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FAIRFAX INDIA  
HOLDINGS CORPORATION

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**INTERIM REPORT**

For the three months ended  
March 31, 2025

**Consolidated Balance Sheets***as at March 31, 2025 and December 31, 2024**(unaudited - US\$ thousands)*

	<b>Notes</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>
<b>Assets</b>			
Cash and cash equivalents	6	21,616	59,322
Bonds	5, 6	114,823	180,507
Common stocks	5, 6	3,419,382	3,381,206
Total cash and investments		<u>3,555,821</u>	<u>3,621,035</u>
Interest and dividends receivable		5,093	8,849
Income taxes refundable		175	174
Other assets		844	722
Total assets		<u>3,561,933</u>	<u>3,630,780</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities		1,106	1,300
Accrued interest expense	7, 11	2,736	8,611
Income taxes payable		1,547	5,379
Payable to related parties	11	9,434	10,099
Payable for securities purchased	5	170,850	—
Deferred income taxes		129,973	149,780
Borrowings	7, 11	498,479	498,349
Total liabilities		<u>814,125</u>	<u>673,518</u>
<b>Equity</b>			
Common shareholders' equity	8	2,617,071	2,826,495
Non-controlling interests		130,737	130,767
Total equity		<u>2,747,808</u>	<u>2,957,262</u>
		<u>3,561,933</u>	<u>3,630,780</u>

*See accompanying notes.*

**Consolidated Statements of Earnings (Loss)**  
*for the three months ended March 31, 2025 and 2024*  
*(unaudited - US\$ thousands except per share amounts)*

		<b>First quarter</b>	
	<b>Notes</b>	<b>2025</b>	<b>2024</b>
<b>Income</b>			
Interest	6	3,196	5,038
Dividends	6	2,998	7,049
Net realized gains on investments	6	616	116,924
Net change in unrealized losses on investments	6	(222,862)	(410,927)
Net foreign exchange gains (losses)	6	3,245	(376)
		<u>(212,807)</u>	<u>(282,292)</u>
<b>Expenses</b>			
Investment and advisory fees	11	9,399	9,484
General and administration expenses	12	1,648	2,536
Interest expense	7	6,755	6,380
		<u>17,802</u>	<u>18,400</u>
<b>Loss before income taxes</b>		(230,609)	(300,692)
Recovery of income taxes	9	(19,142)	(7,483)
<b>Net loss</b>		<u>(211,467)</u>	<u>(293,209)</u>
<b>Attributable to:</b>			
Shareholders of Fairfax India		(211,224)	(293,504)
Non-controlling interests		(243)	295
		<u>(211,467)</u>	<u>(293,209)</u>
<b>Net loss per basic and diluted share</b>		\$ (1.57)	\$ (2.17)
<b>Shares outstanding</b> (weighted average)		134,839,462	135,365,933

*See accompanying notes.*

**Consolidated Statements of Comprehensive Income (Loss)***for the three months ended March 31, 2025 and 2024**(unaudited - US\$ thousands)*

	<b>First quarter</b>	
	<b>2025</b>	<b>2024</b>
<b>Net loss</b>	<u>(211,467)</u>	<u>(293,209)</u>
<b>Other comprehensive income (loss), net of income taxes</b>		
<b>Item that may be subsequently reclassified to net earnings (loss)</b>		
Unrealized foreign currency translation gains (losses), net of income taxes of nil (2024 - nil)	<u>2,046</u>	<u>(5,708)</u>
<b>Comprehensive loss</b>	<u>(209,421)</u>	<u>(298,917)</u>
<b>Attributable to:</b>		
Shareholders of Fairfax India	(209,391)	(298,926)
Non-controlling interests	<u>(30)</u>	<u>9</u>
	<u>(209,421)</u>	<u>(298,917)</u>

*See accompanying notes.*

**Consolidated Statements of Changes in Equity**  
*for the three months ended March 31, 2025 and 2024*  
*(unaudited - US\$ thousands)*

	Subordinate voting shares	Multiple voting shares	Share- based payments, net	Retained earnings	Accumulated other comprehensive income (loss)	Common shareholders' equity	Non- controlling interests	Total equity
<b>Balance as of January 1, 2025</b>	1,107,265	300,000	(986)	2,131,569	(711,353)	2,826,495	130,767	2,957,262
Net loss for the period	—	—	—	(211,224)	—	(211,224)	(243)	(211,467)
Other comprehensive income:								
Unrealized foreign currency translation gains	—	—	—	—	1,833	1,833	213	2,046
Purchases and amortization	—	—	(33)	—	—	(33)	—	(33)
<b>Balance as of March 31, 2025</b>	<u>1,107,265</u>	<u>300,000</u>	<u>(1,019)</u>	<u>1,920,345</u>	<u>(709,520)</u>	<u>2,617,071</u>	<u>130,737</u>	<u>2,747,808</u>
<b>Balance as of January 1, 2024</b>	1,113,147	300,000	(364)	2,175,468	(629,533)	2,958,718	126,056	3,084,774
Net earnings (loss) for the period	—	—	—	(293,504)	—	(293,504)	295	(293,209)
Other comprehensive loss:								
Unrealized foreign currency translation losses	—	—	—	—	(5,422)	(5,422)	(286)	(5,708)
Purchases for cancellation (note 8)	(2,589)	—	—	(1,032)	—	(3,621)	—	(3,621)
Purchases and amortization	—	—	(621)	—	—	(621)	—	(621)
<b>Balance as of March 31, 2024</b>	<u>1,110,558</u>	<u>300,000</u>	<u>(985)</u>	<u>1,880,932</u>	<u>(634,955)</u>	<u>2,655,550</u>	<u>126,065</u>	<u>2,781,615</u>

See accompanying notes.

**Consolidated Statements of Cash Flows**  
for the three months ended March 31, 2025 and 2024  
(unaudited - US\$ thousands)

	Notes	First quarter	
		2025	2024
<b>Operating activities</b>			
Net loss		(211,467)	(293,209)
Items not affecting cash and cash equivalents:			
Net bond premium (discount) amortization		20	(383)
Deferred income taxes	9	(19,790)	(8,100)
Amortization of share-based payment awards		57	30
Net realized gains on investments	6	(616)	(116,924)
Net change in unrealized losses on investments	6	222,862	410,927
Net foreign exchange (gains) losses	6	(3,245)	376
Net sales of short term investments		—	510
Purchases of investments		(87,660)	(197,589)
Sales of investments		69,071	184,024
Changes in operating assets and liabilities:			
Interest and dividends receivable		3,721	(3,207)
Income taxes refundable		—	11
Accrued interest expense		(5,875)	(6,250)
Income taxes payable		(3,790)	106
Payable to related parties – settlement of performance fees	11	—	(110,158)
Payable to related parties – other		(763)	(2,139)
Other		20	133
Cash used in operating activities		<u>(37,455)</u>	<u>(141,842)</u>
<b>Financing activities</b>			
Subordinate voting shares:			
Purchases for cancellation	8	—	(3,621)
Cash used in financing activities		<u>—</u>	<u>(3,621)</u>
<b>Decrease in cash and cash equivalents</b>		<b>(37,455)</b>	<b>(145,463)</b>
Cash and cash equivalents – beginning of period		59,322	174,615
Foreign currency translation		(251)	258
<b>Cash and cash equivalents – end of period</b>		<b><u>21,616</u></b>	<b><u>29,410</u></b>

See accompanying notes.

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## **Notes to Interim Consolidated Financial Statements**

*for the three months ended March 31, 2025 and 2024*

*(unaudited - US\$ thousands except share and per share amounts and as otherwise indicated)*

### **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, responsible to source and advise with respect to all investments. Refer to note 11 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 interim consolidated financial statements for the three months ended March 31, 2025 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standards have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS Accounting Standards.

These interim consolidated financial statements were approved for issue by the company's Board of Directors on May 1, 2025.

### **3. Summary of Material Accounting Policies**

The principal accounting policies applied to the preparation of these interim consolidated financial statements are as set out in the company's annual consolidated financial statements for the year ended December 31, 2024, prepared in accordance with IFRS Accounting Standards. Those policies and methods of computation have been consistently applied to all periods presented.

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.

#### ***New accounting pronouncements issued but not yet effective***

The new pronouncements, *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)* and *IFRS 18 Presentation and Disclosure in Financial Statements*, have been issued by the International Accounting Standard Board and are not yet effective for the fiscal year beginning January 1, 2025. The company does not expect to adopt the new pronouncements in advance of their effective dates and is currently evaluating their expected impacts on the company's consolidated financial statements. The standards are not expected to have a material impact on the company's financial statements when adopted. Details of the new pronouncements are provided in the company's annual consolidated financial statements for the year ended December 31, 2024.

### **4. Critical Accounting Estimates and Judgments**

In the preparation of the company's interim consolidated financial statements, management has made a number of critical estimates and judgments in determining the valuation of Private Indian Investments, the provision for income taxes and the consolidation of Anchorage in a manner consistent with those as described in the company's annual consolidated financial statements for the year ended December 31, 2024.



