's management, including the CEO and CFO, concluded that, as of December 31, 2024, the company's internal control over financial reporting was effective based on the criteria in *Internal Control – Integrated Framework (2013)* issued by COSO.

Critical Accounting Estimates and Judgments

Please refer to note 4 (Critical Accounting Estimates and Judgments) to the consolidated financial statements for the year ended December 31, 2024.

Material Accounting Policy Changes

There were no material accounting policy changes during 2024. Please refer to note 3 (Summary of Material Accounting Policies) to the consolidated financial statements for the year ended December 31, 2024 for a detailed discussion of the company's accounting policies.

Future Accounting Changes

New standards and amendments that have been issued but are not yet effective are described in note 3 (Summary of Material Accounting Policies) to the consolidated financial statements for the year ended December 31, 2024. The company does not expect to adopt any of these new standards and amendments in advance of their respective effective dates.

Risk Management

Overview

The primary goals of the company's financial risk management program are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheets from events that have the potential to materially impair its financial strength. There were no significant changes in the types of the company's risk exposures or the process used by the company for managing those risk exposures at December 31, 2024 compared to those identified at December 31, 2023, other than as outlined in note 11 (Financial Risk Management) to the consolidated financial statements for the year ended December 31, 2024.

Risks

The following risks, among others, should be considered in evaluating the outlook for the company. Additional risks not currently known to the company or that are currently deemed immaterial may also impair business operations. The company, its consolidated subsidiaries, Fairfax and the Portfolio Advisor monitor these risks on an on-going basis and take actions as needed to mitigate their impact. For further details about the risks relating to the company, please see Risk Factors in Fairfax India's most recent annual information form, which is available on SEDAR+ at www.sedarplus.ca.

Oil Price Risk

India imports a majority of its requirements of petroleum oil and petroleum products. The Government of India has deregulated prices and has been reducing the subsidy in respect of certain oil products, resulting in international crude prices having a greater effect on domestic oil prices. Global oil prices continued to be volatile, any increase or volatility in oil prices, as well as the impact of Indian rupee depreciation, which makes imports more expensive, and the pass-through of such increases to Indian consumers could have a material adverse impact on the Indian economy, including a rise in inflation and market interest rates resulting in a significant impact on the profitability of certain Indian Investments.

Geographic Concentration of Investments

Substantially all of the company's investments will be made in India and in Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India. As a result, the company's performance is particularly sensitive to economic changes in India. The market value of the company's investments, the income generated by the company and the company's performance is particularly sensitive to changes in the economic condition and regulatory environment in India. Adverse changes in the economic condition or regulatory environment of India may have a material adverse effect on the company's business, cash flows, financial condition and net earnings.

Potential Lack of Diversification

Although the company's investments are required to be in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India, and the company is subject to the Investment Concentration Restriction, the company does not have any specific limits on investments in businesses in any one industry or size of business. The company's investments made to date have been made in portfolio companies in the logistics, financial services, chemical manufacturing, other manufacturing, aviation, transportation and real estate industries. The company's investments may be more susceptible to fluctuations in value resulting from adverse economic conditions affecting any such particular industry or segment of business in India than would be the case if the company were required to satisfy certain investment guidelines relating to business diversification. In addition, the company may from time to time be over-weighted in one industry or segment of business.

Foreign Currency Fluctuation

All of the company's portfolio investments have been and will be made in India and in Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India, and the financial position and results for these investments have been and are expected to be principally denominated in Indian rupees. The functional currency of the company and its consolidated subsidiaries is the Indian rupee and the company's presentation currency is the U.S. dollar. The company presents its consolidated financial statements in U.S. dollars to provide comparability with other North American investment entities. Accordingly, the income and expenses are translated at the average rates of exchange in effect during the applicable reporting period. Assets and liabilities are translated at the exchange rates in effect at the balance sheet date. As a result, the company's consolidated financial position is subject to foreign currency fluctuation risk, which could materially adversely impact its operating results and cash flows. Although the company may enter into currency hedging arrangements in respect of its foreign currency cash flows, there can be no assurance that the company will do so or, if it does, that the full amount of the foreign currency exposure will be hedged at any time.

Volatility of the Indian Securities Markets

Stock exchanges in India have, in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges in India have also experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the stock exchanges in India have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed businesses and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment. Such volatility in the trading performance may negatively affect the company's future income and earnings.

Investments May Be Made in Foreign Private Businesses Where Information is Unreliable or Unavailable

In pursuing the company's investment strategy, the company may seek to make investments in privately-held businesses as disclosed in note 5 (Indian Investments) to the consolidated financial statements for the year ended December 31, 2024. As minimal public information exists about private businesses, the company could be required to make investment decisions on whether to pursue a potential investment in a private business on the basis of limited information, which may result in an investment in a business that is not as profitable as the company initially suspected, if at all. Investments in private businesses pose certain incremental risks as compared to investments in public businesses, including that they:

- have reduced access to the capital markets, resulting in diminished capital resources and ability to withstand financial distress;
- may have limited financial resources and may be unable to meet their obligations under any debt securities that the company may hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the company realizing any guarantees that it may have obtained in connection with its investment;
- may have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and changing market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a portfolio investment and, as a result, the company; and
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position.

Valuation Methodologies Involve Subjective Judgments

The company's financial assets and liabilities are valued in accordance with IFRS Accounting Standards. Accordingly, the company is required to follow a specific framework for measuring the fair value of its investments and, in its audited consolidated financial statements, to provide certain disclosures regarding the use of fair value measurements.

The fair value measurement accounting guidance establishes a hierarchal disclosure framework that ranks the observability of market inputs used in measuring financial instruments at fair value. The observability of inputs depends on a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a high degree of market price observability and less judgment applied in determining fair value.

A portion of the company's portfolio investments are in the form of securities that are not publicly traded and thus have no readily ascertainable market prices. The fair value of securities and other investments that are not publicly traded may not be readily determinable. The company will value these securities quarterly at fair value as determined in good faith by the company and in accordance with the valuation policies and procedures under IFRS Accounting Standards. The company may utilize the services of an independent valuation firm to aid it in determining the fair value of these securities. The types of factors that may be considered in fair value pricing of the company's investments include the nature and realizable value of any collateral, the portfolio business' ability to make payments and its earnings, the markets in which the portfolio investment does business, comparisons to publicly traded companies, discounted cash flows and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, such valuations may fluctuate over short periods of time and may be based on estimates. Thus, the company's determinations of fair value may differ materially from the prices that would have been obtained if a ready market for these securities existed. The value of the company's total assets could be materially adversely affected if the company's determinations regarding the fair value of its investments were materially higher than the values that it ultimately realizes upon the disposition of such securities.

The value of the company's investment portfolio may also be affected by changes in accounting standards, policies or practices. From time to time, the company will be required to adopt new or revised accounting standards or guidance. It is possible that future accounting standards that the company is required to adopt could change the valuation of the company's investments.

Due to a wide variety of market factors and the nature of certain securities held and to be held by the company, there is no guarantee that the fair value determined by the company or any third party valuation agents will represent the value that will be realized by the company on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Moreover, the valuations to be performed by the company or any third party valuation agents are inherently different from the valuation of the company's securities that would be performed if the company were forced to liquidate all or a significant portion of its securities, as liquidation valuation could be materially lower.

In addition, the values of the company's investments are subject to significant volatility, including due to a number of factors beyond the company's control. These include actual or anticipated fluctuations in the quarterly and annual results of these companies or companies in their industries, market perceptions concerning the availability of additional securities for sale, general economic, social or political developments, changes in industry conditions or government regulations, changes in management or capital structure and significant acquisitions or dispositions. In addition, because the company often holds substantial positions in its investees, the disposition of these securities often is delayed for, or takes place over, long periods of time, which can further expose the company to volatility risk. Even if the company holds an investment that may be difficult to liquidate in a single transaction, the company may not discount the market price of the security sufficiently for purposes of its valuations. If the company realizes value on an investment that is significantly lower than the value at which it was recorded in its balance sheet, the company would recognize investment losses.

Financial Market Fluctuations

The company invests in both private businesses and publicly traded businesses. With respect to publicly traded businesses, as disclosed in note 5 (Indian Investments) to the consolidated financial statements for the year ended December 31, 2024, fluctuations in the market prices of such securities may negatively affect the value of such investments. In addition, general instability in the public debt market and other securities markets may impede the ability of businesses to refinance their debt through selling new securities, thereby limiting the company's investment options with regard to a particular portfolio investment.

Global capital markets have experienced extreme volatility and disruption in recent years as evidenced by the failure of major financial institutions, significant write-offs suffered by the financial services sector, the re-pricing of credit risk, the unavailability of credit or the downgrading and the possibility of default by sovereign issuers, forced exit or voluntary withdrawal of countries from a common currency and/or devaluation. Despite actions of government authorities, these events have contributed to a worsening of general economic conditions, high levels of unemployment in certain Western economies and the introduction of austerity measures by certain governments.

Such worsening of financial market and economic conditions may have a negative effect on the valuations of, and the ability of the company to exit or partially divest from, investment positions. Adverse economic conditions may also decrease the value of collateral securing some of its positions, and require the company to contribute additional collateral.

Depending on market conditions, the company may incur substantial realized and unrealized losses in future periods, all of which may materially adversely affect its results of operations and the value of any investment in the company.

Pace of Completing Investments

The company's business is to identify, with the assistance of the Portfolio Advisor, suitable investment opportunities, pursuing such opportunities and consummating such investment opportunities. If the company is unable to source and manage its investments effectively, it would adversely impact the company's financial position and net earnings. There can be no assurance as to the pace of finding and implementing investment opportunities. Conversely, there may only be a limited number of suitable investment opportunities at any given time. This may cause the company, while it deploys cash proceeds not yet invested, to hold significant levels of cash, cash equivalents, short term U.S. treasury bills or Government of India or Indian corporate bonds. A lengthy period prior to which capital is deployed may adversely affect the company's overall performance.

Minority Investments

The company may make minority equity investments in which the company does not participate in the management or otherwise influence the business or affairs of such businesses. The company will monitor the performance of each investment and maintain an ongoing dialogue with each business' management team. However, day-to-day operations will primarily be the responsibility of each business' management team and the company may not have the right to influence such operations.

Reliance on Key Personnel and Risks Associated with the Investment Advisory Agreement

The management and governance of the company depends on the services of certain key personnel, including the Portfolio Advisor, Fairfax, as administrator, and certain executive officers of the company. The loss of the services of any key personnel, particularly V. Prem Watsa, Chandran Ratnaswami and Gopalakrishnan Soundarajan, could have a material adverse effect on the company and materially adversely affect the company's financial condition and net earnings.

The company relies on the Portfolio Advisor and any of its sub-advisors, from time to time, including Fairbridge, with respect to the sourcing and advising with respect to their investments. Consequently, the company's ability to achieve its investment objectives depends in large part on the Portfolio Advisor and its ability to identify and advise the company on attractive investment opportunities. This means that the company's investments are dependent upon the Portfolio Advisor's business contacts, its ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If the company were to lose the services provided by the Portfolio Advisor or its key personnel or if the Portfolio Advisor fails to satisfactorily perform its obligations under the Investment Advisory Agreement, the company's investments and growth prospects may decline.