## 5. Indian Investments

Throughout the company's interim consolidated financial statements for the three months ended March 31, 2025, 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 for the first quarter of 2025 is as follows:

	First quarter							Balance as of March 31
	2025							
	Balance as of January 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments <sup>(1)</sup>	Net unrealized foreign currency translation gains (losses)	
<b>Public Indian Investments:</b>								
Common stocks:								
IIFL Finance	311,401	—	—	—	—	(64,464)	(350)	246,587
CSB Bank	254,756	—	—	—	—	(9,854)	289	245,191
IIFL Capital	322,990	—	—	—	—	(106,805)	(899)	215,286
Fairchem Organics	102,234	—	—	—	—	(28,122)	(208)	73,904
5paisa	41,883	—	—	—	—	(10,010)	(65)	31,808
<b>Total Public Indian Investments</b>	<b>1,033,264</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(219,255)</b>	<b>(1,233)</b>	<b>812,776</b>
<b>Private Indian Investments:</b>								
Common stocks:								
BIAL	1,631,988	255,000	—	—	—	(6,162)	6,168	1,886,994
Sanmar	201,446	—	—	—	—	(19,180)	76	182,342
Seven Islands	145,990	—	—	—	—	18,704	492	165,186
Maxop	97,176	—	—	—	—	1,427	180	98,783
Global Aluminium	81,237	—	—	—	—	—	134	81,371
Jaynix	81,577	—	—	—	—	(2,974)	95	78,698
Saurashtra	54,688	—	—	—	—	4,888	155	59,731
NCML	44,250	—	—	—	—	(269)	70	44,051
IH Fund	9,590	—	(85)	—	1	(70)	14	9,450
Other Indian Fixed Income	31,023	—	(7,547)	49	—	—	(126)	23,399
<b>Total Private Indian Investments</b>	<b>2,378,965</b>	<b>255,000</b>	<b>(7,632)</b>	<b>49</b>	<b>1</b>	<b>(3,636)</b>	<b>7,258</b>	<b>2,630,005</b>
<b>Total Indian Investments</b>	<b>3,412,229</b>	<b>255,000</b>	<b>(7,632)</b>	<b>49</b>	<b>1</b>	<b>(222,891)</b>	<b>6,025</b>	<b>3,442,781</b>

(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.

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

	First quarter						Balance as of March 31
	2024						
	Balance as of January 1	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments <sup>(1)</sup>	Net unrealized foreign currency translation gains (losses)	
<b>Public Indian Investments:</b>							
Common stocks:							
CSB Bank	409,335	—	—	—	(63,390)	(655)	345,290
IIFL Finance	412,151	—	—	—	(177,792)	(172)	234,187
IIFL Capital	147,437	—	—	—	(22,372)	(238)	124,827
Fairchem Organics	102,998	—	—	—	(4,556)	(214)	98,228
Spaisa	52,129	—	—	—	(5,500)	(95)	46,534
Other	2,751	—	—	—	295	(7)	3,039
<b>Total Public Indian Investments</b>	<b>1,126,801</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(273,315)</b>	<b>(1,381)</b>	<b>852,105</b>
<b>Private Indian Investments:</b>							
Common stocks:							
BIAL	1,599,988	—	—	—	3,622	(3,637)	1,599,973
Sanmar	302,881	—	—	—	(30,477)	(555)	271,849
Seven Islands	142,839	—	—	—	7,215	(354)	149,700
Maxop	56,674	—	—	—	221	(129)	56,766
NSE	188,615	(132,265)	—	117,106	(116,877)	122	56,701
Saurashtra	50,551	—	—	—	2,232	(124)	52,659
Jaynix	49,277	—	—	—	2,600	(123)	51,754
NCML	50,327	—	—	—	(5,210)	(92)	45,025
IH Fund	13,090	(884)	—	—	(841)	(23)	11,342
Other Indian Fixed Income	31,469	—	105	—	—	(71)	31,503
<b>Total Private Indian Investments</b>	<b>2,485,711</b>	<b>(133,149)</b>	<b>105</b>	<b>117,106</b>	<b>(137,515)</b>	<b>(4,986)</b>	<b>2,327,272</b>
<b>Total Indian Investments</b>	<b>3,612,512</b>	<b>(133,149)</b>	<b>105</b>	<b>117,106</b>	<b>(410,830)</b>	<b>(6,367)</b>	<b>3,179,377</b>

(1) All Private Indian Investments and certain common shares of CSB Bank (subject to selling restrictions until August 7, 2024) 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 \$117,241 related to the reversal of prior period unrealized gains upon the sale of NSE common shares. Net change in unrealized losses related to common shares of CSB Bank classified as Level 3 was \$49,973.

## 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 Limited) 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 at March 31, 2025 and December 31, 2024:

Public Indian Investments:	Industry	March 31, 2025		December 31, 2024	
		Shares held	Ownership	Shares held	Ownership
Common stocks:					
IIFL Finance Limited ("IIFL Finance")	Financial services	64,552,521	15.2 %	64,552,521	15.2 %
CSB Bank Limited ("CSB Bank") <sup>(1)</sup>	Financial services	69,394,331	40.0 %	69,394,331	40.0 %
IIFL Capital Services Limited ("IIFL Capital") (formerly IIFL Securities Limited)	Financial services	84,641,445	27.3 %	84,641,445	27.3 %
Fairchem Organics Limited ("Fairchem Organics")	Commercial and industrial	7,202,656	55.3 %	7,202,656	55.3 %
5paisa Capital Limited ("5paisa")	Financial services	7,670,130	24.6 %	7,670,130	24.6 %

(1) The company is subject to a dilution schedule from the Reserve Bank of India ("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 for the first quarters of 2025 and 2024 are presented in the tables disclosed earlier in note 5.

## 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 for the first quarters of 2025 and 2024 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.

On February 20, 2025 the company, through FIH Mauritius, completed the acquisition of an additional 10.0% equity interest in BIAL ("Additional BIAL Investment") from Siemens Project Ventures GmbH ("Siemens") for a purchase price of \$255,000 (22.1 billion Indian rupees). 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.

In accordance with the terms of the transaction, on the closing date, the company paid an initial installment of \$84,150 and delivered a letter of credit in favour of Siemens, representing the deferred purchase price of \$170,850. Refer to note 7 (Borrowings, under the heading Revolving Credit Facility) for further details. At March 31, 2025 the payable for securities purchased of \$170,850 presented in the company's consolidated balance sheet reflects the second and third installments of \$94,350 and \$76,500 to be paid in the third quarters of 2025 and 2026, respectively.

At March 31, 2025 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 12.7% to 18.0% and a long term growth rate of 3.5% (December 31, 2024 - 12.4% to 17.3%, and 3.5%, respectively). At March 31, 2025 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, 2024 - third quarter of 2024).

### *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*

There have been no changes in the first quarter of 2025 to the free cash flow forecasts provided by BIAL's management in 2024.

At March 31, 2025 the company held a 74.0% equity interest in BIAL (December 31, 2024 - 64.0%) and its internal valuation model indicated that the fair value of the company's investment in BIAL was \$1,886,994 (December 31, 2024 - \$1,631,988), which approximates the equity valuation of BIAL implied by the Additional BIAL Investment discussed above.

At March 31, 2025 the company held 43.6% out of its 74.0% (December 31, 2024 - 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 69.0% (December 31, 2024 - 59.0%). Refer to note 8 (Total Equity, under the heading Non-controlling interests) for further discussion on Anchorage.

### ***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"). At March 31, 2025 Sanmar held a 55.0% equity interest in Chemplast (December 31, 2024 - 55.0%), which is listed and actively traded on both the BSE and NSE of India.

At March 31, 2025 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 13.7% and a long term growth rate of 3.0% (December 31, 2024 - 11.3% and 3.0%, respectively); and (ii) the unadjusted bid price of Chemplast's common shares. At March 31, 2025 free cash flow forecasts were based on EBITDA estimates derived from financial information for Sanmar Egypt prepared by Sanmar's management in the first quarter of 2025 (December 31, 2024 - fourth quarter of 2024).

### *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 the first quarter of 2025 primarily to reflect: (i) lower working capital requirements due to changes to supplier arrangements and new customer contracts resulting in extended credit terms and increased customer advances; and (ii) higher caustic soda prices combined with a sharper improvement in PVC prices as market conditions stabilize over the medium term. Revised forecasts also reflect the impact of additional equity to be infused into Sanmar Egypt by the end of 2025 as required by lenders to satisfy debt servicing obligations.

In March 2025 Sanmar carried out a series of transactions which involved the subscription of newly issued Sanmar equity shares by one of Sanmar's promoter affiliates, where proceeds were primarily used towards the settlement of debt due to other promoter affiliates. As a result of the share issuance, Fairfax India's equity interest in Sanmar was diluted from 42.9% to 39.3%.

At March 31, 2025 the portion of fair value derived from Sanmar's equity interest in Chemplast was \$172,404 (December 31, 2024 - \$217,604). At December 31, 2024 the fair value attributed to Chemplast 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 Sanmar's promoter affiliates.

At March 31, 2025 the company held a 39.3% equity interest in Sanmar (December 31, 2024 - 42.9%) and its internal valuation model indicated that the fair value of the company's investment in Sanmar was \$182,342 (December 31, 2024 - \$201,446).