The company may be unable to duplicate the quality and depth of management from the Portfolio Advisor if the company were to source and manage its own investments or if it were to hire another investment advisor. If the Portfolio Advisor should cease for whatever reason to be the investment advisor of the company or if Fairfax should cease to provide investment administration services to the company, the cost of obtaining substitute services may be greater than the fees the company will pay the Portfolio Advisor and Fairfax under the Investment Advisory Agreement, and this may adversely affect the company's ability to meet its objectives and execute its strategy which could materially and adversely affect the company's cash flows, net earnings and financial condition.

Disruption of the Company's Information Technology Systems Could Significantly Affect the Company's Business

The company relies on information technology in virtually all aspects of the company's business. A significant disruption or failure of the company's information technology systems could result in service interruptions, safety failures, security violations, regulatory compliance failures, and inability to protect information and assets against intruders, and other operational difficulties. Attacks perpetrated against the company's information systems could result in loss of assets and critical information, potential breach of privacy laws, expose the company to remediation costs, reputational damage, regulatory scrutiny, litigation and adversely affect the company's results of operations, financial condition and liquidity.

Cyber-attacks, including those perpetrated through the use of artificial intelligence, could further adversely affect the company's ability to operate facilities, information technology and business systems, or compromise confidential employee information. Cyber-attacks resulting in political, economic, social or financial market instability or damage to or interference with the company's assets may result in business interruptions, lost revenue, higher commodity prices, disruption in fuel supplies, lower energy consumption, unstable markets, increased security and repair or other costs, any of which may affect the company's consolidated financial results. Furthermore, instability in the financial markets as a result of terrorism, sustained or significant cyber-attacks, or war could also materially adversely affect the company's ability to raise capital.

The company has taken steps intended to mitigate these risks, including implementation of cybersecurity and cyber resilience measures, business continuity planning, disaster recovery planning and business impact analysis, and regularly update these plans and security measures, however, there can be no assurance that such steps will be adequate to protect the company from the impacts of a cyber-attack.

Lawsuits

The company may, from time to time, become party to a variety of legal claims and regulatory proceedings in Canada, India, Mauritius or elsewhere. The existence of such claims against the company or its affiliates, directors or officers could have various adverse effects, including the incurrence of significant legal expenses defending such claims, even claims without merit. The company manages day-to-day regulatory and legal risk primarily by implementing appropriate policies, procedures and controls. Internal and external legal counsel also work closely with the company to identify and mitigate areas of potential regulatory and legal risk. The company's results of operations, financial condition and liquidity could be materially adversely affected by any such legal risks.

Use of Leverage

The company may rely on the use of leverage when making its investments. As such, the ability to achieve attractive rates of return on such investments will significantly depend on the company's continued ability to access sources of debt financing on attractive terms. An increase in either market interest rates or in the risk spreads demanded by lenders would make it more expensive for the company to finance its investments and, in turn, would reduce net returns thereon. Increases in interest rates could also make it more difficult for the company to locate and consummate investments because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher price due to a lower overall cost of capital. Availability of capital from debt capital markets is subject to significant volatility and the company may not be able to access those markets on attractive terms, or at all, when completing an investment. In addition, the company is subject to a leverage covenant under the terms of the Unsecured Senior Notes. Any of the foregoing circumstances could have a material adverse effect on the financial condition and results of operations of the company.

Significant Ownership by Fairfax May Adversely Affect the Market Price of the Subordinate Voting Shares

At December 31, 2024 Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares (December 31, 2023 – 30,000,000) and owned and/or exercised control or direction over 28,504,470 subordinate voting shares (December 31, 2023 – 28,504,470) of Fairfax India. At December 31, 2024 Fairfax's aggregate ownership, control and/or direction of the subordinate voting shares and multiple voting shares represented a 95.2% voting interest and a 43.4% equity interest in Fairfax India (December 31, 2023 – 95.2% and 43.2%).

For so long as Fairfax, either directly or through one or more subsidiaries, maintains a significant voting interest in the company, Fairfax will have the ability to exercise substantial influence with respect to the company's affairs and significantly affect the outcome of shareholder votes, and may have the ability to prevent certain fundamental transactions.

Accordingly, the subordinate voting shares may be less liquid and trade at a relative discount compared to such subordinate voting shares in circumstances where Fairfax did not have the ability to significantly influence or determine matters affecting the company. Additionally, Fairfax's significant voting interest in the company may discourage transactions involving a change of control of the company, including transactions in which an investor, as a holder of subordinate voting shares, might otherwise receive a premium for its subordinate voting shares over the then-current market price.

Trading Price of Subordinate Voting Shares Relative to Book Value per Share

The company is neither a mutual fund nor an investment fund, and due to the nature of its business and investment strategy, and the composition of its investment portfolio, the market price of its subordinate voting shares, at any time, may vary significantly from its book value per share. This risk is separate and distinct from the risk that the market price of the subordinate voting shares may decrease.

Weather Risk

Certain Indian Investments are operating in industries exposed to weather risk. The revenues of these portfolio companies may be adversely affected during a period of severe weather conditions in India. Because weather events are unpredictable by nature, historical results of operations of certain Indian Investments may not be indicative of their future results of operations. As a result of the occurrence of one or more major weather catastrophes in any given period, the expected returns from Indian Investments impacted by weather risk may fall short of the company's expectations.

Taxation Risks

The company structures its business according to prevailing taxation law and practice in Canada, Mauritius and India. Any change in tax policy, tax legislation (including in relation to taxation rates), the interpretation of tax policy or legislation or practice could adversely affect the company's return earned on investments and on the capital available to be invested. Further, taxes and other constraints that would apply to the company and its consolidated subsidiaries in such jurisdictions may not apply to other parties, and such parties may therefore have a significantly lower effective cost of capital and a corresponding competitive advantage in pursuing investments. A number of other factors may increase the effective tax rates, which would have a negative impact on net earnings. These include, but are not limited to, changes in the valuation of our deferred tax assets and liabilities, and any reassessment of taxes by a taxation authority.

The company utilizes Fairfax's tax specialist personnel for assessing the income tax consequences of planned transactions and events and undertaking the appropriate tax planning. The company also consults with external tax professionals as needed. Tax legislation of each jurisdiction in which the company operates is interpreted to determine income taxes and expected timing of the reversal of deferred income tax assets and liabilities.

Any amendments to the capital gains and permanent establishment articles in the India-Mauritius Double Taxation Avoidance Agreement ("India-Mauritius DTAA") may result in capital gains derived from the company or its investments in India becoming subject to tax in India, which could have a material adverse effect on the company's business, financial condition and net earnings. In May 2016, India and Mauritius signed a protocol for amending their India-Mauritius DTAA. As a result, capital gains realized by Mauritius residents on dispositions of shares of Indian companies acquired on or after April 1, 2017 and disposed of after March 31, 2019 will be subject to tax in India at the full Indian domestic tax rate. Capital gains realized by Mauritius residents on dispositions of shares of Indian companies acquired prior to April 1, 2017 remain exempt from capital gains tax in India.

On March 29, 2018 the Government of India enacted the Finance Act 2018 which repealed, with effect from April 1, 2018, the long term capital gains tax exemption which was available in respect of certain transfers of listed equity shares of Indian companies on which Securities Transaction Tax was paid at the time of acquisition and transfer of such shares. This repeal, effective from April 1, 2018, introduced a new tax framework for long term capital gains. Despite the repeal, grandfathering of the long term capital gains exemption in respect of any accrued gain on such shares held as of January 31, 2018 will generally be available to the extent of the accrued gain as of January 31, 2018. Capital gains realized by a tax resident of Mauritius on a transfer of equity shares of an Indian company which were acquired prior to April 1, 2017 will continue to be exempt from capital gains tax in India by virtue of the India-Mauritius DTAA, notwithstanding the repeal of the long term capital gains tax exemption under Indian domestic law.

Under the new tax framework, the applicable tax rate for long term capital gains on the sale of equity shares (other than listed shares covered above) remains at 10.0% for the gains realized before July 23, 2024. However for gains on or after July 23, 2024, the rate has been increased to 12.5%, under the Indian domestic law, as amended by the Finance (No. 2) Act, 2024.

At December 31, 2024 the company evaluated the potential impact of the application of capital gains tax in India on any future dispositions of investments in equity shares held by FIH Mauritius, FIH Private and Anchorage. Changes to deferred income taxes recorded principally relate to net changes in unrealized gains and losses on the company's investment in equity shares acquired subsequent to April 1, 2017 (see note 10 (Income Taxes) to the consolidated financial statements for the year ended December 31, 2024). The company will continue to evaluate the potential impact of the Indian capital gains tax as it relates to any future dispositions of investments in equity shares of its Indian Investments.

There is a risk that Canadian or foreign tax laws, or the interpretation thereof, could change in a manner that adversely affects the company. Canada, together with approximately 140 other countries comprising the

Organisation for Economic Co-operation and Development ("OECD") and the G20 Inclusive Framework on Base Erosion and Profit Shifting ("BEPS"), approved in principle in 2021 certain base erosion tax initiatives including the introduction of a 15% global minimum tax which was initially intended to be effective in 2023. Canada enacted legislation implementing the primary charging rule of the global minimum tax and a domestic minimum top-up tax on June 20, 2024, effective for the company for taxation years beginning on or after January 1, 2024, and announced draft legislation on August 12, 2024 to implement an undertaxed profits rule (a minimum effective tax rate of 15% on profits wherever multinational corporations do business), which, if enacted as currently proposed, will generally be effective for the company for taxation years beginning on or after January 1, 2025. Future developments with respect to the BEPS proposals may result in an increase in future taxes and an adverse effect on the company.

Emerging Markets

The company's investment objective is to achieve long term capital appreciation, while preserving capital, by investing in Indian Investments. Foreign investment risk is particularly high given that the company invests in securities of issuers based in or doing business in an emerging market country.

The economies of emerging market countries have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of emerging market countries may also be predominantly based on only a few industries or dependent on revenues from particular commodities. In addition, custodial services and other investment-related costs may be more expensive in emerging markets than in many developed markets, which could reduce the company's income from securities or debt instruments of emerging market country issuers.

There is a heightened possibility of imposition of withholding taxes on interest or dividend income generated from emerging market securities. Governments of emerging market countries may engage in confiscatory taxation or expropriation of income and/or assets to raise revenues or to pursue a domestic political agenda. In the past, emerging market countries have nationalized assets, companies and even entire sectors, including the assets of foreign investors, with inadequate or no compensation to the prior owners. There can be no assurance that the company will not suffer a loss of any or all of its investments or, interest or dividends thereon, due to adverse fiscal or other policy changes in emerging market countries.

Governments of many emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in the country. Accordingly, government actions could have a significant effect on economic conditions in an emerging country and on market conditions, prices and yields of securities in the company's portfolio.

Bankruptcy law and creditor reorganization processes may differ substantially from those in Canada and the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain emerging market countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. In addition, it may be impossible to seek legal redress against an issuer that is a sovereign state.

Also, because publicly traded debt instruments of emerging market issuers represent a relatively recent innovation in the world debt markets, there is little historical data or related market experience concerning the attributes of such instruments under all economic, market and political conditions.