### ***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 March 31, 2025 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 14.8% and long term growth rates ranging from 2.5% to 3.0% (December 31, 2024 - 14.7% to 16.2%, and 2.5% to 3.0%, respectively). At March 31, 2025 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Seven Islands' management in the first quarter of 2025 (December 31, 2024 - third quarter of 2024).

#### *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 the first quarter of 2025 primarily to reflect: (i) lower capital expenditures due to changes in the vessel profile of acquisitions and dispositions; (ii) revised foreign exchange assumptions resulting in higher revenues in Indian rupee terms (charter rates are denominated in U.S. dollars); (iii) lower EBITDA margins for Seven Islands based on the revised vessel profile; and (iv) softening of charter rates in fiscal year 2025 for existing vessels at SISIF.

As a result of strong operating results, Seven Islands' net debt decreased in the first quarter of 2025, which had a favourable impact on its fair value.

At March 31, 2025 the company held a 48.5% equity interest in Seven Islands (December 31, 2024 - 48.5%) and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was \$165,186 (December 31, 2024 - \$145,990).

### ***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 March 31, 2025 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 15.2% to 16.8% and a long term growth rate of 4.0% (December 31, 2024 - 14.9% to 16.1%, and 4.0%, respectively). At March 31, 2025 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, 2024 - fourth quarter of 2024).

#### *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*

There have been no changes in the first quarter of 2025 to the free cash flow forecasts provided by Maxop's management in 2024.

At March 31, 2025 the company held a 67.0% equity interest in Maxop (December 31, 2024 - 67.0%), and its internal valuation model indicated that the fair value of the company's investment in Maxop was \$98,783 (December 31, 2024 - \$97,176).

### ***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 \$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 by the end of 2025.

It was determined that the transaction price for the company's investment in Global Aluminium continued to approximate fair value at March 31, 2025 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 March 31, 2025 the company held an effective 65.0% equity interest in Global Aluminium (December 31, 2024 - 65.0%) and the fair value of the company's investment in Global Aluminium was \$81,371 (December 31, 2024 - \$81,237). Changes in fair value during the first quarter of 2025 were related to unrealized foreign currency translation gains as presented in the table disclosed earlier in note 5.

#### ***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 March 31, 2025 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 23.8% and a long term growth rate of 1.5% (December 31, 2024 - 23.4% and 1.5% respectively). At March 31, 2025 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, 2024 - fourth quarter of 2024).

##### *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*

There have been no changes in the first quarter of 2025 to the free cash flow forecasts provided by Jaynix's management in 2024.

At March 31, 2025 the company held a 70.0% equity interest in Jaynix (December 31, 2024 - 70.0%), and its internal valuation model indicated that the fair value of the company's investment in Jaynix was \$78,698 (December 31, 2024 - \$81,577).

#### ***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, and in October 2024, became the operator of a second CFS at the nearby Kandla port. Services provided by Saurashtra's CFS include transportation of containers to and from the port, stuffing and destuffing of containers, cargo storage, and the 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 March 31, 2025 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 17.8% to 19.4% and long term growth rates ranging from 4.0% to 5.0% (December 31, 2024 - 17.5% to 18.6%, and 4.0% to 5.0%, respectively). At March 31, 2025 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Saurashtra's management in the first quarter of 2025 (December 31, 2024 - third quarter of 2024).

##### *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 in the first quarter of 2025 primarily to reflect: (i) increased EBITDA over the forecast period at Fairfreight Lines attributable to higher margins achieved through cost optimization measures, partially offset by downward revisions to revenues to reflect the softening of ocean freight rates; and (ii) downward revisions to EBITDA over the forecast period at Kandla port CFS due to lower export utilization and lower import revenue per container unit.

At March 31, 2025 the company held a 51.0% equity interest in Saurashtra (December 31, 2024 - 51.0%), and its internal valuation model indicated that the fair value of the company's investment in Saurashtra was \$59,731 (December 31, 2024 - \$54,688).

### ***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. 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*

At March 31, 2025 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 13.7% and long term growth rates ranging from 2.4% to 5.0% (December 31, 2024 - 12.3% to 12.8%, and 2.4% to 5.0%, respectively); and (ii) an adjusted net book value approach for its NBFC business unit. At March 31, 2025 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, 2024 - fourth quarter of 2024).

#### *Free Cash Flow Forecast Inputs*

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

#### *Current Model Assumptions*

There have been no changes in the first quarter of 2025 to the free cash flow forecasts provided by NCML's management in 2024.

At March 31, 2025 the company held a 91.0% equity interest in NCML (December 31, 2024 - 91.0%), and its internal valuation model indicated that the fair value of the company's equity investment in NCML was \$44,051 (December 31, 2024 - \$44,250).

#### *NCML Non-convertible Debentures*

In 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 March 31, 2025 the fair value of the company's investment in the NCML NCD of \$23,399 (including a deferred loss of \$2,814) (December 31, 2024 - \$23,361, including a deferred loss of \$2,965) 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 the Securities and Exchange Board of India 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 the first quarter of 2025 the company received distributions of \$85 (2024 - \$884) from IH Fund.

At March 31, 2025 the company estimated the fair value of its investment in IH Fund of \$9,450 (December 31, 2024 - \$9,590) 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.

## 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:

	March 31, 2025					December 31, 2024				
	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	21,616	—	—	21,616	1,848	59,322	—	—	59,322	5,079
Bonds:										
Government of India <sup>(1)</sup>	—	91,424	—	91,424	7,814	—	149,484	—	149,484	12,798
Other Indian Fixed Income <sup>(2)</sup>	—	—	23,399	23,399	2,000	—	—	31,023	31,023	2,656
	—	91,424	23,399	114,823	9,814	—	149,484	31,023	180,507	15,454
Common stocks:										
IIFL Finance	246,587	—	—	246,587	21,076	311,401	—	—	311,401	26,660
CSB Bank	245,191	—	—	245,191	20,957	254,756	—	—	254,756	21,811
IIFL Capital	215,286	—	—	215,286	18,401	322,990	—	—	322,990	27,652
Fairchem Organics	73,904	—	—	73,904	6,317	102,234	—	—	102,234	8,753
5paisa	31,808	—	—	31,808	2,719	41,883	—	—	41,883	3,586
BIAL	—	—	1,886,994	1,886,994	161,286	—	—	1,631,988	1,631,988	139,721
Sanmar <sup>(3)</sup>	—	—	182,342	182,342	15,585	—	—	201,446	201,446	17,247
Seven Islands	—	—	165,186	165,186	14,119	—	—	145,990	145,990	12,499
Maxop	—	—	98,783	98,783	8,443	—	—	97,176	97,176	8,319
Global Aluminium	—	—	81,371	81,371	6,955	—	—	81,237	81,237	6,955
Jaynix	—	—	78,698	78,698	6,727	—	—	81,577	81,577	6,984
Saurashtra	—	—	59,731	59,731	5,105	—	—	54,688	54,688	4,682
NCML	—	—	44,051	44,051	3,765	—	—	44,250	44,250	3,788
IH Fund	—	—	9,450	9,450	808	—	—	9,590	9,590	821
	812,776	—	2,606,606	3,419,382	292,263	1,033,264	—	2,347,942	3,381,206	289,478
Total cash and investments	834,392	91,424	2,630,005	3,555,821	303,925	1,092,586	149,484	2,378,965	3,621,035	310,011
	23.4 %	2.6 %	74.0 %	100.0 %	100.0 %	30.2 %	4.1 %	65.7 %	100.0 %	100.0 %

(1) Priced based on information provided by independent pricing service providers at March 31, 2025 and December 31, 2024.

(2) At March 31, 2025, Other Indian Fixed Income included a deferred loss of \$2,814 related to the NCML NCD (December 31, 2024 - \$2,965).

(3) At March 31, 2025, the portion of fair value derived from Sanmar's equity interest in Chemplast was \$172,404 (December 31, 2024 - \$217,604). At December 31, 2024 the fair value attributed to Chemplast 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 Sanmar's promoter affiliates.