Other heightened risks associated with emerging markets investments include without limitation: (i) risks due to less social, political and economic stability, including the risk of war, terrorism, nationalization, limitations on the removal of funds or other assets, or diplomatic developments that affect investments in these countries; (ii) the smaller size of the market for such securities and a lower volume of trading, resulting in a lack of liquidity and in price volatility; (iii) certain national policies which may restrict the company's investment opportunities, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests and requirements that government approval be obtained prior to investment by foreign persons; (iv) certain national policies that may restrict the company's repatriation of investment income, capital or the proceeds of sales of securities, including temporary restrictions on foreign capital remittances; (v) the lack of uniform accounting and auditing standards and/or standards that may be significantly different from the standards required in Canada; (vi) less publicly available financial and other information regarding issuers; (vii) potential difficulties in enforcing contractual obligations; and (viii) higher rates of inflation, higher interest rates and other economic concerns. The company may invest to a substantial extent in emerging market securities that are denominated in Indian rupees, subjecting the company to a greater degree of foreign currency risk. Also, investing in emerging market countries may entail purchases of securities of issuers that are insolvent, bankrupt or otherwise of questionable ability to satisfy their payment obligations as they become due, subjecting the company to a greater amount of credit risk and/or high yield risk. Additionally, the demand for securities of the company may be more volatile due to general market volatility in demand for investments in emerging markets.

As reflected in the above discussion, investments in emerging market securities involve a greater degree of risk than, and special risks in addition to the risks associated with, investments in domestic securities or in securities of foreign developed countries.

Legal, Tax and Regulatory Risks

The existing legal, tax and regulatory frameworks in the Indian investment environment and the jurisdictions through which such investments are made could have a material adverse effect on the company and the Indian Investments.

Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in India are untested. As a result, the company may be subject to a number of risks, including: inadequate investor protection; contradictory legislation; incomplete, unclear and changing laws; ignorance or breaches of regulations on the part of other market participants; lack of established or effective avenues for legal redress; lack of efficient resolution of tax disputes; lack of standard practices; confidentiality customs characteristic of developed markets; and lack of enforcement of existing regulations. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the company and its operations. Existing regulatory controls and corporate governance of businesses in India occasionally confer fewer protections for minority shareholders. The concept of fiduciary duty to investors by officers and directors in some Indian companies is also limited when compared to such concepts in western markets. In certain instances, the company may take significant actions without the consent of investors and anti-dilution protection may also be limited.

Further, it is possible that there will be tax, legal and regulatory changes in the Indian investment environment that may have a material adverse impact on the company and the Indian Investments. Such changes could include changes in applicable tax law, treaties or regulations or their interpretation, including actions undertaken in connection with the OECD's BEPS project.

MLI

Under a mandate given by G20 nations to address global tax avoidance, in 2015, the OECD developed 15 action plans aimed at tackling BEPS strategies. Action Plan 15 of the BEPS project envisaged a multilateral instrument ("MLI") for modifying the global tax treaty network in a timely and synchronized manner.

In June 2017, India proposed to modify its existing 93 comprehensive tax treaties when it joined 66 other countries (including Canada and Mauritius) in signing the MLI. On June 25, 2019, the Government of India deposited its instrument of ratification of the MLI with the OECD. Mauritius deposited its instrument of ratification of the MLI with the OECD on October 18, 2019, but has excluded India from its covered tax agreements. Accordingly, the MLI currently does not apply in respect of the India-Mauritius DTAA. However, in a cabinet meeting held on February 23, 2024, the Mauritius Government agreed to sign a protocol to amend the India-Mauritius DTAA to comply with the BEPS minimum standards of the OECD. On March 13, 2024, the Government of India issued a press release announcing that India and Mauritius entered into four agreements to strengthen the bilateral ties, including a protocol amending the India-Mauritius DTAA to align with the BEPS minimum standards of the OECD. This amendment introduced Article 27B, which incorporates a Principal Purpose Test ("PPT") to prevent treaty abuse by denying treaty benefits if obtaining such benefits was one of the principal purposes of a transaction, unless the taxpayer can prove otherwise. Subsequently, on January 21, 2025, the Central Board of Direct Taxes ("CBDT") issued a circular providing guidance on the application of the PPT in India's various tax treaties. Since Article 27B was introduced in the India-Mauritius DTAA there has been uncertainty regarding whether the PPT would apply retrospectively to investments made before April 1, 2017. The CBDT has now confirmed that the PPT will only apply prospectively, ensuring that investments made before April 1, 2017 will not be subject to retrospective scrutiny. However, the protocol will only come into effect once both India and Mauritius have completed their internal procedures for enforcement.

Economic Risk

The Indian economy has grown rapidly during the past several years and there is no assurance that this growth rate will be maintained. India may experience substantial (and, in some cases, extremely high) rates of inflation or economic recessions causing a negative effect on the Indian economy. India may also impose restrictions on the exchange or export of currency, institute adverse currency exchange rates or experience a lack of available currency hedging instruments. Any of these events could have a material adverse effect on the Indian economy and in turn, the company.

Reliance on Trading Partners

The Indian economy is dependent on commodity prices and the economies of Asia (mainly Japan and China) and the United States as key trading partners. Reduction in spending on Indian products and services by any of these trading partners or a slowdown or recession in any of these economies could materially adversely affect the Indian economy and, in turn, the company.

The company's financial performance may be impacted by changes in tariffs, trade restrictions, or other regulatory measures imposed by domestic or foreign governments. The announced imposition of tariffs by the United States (the "U.S. Tariffs") and retaliatory measures between governments may cause multifaceted effects on the global economy and, in particular, the Indian economy. The U.S. Tariffs may adversely impact the operations of the company's Indian Investments by causing supply chain disruptions, inflationary pressures, availability of capital and capital market volatility. The company is currently assessing the direct and indirect impacts of the U.S. Tariffs and potential retaliatory tariffs and other protectionist measures on the valuations of its Private Indian Investments. Failure of the Indian Investments to mitigate the negative effects of the U.S. Tariffs on their businesses could have a material adverse impact on the company's investment results and book value per share. While the management teams of the company's Indian Investments are taking steps to seek to mitigate the potential impact on their business, given that developments are ongoing with respect to these proposed tariffs and other measures, their impacts are uncertain and could adversely affect the company's business, financial condition and results of operations.

Economic Disruptions from Conflicts in Ukraine and the Middle East and the Development of Other Geopolitical Events and Economic Disruptions Worldwide

Supply chain disruptions and volatility in commodity prices persist in many regions of the world, contributing to increased inflationary pressures, worsened by supply shocks arising from the conflicts in Ukraine and the Middle East and other geopolitical events worldwide. In response, central banks around the world have aggressively raised interest rates in an effort to ease rising inflation. The company's Indian Investments rely, to a certain extent, on free movement of goods, services and capital from around the world, and as a result, are facing upward cost pressures. Given the ongoing and dynamic nature of the circumstances surrounding the conflicts in Ukraine and the Middle East and other geopolitical events worldwide, it is difficult to predict how significant these continuing events or the occurrence of any similar events will be on the global economy, and the company's businesses and investments, or for how long any further disruptions in the future are likely to continue. Such further developments could have a material adverse effect on the company's business, financial condition, results of operations and cash flows.

Other

Quarterly Data (unaudited)

Years ended December 31

US$ thousands, except per share amounts	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2024					
Income (loss)	(282,292)	290,795	88,724	2,824	100,051
Expenses	18,400	18,611	18,462	18,367	73,840
Provision for (recovery of) income taxes	(7,483)	18,037	32,950	15,444	58,948
Net earnings (loss)	(293,209)	254,147	37,312	(30,987)	(32,737)
Net earnings (loss) attributable to shareholders	(293,504)	254,142	33,971	(35,782)	(41,173)
Net earnings (loss) per share	$ (2.17)	$ 1.88	$ 0.25	$ (0.27)	$ (0.30)
Net earnings (loss) per diluted share	$ (2.17)	$ 1.88	$ 0.25	$ (0.27)	$ (0.30)
2023					
Income (loss)	(37,215)	244,566	185,125	206,380	598,856
Expenses	5,978	55,798	38,351	46,833	146,960
Provision for income taxes	8,425	23,042	13,789	22,794	68,050
Net earnings (loss)	(51,618)	165,726	132,985	136,753	383,846
Net earnings (loss) attributable to shareholders	(55,487)	159,335	132,954	134,968	371,770
Net earnings (loss) per share	$ (0.40)	$ 1.16	$ 0.97	$ 1.00	$ 2.72
Net earnings (loss) per diluted share	$ (0.40)	$ 1.12	$ 0.93	$ 1.00	$ 2.72

Years ended December 31

Indian rupees and in millions, except per share amounts[(1)]	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2024					
Income (loss)	(23,443)	24,151	7,403	261	8,372
Expenses	1,528	1,553	1,547	1,551	6,179
Provision for (recovery of) income taxes	(621)	1,500	2,751	1,303	4,933
Net earnings (loss)	(24,350)	21,098	3,105	(2,593)	(2,740)
Net earnings (loss) attributable to shareholders	(24,374)	21,098	2,827	(2,995)	(3,444)
Net earnings (loss) per share	(180.06)	156.11	20.92	(22.19)	(25.48)
Net earnings (loss) per diluted share	(180.06)	156.11	20.92	(22.19)	(25.48)
2023					
Income (loss)	(3,061)	20,108	15,281	17,133	49,461
Expenses	492	4,587	3,169	3,890	12,138
Provision for income taxes	693	1,894	1,141	1,893	5,621
Net earnings (loss)	(4,245)	13,627	10,972	11,350	31,704
Net earnings (loss) attributable to shareholders	(4,564)	13,101	10,968	11,200	30,705
Net earnings (loss) per share	(33.02)	95.50	80.37	82.68	224.42
Net earnings (loss) per diluted share	(33.02)	92.40	76.82	82.68	224.42

(1) Presented in the company's functional currency.

Income of $2,824 in the fourth quarter of 2024 compared to $206,380 in the fourth quarter of 2023 decreased primarily as a result of net losses on investments and net foreign exchange losses in the current period compared to net gains on investments and net foreign exchange gains in the prior period, partially offset by increased dividend income.

Dividend income of $32,769 in the fourth quarter 2024 increased from $12,208 in the fourth quarter 2023 principally due to higher dividends received from the company's investment in Seven Islands.

Net realized gains on investments of $217 in the fourth quarter of 2024 related to sales of Government of India bonds. Net realized gains on investments of $145,758 in the fourth quarter of 2023 primarily related to partial sales of IIFL Finance.

Net change in unrealized losses on investments of $23,929 in the fourth quarter 2024 principally related to unrealized losses on Sanmar, IIFL Finance, IIFL Capital (formerly IIFL Securities) and Seven Islands, partially offset by unrealized gains on BIAL, Jaynix and Maxop. Net change in unrealized gains on investments of $44,581 in the fourth quarter of 2023 principally related to unrealized gains on CSB Bank, IIFL Capital (formerly IIFL Securities), BIAL, NSE and 5paisa, partially offset by the reversal of prior period gains from the sales of IIFL Finance and unrealized losses on Saurashtra.

Total expenses of $18,367 in the fourth quarter of 2024 decreased from $46,833 in the fourth quarter of 2023, primarily due to no performance fee accrual in the current period given the decrease in book value per share.