Transfers between fair value hierarchy levels are considered effective from the beginning of the annual reporting period in which the transfer is identified. During the first quarters of 2025 and 2024 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 for the first quarters of 2025 and 2024 is as follows:

Indian rupees (in millions)	First quarter						Balance as of March 31
	2025						
	Balance as of January 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments	
Common stocks:							
BIAL	139,721	22,099	—	—	—	(534)	161,286
Sanmar	17,247	—	—	—	—	(1,662)	15,585
Seven Islands	12,499	—	—	—	—	1,620	14,119
Maxop	8,319	—	—	—	—	124	8,443
Global Aluminium	6,955	—	—	—	—	—	6,955
Jaynix	6,984	—	—	—	—	(257)	6,727
Saurashtra	4,682	—	—	—	—	423	5,105
NCML	3,788	—	—	—	—	(23)	3,765
IH Fund	821	—	(7)	—	0	(6)	808
Other Indian Fixed Income	2,656	—	(660)	4	—	—	2,000
<b>Total</b>	<b>203,672</b>	<b>22,099</b>	<b>(667)</b>	<b>4</b>	<b>0</b>	<b>(315)</b>	<b>224,793</b>

  

Indian rupees (in millions)	First quarter						Balance as of March 31
	2024						
	Balance as of January 1	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments	Balance as of March 31	
Common stocks:							
BIAL	133,141	—	—	—	301	133,442	
CSB Bank	27,011	—	—	—	(4,150)	22,861	
Sanmar	25,204	—	—	—	(2,531)	22,673	
Seven Islands	11,886	—	—	—	599	12,485	
Maxop	4,716	—	—	—	18	4,734	
NSE	15,695	(10,997)	—	9,736	(9,705)	4,729	
Saurashtra	4,206	—	—	—	186	4,392	
Jaynix	4,101	—	—	—	216	4,317	
NCML	4,188	—	—	—	(433)	3,755	
IH Fund	1,089	(74)	—	—	(69)	946	
Other Indian Fixed Income	2,619	—	8	—	—	2,627	
<b>Total</b>	<b>233,856</b>	<b>(11,071)</b>	<b>8</b>	<b>9,736</b>	<b>(15,568)</b>	<b>216,961</b>	

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 9,736 million Indian rupees in the first quarter of 2024 related to the reversal of prior period unrealized gains on sales of NSE common shares.

The table that follows illustrates the potential impact on net earnings (loss) 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 March 31, 2025. 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 10 (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 <sup>(1)</sup>	Hypothetical \$ change effect on net earnings <sup>(1)(2)</sup>
<b>Common stocks:</b>						
BIAL	1,886,994	Discounted cash flow	After-tax discount rate	12.7% to 18.0%	(402,359) / 506,778	(349,046) / 439,630
			Long term growth rate	3.5%	34,427 / (32,610)	29,865 / (28,290)
Sanmar <sup>(3)</sup>	182,342	Discounted cash flow	After-tax discount rate	13.7%	(24,155) / 28,955	(20,955) / 25,118
			Long term growth rate	3.0%	4,024 / (3,840)	3,491 / (3,331)
Seven Islands	165,186	Discounted cash flow	After-tax discount rate	14.7% to 14.8%	(14,984) / 17,744	(12,999) / 15,393
			Long term growth rate	2.5% to 3.0%	2,741 / (2,627)	2,378 / (2,279)
Maxop	98,783	Discounted cash flow	After-tax discount rate	15.2% to 16.8%	(14,899) / 17,793	(12,925) / 15,435
			Long term growth rate	4.0%	2,639 / (2,528)	2,289 / (2,193)
Jaynix	78,698	Discounted cash flow	After-tax discount rate	23.8%	(4,032) / 4,434	(3,498) / 3,846
			Long term growth rate	1.5%	471 / (460)	409 / (399)
Saurashtra	59,731	Discounted cash flow	After-tax discount rate	17.8% to 19.4%	(3,680) / 4,254	(3,193) / 3,690
			Long term growth rate	4.0% to 5.0%	575 / (554)	499 / (481)
NCML <sup>(4)</sup>	44,051	Discounted cash flow	After-tax discount rate	12.3% to 13.7%	(8,146) / 10,145	(7,066) / 8,801
			Long term growth rate	2.4% to 5.0%	1,300 / (1,230)	1,127 / (1,067)

- (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 the Chemplast business unit 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 \$17,240, and an increase or decrease in net earnings of \$14,956.
- (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. The decrease in bonds due 1 year or less reflects the maturity of Other Indian Fixed Income. The decrease in bonds due after 1 year through 5 years primarily reflects the net sales of Government of India bonds to partially fund the Additional BIAL Investment. At March 31, 2025 and December 31, 2024 there were no bonds containing call or put features.

	March 31, 2025		December 31, 2024	
	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	113,518	114,823	171,570	172,845
	113,518	114,823	179,232	180,507

## Investment Income

An analysis of investment income for the three months ended March 31 is summarized in the table that follows:

### Interest and dividends

	First quarter	
	2025	2024
Interest:		
Cash and cash equivalents	409	520
Short term investments	—	353
Bonds	2,787	4,165
	<u>3,196</u>	<u>5,038</u>
Dividends: Common stocks	<u>2,998</u>	<u>7,049</u>

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

	First quarter					
	2025			2024		
	Net realized gains	Net change in unrealized gains (losses)	Net gains (losses)	Net realized gains (losses)	Net change in unrealized losses	Net gains (losses)
<b>Net gains (losses) on investments:</b>						
Short term investments	—	—	—	15	—	15
Bonds	615	29	644	(197)	(97)	(294)
Common stocks	1 <sup>(1)</sup>	(222,891) <sup>(1)</sup>	(222,890)	117,106 <sup>(1)</sup>	(410,830) <sup>(1)</sup>	(293,724)
	<u>616</u>	<u>(222,862)</u>	<u>(222,246)</u>	<u>116,924</u>	<u>(410,927)</u>	<u>(294,003)</u>
<b>Net foreign exchange gains (losses) on:</b>						
Cash and cash equivalents	269	—	269	17	—	17
Borrowings	—	832	832	—	(1,137)	(1,137)
Other	2,144	—	2,144	744	—	744
	<u>2,413</u>	<u>832</u>	<u>3,245</u>	<u>761</u>	<u>(1,137)</u>	<u>(376)</u>

(1) Refer to note 5 for a summary of changes in the fair value of the company's Public and Private Indian Investments during the first quarters of 2025 and 2024.

## 7. Borrowings

	March 31, 2025			December 31, 2024		
	Principal	Carrying value <sup>(1)</sup>	Fair value <sup>(2)</sup>	Principal	Carrying value <sup>(1)</sup>	Fair value <sup>(2)</sup>
<i>Unsecured Senior Notes:</i>						
5.0% Unsecured Senior Notes due February 26, 2028	<u>500,000</u>	<u>498,479</u>	<u>468,300</u>	<u>500,000</u>	<u>498,349</u>	<u>469,100</u>

(1) Principal net of unamortized issue costs.

(2) Fair value of the Unsecured Senior Notes at March 31, 2025 and December 31, 2024 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 11 for further details of amounts due to related parties.

### 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.

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. The increased borrowing limit will reduce to \$225,000 on October 1, 2025, and revert to \$175,000 on October 1, 2026. All other terms of the Revolving Credit Facility, including the maturity and extension option, remained unchanged.

On February 20, 2025 the company delivered a letter of credit in favour of Siemens representing the deferred BIAL purchase price of \$170,850. The letter of credit has an expiry date of September 30, 2026. Consistent with the reduction in borrowing limits, the letter of credit limit will be reduced after completion of each remaining installment payment related to the Additional BIAL Investment.

At March 31, 2025 the company had \$170,850 (December 31, 2024 - nil) in letters of credit issued and outstanding, and an available limit of \$79,150 (December 31, 2024 - \$175,000) under the Revolving Credit Facility.

### *Interest Expense*

In the first quarter of 2025 interest expense of \$6,755 (2024 - \$6,380) was comprised of stated interest of \$6,250 (2024 - \$6,250), letter of credit utilization fees of \$375 (2024 - nil) and amortization of issuance costs of \$130 (2024 - \$130). During the first quarter of 2025 the company paid interest of \$12,500 (2024 - \$12,500) on its borrowings.

At March 31, 2025 the company recorded accrued interest expense of \$2,736 (December 31, 2024 - \$8,611) within the consolidated balance sheets.

## **8. Total Equity**

### **Common shareholders' equity**

#### *Common Stock*

The number of shares outstanding was as follows:

	<b>First quarter</b>	
	<b>2025</b>	<b>2024</b>
Subordinate voting shares – January 1	104,839,462	105,398,509
Purchases for cancellation	—	(246,062)
Subordinate voting shares – March 31	104,839,462	105,152,447
Multiple voting shares – beginning and end of period	30,000,000	30,000,000
Common shares effectively outstanding – March 31	<u>134,839,462</u>	<u>135,152,447</u>

#### *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 the first quarter of 2025 the company did not purchase for cancellation any shares under its normal course issuer bid program. During the first quarter of 2024, the company purchased for cancellation 246,062 subordinate voting shares for a net cost of \$3,621, of which \$1,032 was charged to retained earnings.

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.

#### *Subsequent to March 31, 2025*

Subsequent to March 31, 2025, in accordance with an automatic share purchase plan under the terms of the normal course issuer bid, 28,758 subordinate voting shares were purchased for cancellation on behalf of the company for a net cost of \$437.

### **Non-controlling interests**

At March 31, 2025 the company held 43.6% out of its 74.0% (December 31, 2024 - 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 69.0% (December 31, 2024 - 59.0%).

Net loss attributable to non-controlling interests of \$243 during the first quarter of 2025 (2024 - net earnings attributable to non-controlling interests of \$295) principally related to net unrealized losses 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 69.0% at March 31, 2025 to a minimum of 67.5%). 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 March 31, 2025 was \$1,093,843 (93.5 billion Indian rupees) (December 31, 2024 - \$1,093,612 (93.6 billion Indian rupees)).