The company reported a net loss attributable to shareholders of Fairfax India of $35,782 (a net loss of $0.27 per basic and diluted share) in the fourth quarter of 2024 compared to net earnings attributable to shareholders of Fairfax India of $134,968 (net earnings of $1.00 per basic share and diluted share) in the fourth quarter of 2023. The decrease in profitability in the fourth quarter of 2024 primarily reflected the changes noted above, partially offset by a lower provision for income taxes in the current period.

Individual quarterly results have been (and are expected to continue to be) significantly impacted by net unrealized gains (losses) on the company's Indian Investments and net foreign exchange gains (losses), the timing of which is not predictable. Individual quarterly results have been (and may in the future be) affected by increased expenses impacted by the change in fair value of the company's Indian Investments which would result in a higher performance fee, if applicable, and investment and advisory fees.

Stock Prices and Share Information

At March 7, 2025 the company had 104,839,462 subordinate voting shares and 30,000,000 multiple voting shares outstanding (an aggregate of 134,839,462 common shares effectively outstanding). Each subordinate voting share carries one vote per share at all meetings of shareholders except for separate meetings of holders of another class of shares. Each multiple voting share carries fifty votes per share at all meetings of shareholders except for separate meetings of holders of another class of shares. Fairfax, through its subsidiaries, owns all the issued and outstanding multiple voting shares, which are not publicly traded.

The table that follows presents the TSX high, low and closing U.S. dollar prices of the subordinate voting shares of Fairfax India, trading under the symbol FIH.U, for each quarter of 2024 and 2023.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
		(US$)		
2024				
High	15.30	15.15	15.07	16.77
Low	13.88	13.55	14.00	14.50
Close	14.93	14.35	15.07	16.01
2023				
High	14.72	14.07	14.46	15.85
Low	11.70	12.30	12.88	12.19
Close	13.56	14.01	13.05	15.20

Compliance with Corporate Governance Rules

Fairfax India is a Canadian reporting issuer with securities listed on the TSX and trading in U.S. dollars under the symbol FIH.U. It has in place corporate governance practices that comply with all applicable rules and substantially comply with all applicable guidelines and policies of the Canadian Securities Administrators and the practices set out therein.

The company's Board of Directors has adopted a set of Corporate Governance Guidelines (which include a written mandate of the Board), established an Audit Committee and Governance, Compensation and Nominating Committee, approved written charters for all of its committees, approved a Code of Business Conduct and Ethics and a Modern Slavery Policy applicable to all directors, officers and employees of the company and established, in conjunction with the Audit Committee, a Whistleblower Policy. The company continues to monitor developments in the area of corporate governance as well as its own procedures.

Forward-Looking Statements

This annual report may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or an Indian Investment's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the company, an Indian Investment, or the Indian market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved".

Forward-looking statements are based on our opinions and estimates as of the date of this annual report and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors that are described in greater detail elsewhere in this annual report: oil price risk; geographic concentration of investments; potential lack of diversification; foreign currency fluctuation; volatility of the Indian securities markets; investments may be made in foreign private businesses where information is unreliable or unavailable; valuation methodologies involve subjective judgments; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; disruption of the company's information technology systems could significantly affect the company's business; lawsuits; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; trading price of subordinate voting shares relative to book value per share risk; weather risk; taxation risks; emerging markets; legal, tax and regulatory risks; MLI; economic risk; reliance on trading partners; and economic disruptions from conflicts in Ukraine and the Middle East and the development of other geopolitical events and economic disruptions worldwide. Additional risks and uncertainties are described in the company's annual information form which is available on SEDAR+ at www.sedarplus.ca and on the company's website at www.fairfaxindia.ca. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.

Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.

Glossary of Non-GAAP and Other Financial Measures

Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in this Annual Report, which have been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies.

Supplementary Financial Measures

Book value per share – The company considers book value per share a key performance measure in evaluating its objective of long term capital appreciation, while preserving capital. This measure is also closely monitored as it is used to calculate the performance fee, if any, to Fairfax. This measure is calculated by the company as common shareholders' equity divided by the number of common shares outstanding. Those amounts are presented in the consolidated balance sheet and note 8 (Total Equity under the heading *Common Stock*), respectively, within the consolidated financial statements for the year ended December 31, 2024.

Cumulative interest and dividends – The company uses this measure to monitor cash flows generated from interest and dividend income for each Indian Investment. This measure is calculated by the company as the sum of interest and dividend income recorded and received over the period of the company's investment.

Compounded annualized return – The company uses this measure to assess the performance of its investments. This measure represents the U.S. dollar annualized internal rate of return and is calculated for each of the company's existing and monetized Indian Investments, taking into account (i) the timing of cash flows (including cash consideration of purchases, cash proceeds on sales, cumulative interest and dividends received, and return of capital distributions) over the period of the company's investment, and (ii) the fair value at the end of the reporting period for existing Indian Investments.

Non-GAAP Financial Measures

Book value per share prior to the performance fee – This measure adjusts common shareholders' equity in the book value per share calculation to remove the performance fee accrued at the end of the current reporting period, if any, as presented in note 12 (Related Party Transactions) within the consolidated financial statements for the year ended December 31, 2024, and is a key performance measure.

Book value per share before cumulative performance fees – This measure adjusts the common shareholders' equity in the book value per share calculation to add the performance fee accrued or payable at the end of the reporting period, if any, and adjusts the common shares outstanding at the end of the reporting period to remove the subordinate voting shares issued to settle performance fees in prior periods. The company issued 7,663,685 and 546,263 subordinate voting shares in connection with the first and second calculation periods, respectively. The company uses this measure to monitor the company's performance had it not been impacted by any performance fees.

Cash used in operating activities excluding the impact of net sales (purchases) of investments – The company uses this measure to monitor the cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of purchases and sales of investments. This measure is a component of cash provided by (used in) operating activities as presented in the consolidated statement of cash flows within the consolidated financial statements for the year ended December 31, 2024.

Cash and marketable securities – The company uses this measure to monitor short term liquidity risk. This measure is calculated by the company as the sum of cash, cash equivalents, short term investments, Government of India bonds and Other Public Indian Investments. Those amounts are presented in note 6 (Cash and Investments) within the consolidated financial statements for the year ended December 31, 2024. Cash and marketable securities at December 31, 2024 also included a short term receivable of $5,548 from the company's investment custodian relating to dividends received on behalf of the company.

Compound annual growth rate ("CAGR") – The company uses the CAGR to measure performance of certain of the above-noted metrics over a specified period of time. CAGR is calculated using the formula: (ending value / beginning value) ^ (1 / number of years) – 1.

Other Financial Measures related to Indian Investments

The Annual Report contains certain financial information related to Indian Investments (and related financial measures derived therefrom) which are prepared under Indian Accounting Standards (Ind AS), with the exception of the financial statements of CSB Bank prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP), unless otherwise noted. Such financial information is prepared by and is the responsibility of the respective Indian Investments' management teams. Fairfax India is limited with respect to the amount of independent verification it is able to perform on the Indian Investments' financial information.

Certain financial measures related to Indian Investments included in the Annual Report do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by the company or other companies.

Appendix to the Letter to Shareholders

Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in its letter to shareholders do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies. Those measures are described below.

Supplementary Financial Measures

Price to free cash flow – The company uses this measure to evaluate certain equity valuations of Indian Investments. It is calculated as the fair value of the Indian Investment, divided by the investee company's forecasted free cash flows for its current fiscal year (fiscal year 2024-25). Free cash flow is calculated as cash flow from operations of the investee company, less maintenance-related capital expenditures and interest expense. References to normalized free cash flow refer to forecasted free cash flow for the investee company's fiscal year 2026-27.

Proportion of Fairfax India's investments subject to public mark-to-market valuations – The company uses this measure to determine the proportion of the company's Indian Investments with fair values based on published quotes in active markets, an important risk measure. This measure is calculated as the total fair value of the company's Public Indian Investments plus the fair value of the company's share of Chemplast Sanmar Limited (a publicly listed subsidiary of Sanmar, approximately $217.6 million), divided by the total fair value of the company's Indian Investments.

Realized cash gain – The company uses this measure to evaluate the return on its monetized Indian Investments. This measure is calculated based on U.S. dollar amounts translated at foreign currency exchange rates at the time of respective cash flows, and is calculated as the difference between (i) the sum of cash proceeds and cumulative interest and dividends received from monetized Indian Investments, and (ii) cash consideration originally paid for monetized Indian Investments.

Total debt to equity – The company uses this measure to monitor and manage its capital. This measure is calculated as total principal of Borrowings outstanding divided by common shareholders' equity at a point in time. These amounts are presented in note 7 (Borrowings) and the consolidated balance sheet, respectively, within the consolidated statements for the year ended December 31, 2024.

Non-GAAP Financial Measures

Undeployed cash and investments – The company uses this measure to monitor short term liquidity risk. This measure is calculated by the company as the sum of cash, cash equivalents, restricted cash, short term investments, Government of India bonds and Other Public Indian Investments. These amounts are presented in note 6 (Cash and Investments) within the consolidated financial statements for the year ended December 31, 2024. Undeployed cash and investments at December 31, 2024 also included a short term receivable of $5,548 from the company's investment custodian relating to dividends received on behalf of the company.

Directors of the Company

Christopher D. Hodgson
Corporate Director

Sharmila Karve
Corporate Director

Honourable Jason Kenney
Senior Advisor
Bennett Jones LLP

Sumit Maheshwari
Managing Director and Chief Executive Officer
Fairbridge Capital Private Limited

R. William McFarland
Corporate Director

Satish Rai
Corporate Director

Chandran Ratnaswami
Executive Vice Chairman of the Company

Gopalakrishnan Soundarajan
Chief Executive Officer of the Company

Lauren C. Templeton
President
Templeton and Phillips Capital Management, LLC

Benjamin P. Watsa
Chief Executive Officer
Marval Capital Ltd.

V. Prem Watsa
Chairman and Chief Executive Officer
Fairfax Financial Holdings Limited

Operating Management

FIH Mauritius Investments Ltd

Amy Tan
Chief Executive Officer

Officers of the Company

Jennifer Allen
Vice President

Jennifer Pankratz
General Counsel and Corporate Secretary

Chandran Ratnaswami
Executive Vice Chairman

Amy Sherk
Chief Financial Officer

Gopalakrishnan Soundarajan
Chief Executive Officer

John Varnell
Vice President, Corporate Affairs

V. Prem Watsa
Chairman and Chief Executive Officer
Fairfax Financial Holdings Limited

Head Office

95 Wellington Street West
Suite 800
Toronto, Ontario, Canada M5J 2N7
Telephone: (416) 367-4755
Website: www.fairfaxindia.ca

Auditor

PricewaterhouseCoopers LLP

Transfer Agent and Registrar

Computershare Trust Company of Canada, Toronto

Share Listing

Toronto Stock Exchange
Stock Symbol: FIH.U

Annual Meeting

The annual meeting of the shareholders of Fairfax India Holdings Corporation will be held on Wednesday, April 9, 2025 at 9:30 a.m. (Toronto time) at The Ritz-Carlton Hotel, The Ritz-Carlton Ballroom, 181 Wellington Street West, Toronto, Canada M5V 3G7 and virtually through a web-based platform.