## 9. Income Taxes

The company's recovery of income taxes for the three months ended March 31 were comprised as follows:

	<b>First quarter</b>	
	<b>2025</b>	<b>2024</b>
Current income tax:		
Current year expense	648	607
Adjustment to prior years' income taxes	—	10
	<u>648</u>	<u>617</u>
Deferred income tax:		
Origination and reversal of temporary differences	(19,790)	(8,100)
Recovery of income taxes	(19,142)	(7,483)

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 the third quarter of 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.

The company recorded a recovery of deferred income taxes of \$19,790 in the first quarter of 2025 (2024 - \$8,100) primarily attributable to net unrealized losses on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017, and reflects the change in Indian capital gains tax rates effective July 23, 2024.

Reconciliation of the recovery for income taxes calculated at the Canadian statutory income tax rate to the recovery for income taxes at the effective tax rate for the three months ended March 31 are presented in the following table:

	<b>First quarter</b>	
	<b>2025</b>	<b>2024</b>
Canadian statutory income tax rate	26.5 %	26.5 %
Recovery of income taxes at the Canadian statutory income tax rate	(61,111)	(79,683)
Tax rate differential on losses incurred outside of Canada	36,416	69,284
Provision relating to prior years	—	10
Increase in unrecorded tax benefit of losses and temporary differences	5,280	1,465
Foreign exchange effect	159	1,439
Other including permanent differences	114	2
Recovery of income taxes	<u>(19,142)</u>	<u>(7,483)</u>

The tax rate differential on losses incurred outside of Canada of \$36,416 in the first quarter of 2025 (2024 - \$69,284) principally reflected the impact of net investment losses taxed in Mauritius and India at lower rates compared to the Canadian statutory income tax rate.

At March 31, 2025 deferred tax assets of \$125,627 in Canada and \$15,018 in India (December 31, 2024 - \$121,381 in Canada and \$13,691 in India) were not recorded as it was considered not probable that those losses could be utilized by the company.

## 10. Financial Risk Management

### Overview

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 March 31, 2025 compared to those identified and disclosed in the company's annual consolidated financial statements for the year ended December 31, 2024.

### U.S. Tariffs Developments

The announced imposition of tariffs by the U.S. and retaliatory measures by other governments ("U.S. Tariffs") may cause multifaceted effects on the economy. Such tariffs include a 25% tariff on all steel and aluminum imports into the U.S. effective March 12, 2025, a baseline 10% universal tariff for all trading partners effective April 5, 2025, and incremental country-specific tariffs which have been paused for 90 days from April 9, 2025, with the exception of China. The U.S. Tariffs may adversely impact the company and its Indian Investments' operations by causing supply chain disruptions, economic downturn, inflationary pressures, and uncertainty in the capital markets. The company continues to monitor and assess 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. In particular, the company's investments in Maxop, Jaynix and Global Aluminium operate in the aluminum product manufacturing sector and engage in exports to the U.S. While the company's Indian Investments have not experienced significant impact to their operations to date, investees' management are taking steps to mitigate any potential negative impact on their respective businesses. Given that developments are ongoing with respect to these tariffs and other measures, their impacts are uncertain.

### 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.

#### 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. There were no significant changes to the company's framework used to monitor, evaluate and manage foreign currency risk at March 31, 2025 compared to December 31, 2024.

#### 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. There were no significant changes to the company's framework used to monitor, evaluate and manage interest rate risk at March 31, 2025 compared to December 31, 2024.

The company's exposure to interest rate risk decreased in the first quarter of 2025, principally reflecting the net sales of Government of India bonds to partially fund the Additional BIAL Investment. 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.

	March 31, 2025			December 31, 2024		
	Fair value of fixed income portfolio	Hypothetical \$ change effect on net earnings <sup>(1)</sup>	Hypothetical % change in fair value	Fair value of fixed income portfolio	Hypothetical \$ change effect on net earnings <sup>(1)</sup>	Hypothetical % change in fair value
<b>Change in interest rates</b>						
200 basis point increase	109,242	(4,272)	(4.9)%	171,973	(6,447)	(4.7)%
100 basis point increase	111,987	(2,171)	(2.5)%	176,171	(3,276)	(2.4)%
No change	114,823	—	—	180,507	—	—
100 basis point decrease	117,761	2,249	2.6 %	184,995	3,392	2.5 %
200 basis point decrease	120,798	4,575	5.2 %	189,635	6,900	5.1 %

(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 increased to \$3,419,382 at March 31, 2025 from \$3,381,206 at December 31, 2024. 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 March 31, 2025 to be a hypothetical increase or decrease in net earnings of \$141,017 (December 31, 2024 - increase or decrease in net earnings of \$179,271). 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 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 March 31, 2025 compared to December 31, 2024.

#### *Cash and Cash Equivalents*

At March 31, 2025 the company's cash and cash equivalents of \$21,616 (December 31, 2024 - \$59,322) were primarily held in major financial institutions.

#### *Investments in Debt Instruments*

At March 31, 2025 the company's debt instruments were all considered to be subject to credit risk with a fair value of \$114,823 (December 31, 2024 - \$180,507), representing 3.2% (December 31, 2024 - 5.0%) of the total cash and investments portfolio.

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

	March 31, 2025		December 31, 2024	
	Fair value	Rating	Fair value	Rating
Government of India bonds <sup>(1)</sup>	91,424	Baa3/BBB-	149,484	Baa3/BBB-
Other Indian Fixed Income	23,399	Not rated	31,023	Not rated
Total bonds	<u>114,823</u>		<u>180,507</u>	

(1) Rated Baa3 by Moody's and BBB- by S&P at March 31, 2025 and December 31, 2024.

The company's exposure to credit risk from its investments in fixed income securities decreased at March 31, 2025 compared to December 31, 2024, principally reflecting the net sales of Government of India bonds to partially fund the Additional BIAL Investment. 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 March 31, 2025 compared to December 31, 2024.

#### **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. 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 March 31, 2025 compared to December 31, 2024.

The undeployed cash and investments at March 31, 2025 provide adequate liquidity to meet the company's known significant commitments over the next twelve months, which are principally comprised of a second installment payment related to the Additional BIAL Investment, investment and advisory fees, interest expense, purchases of subordinate voting shares for cancellation under its automatic share purchase plan, and general and administration expenses.

At March 31, 2025 the company's payment obligations, which are due beyond one year, primarily relate to the recurring nature of expenses described above, 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 11), 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 March 31, 2025, in addition to cash and cash equivalents of \$21,616, the company held common shares of Public Indian Investments, which carry no selling restrictions, with a fair value of \$812,776 and Government of India bonds with a fair value of \$91,424. 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, which had an available limit of \$79,150 at March 31, 2025. Accordingly, the company has adequate working capital to support its ongoing operations.

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. The amendments to the Revolving Credit Facility were intended to facilitate the issuance of a letter of credit to Siemens pursuant to the terms of the Additional BIAL Investment described in note 5, while ensuring the company maintains its liquidity for the period the letter of credit is outstanding. The increased borrowing limit and Siemens letter of credit will be reduced as remaining installment payments related to the Additional BIAL Investment are completed. Refer to note 7 (Borrowings) for further details on the amendments to the Revolving Credit Facility.

### ***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 March 31, 2025 and December 31, 2024 the company's total cash and investments composition by the issuer's country of domicile was primarily India, and at March 31, 2025 represented 99.5% (December 31, 2024 - 98.5%) of the total cash and investments portfolio.

The company's holdings of Public and Private Indian Investments (see note 5) at March 31, 2025 and December 31, 2024 are summarized by the issuer's primary industry sector in the table below:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Infrastructure	1,886,994	1,631,988
Financial services	748,322	948,282
Commercial and industrial	582,548	631,281
Ports and shipping	224,917	200,678
	<u>3,442,781</u>	<u>3,412,229</u>

The company's investment limit for an Indian Investment in accordance with the Investment Concentration Restriction decreased at March 31, 2025 from December 31, 2024 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 shareholder. 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. At March 31, 2025, taking into account the one-time deviation noted above, the company determined that it was in compliance with the Investment Concentration Restriction as defined in the company's annual consolidated financial statements for the year ended December 31, 2024.



## 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 to \$3,246,287 at March 31, 2025 from \$3,455,611 at December 31, 2024, principally reflecting a decrease in common shareholders' equity.

Common shareholders' equity decreased to \$2,617,071 at March 31, 2025 from \$2,826,495 at December 31, 2024 primarily reflecting a net loss attributable to shareholders of \$211,224, partially offset by unrealized foreign currency translation gains attributable to shareholders of \$1,833 during the first quarter of 2025. Non-controlling interests decreased slightly to \$130,737 at March 31, 2025 from \$130,767 at December 31, 2024. Refer to note 7 (Borrowings) for details on the company's borrowings.

## 11. 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:

	March 31, 2025	December 31, 2024
Investment and advisory fees	9,434	10,099
	<u>9,434</u>	<u>10,099</u>

### 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

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 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 calculation period.

At March 31, 2025 and December 31, 2024 the company determined that no performance fee accrual was required related to the fourth calculation period. Accordingly, no performance fee was recorded in the consolidated statements of earnings (loss) in the first quarter of 2025 (2024 - nil).

#### Investment and Advisory Fees

The investment and advisory fees recorded in the consolidated statements of earnings (loss) for the first quarter of 2025 were \$9,399 (2024 - \$9,484).

### 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:

	March 31, 2025	December 31, 2024
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	276	1,006
	<u>58,676</u>	<u>59,406</u>

Interest expense recorded in the consolidated statements of earnings (loss) for the first quarter of 2025 included \$730 related to amounts due to related parties (2024 - \$730). Refer to note 7 for further details on the Unsecured Senior Notes.

***Fairfax's Voting Rights and Equity Interest***

At March 31, 2025 Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares (December 31, 2024 - 30,000,000) and owned and/or exercised control or direction over 28,504,470 subordinate voting shares (December 31, 2024 - 28,504,470) of Fairfax India. At March 31, 2025 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, 2024 - 95.2% and 43.4%) in Fairfax India.

**12. General and Administration Expenses**

General and administration expenses for the three months ended March 31 were comprised as follows:

	<b>First quarter</b>	
	<b>2025</b>	<b>2024</b>
Audit, legal, tax, and professional fees	582	563
Salaries and employee benefit expenses	504	460
Administrative expenses	451	378
Other <sup>(1)</sup>	111	1,135
	<u>1,648</u>	<u>2,536</u>

(1) Other expense decreased in the first three months of 2025 primarily due to lower brokerage fees incurred.

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## Management's Discussion and Analysis of Financial Condition and Results of Operations

(as of May 1, 2025)

(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 notes to the interim consolidated financial statements for the three months ended March 31, 2025 and the company's 2024 Annual Report.
- (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") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*, 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 interim 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 of the company's measures.

### Business Developments

#### Overview

Fairfax India Holdings Corporation's ("the company" or "Fairfax India") subordinate voting shares trade on the 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, responsible to source and advise with respect to all investments.

#### Book Value per Share

Common shareholders' equity at March 31, 2025 was \$2,617,071 (December 31, 2024 - \$2,826,495). The book value per share at March 31, 2025 was \$19.41 compared to \$20.96 at December 31, 2024, representing a decrease in the first quarter of 2025 of 7.4%, principally reflecting a net loss attributable to shareholders of Fairfax India of \$211,224 (primarily attributed to net change in unrealized losses on investments and investment and advisory fees, partially offset by a recovery of income taxes), partially offset by unrealized foreign currency translation gains attributable to shareholders of \$1,833.

	March 31, 2025	December 31, 2024
Common shareholders' equity	2,617,071	2,826,495
Number of common shares effectively outstanding	134,839,462	134,839,462
Book value per share	\$19.41	\$20.96

#### Capital Transactions

On February 14, 2025 the company amended its unsecured revolving credit facility ("Revolving Credit Facility") to increase its limit from \$175,000 to \$250,000, including the use of letters of credit. The increased borrowing limit will reduce to \$225,000 on October 1, 2025, and revert to \$175,000 on October 1, 2026. All other terms of the \$250,000 Revolving Credit Facility, including the maturity and extension option, remained unchanged. The amendments to the Revolving Credit Facility were intended to facilitate the issuance of a letter of credit to Siemens pursuant to the terms of the Additional BIAL Investment described in the Indian Investments section of this MD&A.

On February 20, 2025 the company delivered a letter of credit in favour of Siemens representing the deferred BIAL purchase price of \$170,850. The letter of credit has an expiry date of September 30, 2026. Consistent with the reduction in borrowing limits, the letter of credit limit will be reduced after completion of each remaining installment payment related to the Additional BIAL Investment.

## 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 interim consolidated financial statements for the three months ended March 31, 2025. Full descriptions of the Indian Investments committed to, acquired and sold in the first quarter of 2025 are provided in the Indian Investments section of this MD&A.

### Track Record

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:

		March 31, 2025					
Existing Indian Investments:	Initial investment date	Ownership %	Cash consideration <sup>(1)</sup>	Fair value	Net change	Cumulative interest and dividends <sup>(2)</sup>	Compounded annualized return <sup>(3)</sup>
<b>Public Indian Investments:</b>							
Common stocks:							
IIFL Finance <sup>(4)</sup>	December 2015	15.2 %	101,118	246,587	145,469	18,716	14.3 % *
IIFL Capital (formerly IIFL Securities) <sup>(4)</sup>	December 2015	27.3 %	51,055	215,286	164,231	19,925	19.5 % *
Spaisa <sup>(4)</sup>	December 2015	24.6 %	16,603	31,808	15,205	—	10.3 % *
Fairchem Organics <sup>(5)</sup>	February 2016	55.3 %	34,203	73,904	39,701	2,726	13.5 %
CSB Bank	October 2018	40.0 %	136,348	245,191	108,843	—	10.1 %
			<u>339,327</u>	<u>812,776</u>	<u>473,449</u>	<u>41,367</u>	<u>14.3 %</u>
<b>Private Indian Investments:</b>							
Common stocks:							
NCML	August 2015	91.0 %	188,288	44,051	(144,237)	823	(15.0)%
Sanmar	April 2016	39.3 %	199,039	182,342	(16,697)	—	(1.6)%
Saurashtra	February 2017	51.0 %	30,018	59,731	29,713	14,812	12.3 %
BIAL <sup>(6)</sup>	March 2017	74.0 %	1,157,982	1,886,994	729,012	2,241	9.7 %
IH Fund <sup>(7)</sup>	January 2019	—	11,507	9,450	(2,057)	5,999	4.4 %
Seven Islands	March 2019	48.5 %	83,846	165,186	81,340	35,932	16.0 %
Maxop	November 2021	67.0 %	51,448	98,783	47,335	—	24.1 %
Jaynix	February 2022	70.0 %	32,504	78,698	46,194	—	32.6 %
Global Aluminium	October 2024	65.0 %	82,729	81,371	(1,358)	—	(3.5)%
Other Indian Fixed Income	November 2023	—	24,013	23,399	(614)	329	(0.9)%
			<u>1,861,374</u>	<u>2,630,005</u>	<u>768,631</u>	<u>60,136</u>	<u>7.1 %</u>
<b>Total existing Indian Investments</b>			<u>2,200,701</u>	<u>3,442,781</u>	<u>1,242,080</u>	<u>101,503</u>	<u>8.8 %</u>
<b>Monetized Indian Investments:</b>							
	Initial investment date	Last sale date	Cash consideration <sup>(1)</sup>	Cash proceeds <sup>(1)</sup>	Cash proceeds less cash consideration	Cumulative interest and dividends <sup>(2)</sup>	Compounded annualized return <sup>(3)</sup>
<b>Partially monetized<sup>(8)</sup>:</b>							
CSB Bank	October 2018	June 2024	33,144	71,298	38,154	—	15.5 %
IIFL Finance <sup>(4)</sup>	December 2015	December 2023	35,711	177,324	141,613	7,467	24.9 % *
Fairchem Organics <sup>(5)</sup>	February 2016	February 2022	7,787	45,585	37,798	86	49.7 %
			<u>76,642</u>	<u>294,207</u>	<u>217,565</u>	<u>7,553</u>	<u>25.5 %</u>
<b>Fully monetized:</b>							
Other Indian Fixed Income	November 2021	February 2025	7,395	7,547	152	1,077	5.1 %
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) <sup>(4)</sup>	December 2015	May 2023	107,044	243,465	136,421	40,492	16.7 % *
Privi Speciality <sup>(5)</sup>	August 2016	April 2021	54,975	164,895	109,920	1,985	27.1 %
Sanmar Bonds <sup>(9)</sup>	April 2016	December 2019	299,000	433,873	134,873	—	11.0 %
			<u>677,345</u>	<u>1,324,761</u>	<u>647,416</u>	<u>67,928</u>	<u>18.3 %</u>
<b>Total monetized Indian Investments</b>			<u>753,987</u>	<u>1,618,968</u>	<u>864,981</u>	<u>75,481</u>	<u>19.4 %</u>

\* Aggregate: IIFL Finance, IIFL Capital (formerly IIFL Securities), Spaisa and 360 ONE (formerly IIFL Wealth)

17.7 %

- (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 interest and dividend 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 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 BIAL includes deferred consideration of \$170,850 to be paid to Siemens over two installments in the third quarters of 2025 and 2026.*
- (7) *Cash consideration for IH Fund reflects the company's initial cash consideration less return of capital distributions received in cash.*
- (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 (April 2025) published by the International Monetary Fund ("IMF"), global growth is expected to be 2.8% in 2025 and 3.0% in 2026 (both years revised down from 3.3% since the January 2025 update). With the announcement of tariffs by the U.S. and other retaliatory measures that may be implemented by other governments ("U.S. Tariffs"), there has been a swift escalation of trade tensions and high levels of policy uncertainty. Labour markets have slowed in many countries while layoffs have risen, and progress on disinflation has stalled or reversed in a number of countries. On the upside, a de-escalation of current tariff rates and new agreements providing clarity and stability in trade policies could help lift global growth.

Inflation expectations currently exceed central bank targets in most advanced economies and in emerging market and developing economies, however, global inflation is expected to continue to decline over 2025 and 2026. Although the outlook on inflation has improved, trade uncertainty continues to be a source of caution as businesses and households respond by postponing investment and spending, the effects of which may be amplified by tighter financial conditions and increased exchange rate volatility.

### ***Indian Economy***

According to latest data released by the Indian government, the country's GDP was estimated to have grown 6.5% during fiscal year 2025. The Reserve Bank of India ("RBI") is projecting GDP growth for fiscal year 2026 at 6.5%, marking a slight downward revision from the February 2025 estimate of 6.7%, reflecting heightened global volatility. In the April 2025 World Economic Outlook, the IMF revised its estimate for India's fiscal year 2026 GDP growth from 6.5% to 6.2%, also on account of higher trade tensions and uncertainty, despite strong private consumption.

In the face of global uncertainty, agriculture maintains a positive outlook supported by robust crop production, and manufacturing is showing signs of revival amid an improved business sentiment. Sustained demand from rural areas, continued government focus on infrastructure, healthy balance sheets of banks and easing financial conditions are expected to support growth. Merchandise exports may be weighed down by the evolving global economic landscape, but services exports are expected to be resilient.

The RBI cut the benchmark rate by 25 basis points in February 2025 and then again at its most recent monetary policy committee meeting in April 2025, bringing the rate down to 6.0%. The rate cuts are aimed at boosting lending and investment amid global economic uncertainty, including trade tensions, a weakening of the U.S. dollar, and softening of bond yields. The RBI changed its stance from neutral to accommodative at the most recent meeting, noting the rapidly evolving situation requires continuous monitoring and assessment of economic outlook.

### ***Indian Market Indices and Foreign Exchange Rate***

Global equity markets provided mixed results in the first quarter of 2025, with emerging markets outperforming developed markets. U.S. 10-year treasury yields fell during the first quarter of 2025, while commodities were a top performer, primarily due to an increase in the price of gold. India's equity markets initially faced headwinds at the start of the quarter, experiencing foreign outflows and a weaker Indian rupee. However, these headwinds reversed course near the end of the quarter, driven by a rebound in consumption, recovery of the Indian rupee, and better-than-expected earnings in consumer and financial sectors.

The U.S. dollar S&P BSE Sensex decreased by 0.8% in the first quarter of 2025 primarily due to subdued market sentiments from concerns over the U.S. Tariffs and fluctuating trade policies. The Indian rupee strengthened slightly against the U.S. dollar, reflecting appreciation of 0.2% in the first quarter of 2025.

Despite the overall resilient performance of Indian equity markets compared to global markets, the fair values of the company's publicly traded Indian Investments experienced some volatility over the first quarter of 2025. Consistent with the appreciation of the Indian rupee, the company recorded unrealized foreign currency translation gains 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, including potential impacts related to U.S. Tariffs, are 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 Restrictions**

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. At March 31, 2025, taking into account the one-time deviation noted above, the company determined that it was in compliance with the Investment Concentration Restriction as defined in the company's 2024 Annual Report.

## **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, 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' fiscal years each end 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 Limited) 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 for the first quarters of 2025 and 2024 are presented in the tables disclosed in note 5 (Indian Investments) to the interim consolidated financial statements.

## 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.

### *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 March 31, 2025 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 assets under management ("AUM") of approximately \$8.3 billion (714 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%). Asset quality across the industry has recently faced higher stress particularly across the microfinance and unsecured business loan segments, reflecting broader macroeconomic trends. IIFL Finance's 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 the deficiencies had been remediated, the RBI lifted the restrictions on September 19, 2024, permitting IIFL Finance to resume its gold loan business. IIFL Finance's AUM declined over the duration of the restrictions, primarily due to regular repayments on gold loans issued prior to the RBI Order. IIFL Finance is currently focused on regaining its market share in gold loans.

### *Valuation and Interim Consolidated Financial Statement Impact*

At March 31, 2025 the fair value of the company's investment in IIFL Finance was \$246,587 (December 31, 2024 - \$311,401) comprised of 64,552,521 common shares representing a 15.2% equity interest (December 31, 2024 - 15.2%). IIFL Finance's share price decreased by 20.9% from 413.00 Indian rupees per share at December 31, 2024 to 326.50 Indian rupees per share at March 31, 2025.

In the first quarter of 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Finance of \$2,776. The company did not receive dividend income from IIFL Finance during the first quarter of 2025.

### *IIFL Finance's Summarized Financial Information*

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

#### **Balance Sheets**

*(unaudited - US\$ thousands)*

	December 31, 2024 <sup>(1)</sup>	March 31, 2024 <sup>(1)</sup>
Financial assets	6,972,724	7,309,056
Non-financial assets	275,388	175,272
Financial liabilities	5,596,933	6,001,094
Non-financial liabilities	45,034	37,661
Total equity	1,606,145	1,445,573

*(1) The net assets of IIFL Finance were translated at December 31, 2024 at \$1 U.S. dollar = 85.61 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 decreased principally reflecting a lower gold loan AUM as a result of impact from the RBI Order. Non-financial assets increased primarily due to an increase to property, plant and equipment and tax assets. Financial liabilities decreased principally reflecting net repayments of debt and lower payables related to loan assignment and securitization. Non-financial liabilities increased primarily due to increased tax liabilities and provisions. The increase in total equity primarily reflected the impact of a rights offering completed by IIFL Finance in May 2024 which raised approximately \$152 million, in addition to net earnings during the nine months ended December 31, 2024.

Summarized below are IIFL Finance's statements of earnings for the nine months ended December 31, 2024 and 2023.

### Statements of Earnings

(unaudited - US\$ thousands)

	Nine months ended December 31, 2024 <sup>(1)</sup>	Nine months ended December 31, 2023 <sup>(1)(2)</sup>
Revenue	911,176	917,001
Earnings before income taxes	47,394	244,016
Net earnings	38,962	186,630

(1) Amounts for the nine months ended December 31, 2024 and 2023 were translated using the average exchange rates of \$1 U.S. dollar = 83.88 Indian rupees and \$1 U.S. dollar = 82.71 Indian rupees prevailing during those periods.

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

IIFL Finance's revenue decreased in U.S. dollars primarily due to the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period and overall lower AUM and portfolio yields, partially offset by higher net gains on fair value changes, and fee and commission income. 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 period related to the restructuring of certain assets, which IIFL Finance expects to recover as underlying assets are monetized, in addition to higher impairment charges on other financial instruments. The decrease in net earnings was partially offset by lower tax expense.

### 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 ("SME") and wholesale banking services through 829 branches and 791 automated teller machines across India.

#### 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's vision is to transition from a small bank to mid-sized bank by fiscal year 2030 ("SBS 2030"), by focusing on the following pillars: (i) culture and leadership; (ii) governance and compliance; (iii) risk management; (iv) customer centricity; and (v) technology. As part of its 2030 vision, CSB Bank also aims to leverage its universal banking license and expand its services in the non-gold portfolio. CSB Bank is in the final stages of transitioning to its new centralized banking system, which will enable consistent service and accelerate growth. Post implementation, CSB Bank will embark on the 'Scale' phase of its SBS 2030 goal and remain committed to ensuring a seamless transition.

CSB Bank emphasizes a balance between advances and deposits, which have demonstrated growth outpacing industry trends during its fiscal year 2025. At March 31, 2025 CSB Bank had gross advances of \$3.7 billion (318 billion Indian rupees) (December 31, 2024 - \$3.4 billion (289 billion Indian rupees)) comprised of gold loans (44%), corporate loans (23%), retail loans (20%) and SME loans (13%), and deposits of \$4.3 billion (369 billion Indian rupees) (December 31, 2024 - \$3.9 billion (334 billion Indian rupees)), of which 24% was comprised of lower cost, current and savings accounts. While gold loans continue to drive growth, CSB Bank aims to strengthen the SME, corporate and retail lending segments.

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 Interim Consolidated Financial Statement Impact***

At March 31, 2025 the fair value of the company's investment in CSB Bank was \$245,191 (December 31, 2024 - \$254,756) comprised of 69,394,331 common shares representing a 40.0% equity interest (December 31, 2024 - 40.0%).

CSB Bank's share price decreased by 3.9% from 314.30 Indian rupees per share at December 31, 2024 to 302.00 Indian rupees per share at March 31, 2025.

## ***CSB Bank's Summarized Financial Information***

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

### **Balance Sheets**

*(unaudited - US\$ thousands)*

	<b>December 31, 2024<sup>(1)</sup></b>	<b>March 31, 2024<sup>(1)</sup></b>
Financial assets	4,907,814	4,225,027
Non-financial assets	159,810	117,215
Financial liabilities	4,503,602	3,833,163
Non-financial liabilities	76,350	62,547
Shareholders' equity	487,672	446,532

*(1) The net assets of CSB Bank were translated at December 31, 2024 at \$1 U.S. dollar = 85.61 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 due to increased property, plant and equipment consistent with higher number of branches, increased acceptances and endorsements, and increased other advances. Financial liabilities increased primarily due to increased deposits from customers and banks, in addition to increased borrowings. Non-financial liabilities increased primarily due to increased lease liabilities and other customer liabilities.

Summarized below are CSB Bank's statements of earnings for the nine months ended December 31, 2024 and 2023.

### **Statements of Earnings**

*(unaudited - US\$ thousands)*

	<b>Nine months ended December 31, 2024<sup>(1)</sup></b>	<b>Nine months ended December 31, 2023<sup>(1)</sup></b>
Revenue	200,112	181,030
Earnings before income taxes	68,122	68,838
Net earnings	50,670	51,539

*(1) Amounts for the nine months ended December 31, 2024 and 2023 were translated using the average exchange rates of \$1 U.S. dollar = 83.88 Indian rupees and \$1 U.S. dollar = 82.71 Indian rupees prevailing during those periods.*

Revenue increased primarily as a result of higher other income, and net fee and commission income. Net interest income also increased despite regulatory changes to penalty charges, which have resulted in reduced yields. Earnings before income taxes decreased primarily due to the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period, in addition to increased personnel, general and administrative, and depreciation expenses consistent with a higher number of branches, partially offset by higher revenue and lower impairment on financial assets. Net earnings decreased principally due to higher tax expense.

## **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 based in Mumbai, India, providing diversified financial services which include broking services, financial products distribution, institutional research and investment banking services.

### ***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 has also made progress on improving balance sheet efficiency by disposing of non-core real estate assets.

At March 31, 2025 IIFL Capital's non-institutional business segment had AUM of approximately \$25.8 billion (2,205 billion Indian rupees) (December 31, 2024 - \$28.6 billion (2,448 billion Indian rupees)). IIFL Capital's institutional broking franchise business provides comprehensive research coverage in nearly 300 stocks in more than 20 sectors, accounting for over 74% of India's market capitalization. The investment banking business completed six transactions during the first quarter of 2025 and continues to have a strong deal pipeline despite recent market volatility. Capital markets have been impacted by declining exchange volumes largely caused by regulatory changes to the derivative segment.

IIFL Capital is currently expanding its offerings to include wealth management services in line with its strategic focus on the growing affluent segment in India. As the wealth management business gains momentum, IIFL Capital expects its revenue profile to diversify further and recalibrate towards a higher share of recurring revenue, thereby reducing the risk of market-related volatility.

### ***Valuation and Interim Consolidated Financial Statement Impact***

At March 31, 2025 the fair value of the company's investment in IIFL Capital was \$215,286 (December 31, 2024 - \$322,990) comprised of 84,641,445 common shares representing a 27.3% equity interest (December 31, 2024 - 27.3%). IIFL Capital's share price decreased by 33.5% from 326.70 Indian rupees per share at December 31, 2024 to 217.40 Indian rupees per share at March 31, 2025.

In the first quarter of 2025 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Capital of \$2,932 (2024 - \$3,058).

### ***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, adhesives, lubricants and cosmetics industries, as well as intermediate nutraceutical 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 nutraceutical and fatty acids.

### ***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 as certifications have been received and trials by international consumers have been 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. Additionally, the imposition of U.S. Tariffs on certain products, including specialty chemicals, has resulted in heightened volatility in the global environment. Fairchem Organics is carefully monitoring the developing situation as changes to international trade flows and supply chains may present both opportunities and challenges to its operations.

#### ***Valuation and Interim Consolidated Financial Statement Impact***

At March 31, 2025 the fair value of the company's investment in Fairchem Organics was \$73,904 (December 31, 2024 - \$102,234) comprised of 7,202,656 common shares representing a 55.3% equity interest (December 31, 2024 - 55.3%). Fairchem Organics' share price decreased by 27.8% from 1,215.20 Indian rupees per share at December 31, 2024 to 877.00 Indian rupees per share at March 31, 2025.

#### **Investment in 5paisa Capital Limited**

##### ***Business Overview***

5paisa Capital Limited ("5paisa") is a publicly traded online financial services provider based 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 NSE of India.

##### ***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.

As previously noted, 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 has impacted all brokers, but particularly those brokers benefiting from high volume discounts. The regulatory change, among other measures implemented by SEBI, have reduced client participation, particularly in the derivatives segment, resulting in subdued exchange turnover. While these changes may have a temporary adverse impact on 5paisa's profitability and contributed to recent volatility for the brokerage industry, they ultimately will support the long term sustainable growth of both the market and 5paisa's business.

At March 31, 2025 the 5paisa mobile application reached 21.7 million downloads and its total customer base exceeded 4.8 million. During the first quarter of 2025, approximately 86% 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 Interim Consolidated Financial Statement Impact***

At March 31, 2025 the fair value of the company's investment in 5paisa was \$31,808 (December 31, 2024 - \$41,883) comprised of 7,670,130 common shares representing a 24.6% equity interest (December 31, 2024 - 24.6%). 5paisa's share price decreased by 24.2% from 467.50 Indian rupees per share at December 31, 2024 to 354.45 Indian rupees per share at March 31, 2025.

#### **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 for the first quarters of 2025 and 2024, including details on valuation methodologies and current model assumptions are discussed in note 5 (Indian Investments) to the interim consolidated financial statements.

## **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 aeronautical and non-aeronautical revenue from the airport, real estate monetization and other non-airport related revenue, which includes a five-star hotel operated under the Taj brand and the operation of domestic and international lounge services at KIAB's Terminal 2.

### ***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 9.1 million and international passenger traffic of 1.6 million in the first quarter of 2025, representing year over year growth of 9.1% and 32.4%, 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 5.4% year over year, driven by continued growth in perishable exports and heightened demand for international air cargo as a result of ongoing geopolitical events impacting the ocean freight industry.

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. BIAL's plans to increase the overall capacity of the airport also remain underway, and include the construction of the second phase of Terminal 2 by fiscal year 2029 and a third terminal building by fiscal year 2034.

As Bengaluru's historically populated areas have become congested, the city is expanding towards the airport's direction. Therefore, BIAL's growth will also be supported by its real estate monetization plans, which include the development of Bengaluru Airport City as a world class mixed-use destination. Several key assets are in varying stages of development and construction.

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.

### ***Valuation and Interim Consolidated Financial Statement Impact***

On February 20, 2025 the company, through FIH Mauritius, completed the acquisition of an additional 10.0% equity interest in BIAL ("Additional BIAL Investment") from Siemens Project Ventures GmbH ("Siemens") for a purchase price of \$255,000 (22.1 billion Indian rupees).

In accordance with the terms of the transaction, on the closing date, the company paid an initial installment of \$84,150 and delivered a letter of credit in favour of Siemens, representing the deferred purchase price of \$170,850. Refer to note 7 (Borrowings, under the heading Revolving Credit Facility) to the interim consolidated financial statements for the three months ended March 31, 2025 for further details. At March 31, 2025 the payable for securities purchased of \$170,850 presented in the company's consolidated balance sheet reflects the second and third installments of \$94,350 and \$76,500 to be paid in the third quarters of 2025 and 2026, respectively.

At March 31, 2025 the company held a 74.0% equity interest in BIAL (December 31, 2024 - 64.0%), and its internal valuation model indicated that the fair value of the company's investment in BIAL was \$1,886,994 (December 31, 2024 - \$1,631,988), which approximates the equity valuation of BIAL implied by the Additional BIAL Investment discussed above.

At March 31, 2025 the company held 43.6% out of its 74.0% (December 31, 2024 - 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 69.0% (December 31, 2024 - 59.0%). Refer to note 8 (Total Equity, under the heading Non-controlling interests) to the interim consolidated financial statements for the three months ended March 31, 2025 for further discussion on Anchorage.

### ***BIAL's Summarized Financial Information***

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

#### **Balance Sheets**

*(unaudited - US\$ thousands)*

	December 31, 2024 <sup>(1)</sup>	March 31, 2024 <sup>(1)</sup>
Current assets	383,829	349,078
Non-current assets	1,491,419	1,549,462
Current liabilities	183,545	197,943
Non-current liabilities	1,340,544	1,390,798
Shareholders' equity	351,159	309,799

*(1) The net assets of BIAL were translated at December 31, 2024 at \$1 U.S. dollar = 85.61 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 the 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 decreased primarily due to reduced capital expenditure payables, partially offset by increased short term borrowings. Non-current liabilities decreased principally due to net repayments of borrowings, partially offset by increased security deposits received from subleases.

Summarized below are BIAL's statements of earnings (loss) for the nine months ended December 31, 2024 and 2023.

#### **Statements of Earnings (Loss)**

*(unaudited - US\$ thousands)*

	Nine months ended December 31, 2024 <sup>(1)</sup>	Nine months ended December 31, 2023 <sup>(1)(2)</sup>
Revenue	351,310	242,986
EBITDA	245,131	157,977
Net earnings (loss)	50,729	(8,983)

*(1) Amounts for the nine months ended December 31, 2024 and 2023 were translated using the average exchange rates of \$1 U.S. dollar = 83.88 Indian rupees and \$1 U.S. dollar = 82.71 Indian rupees prevailing during those periods.*

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

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 nine months ended December 31, 2024 compared to a net loss in the prior year primarily due to higher EBITDA as described above, partially offset by increased interest and depreciation expense due to Terminal 2 being fully operational in the current period, and higher tax expense consistent with improved earnings.

### **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.

Sanmar's principal lines of business consist of: (i) Chemplast Sanmar Limited ("Chemplast"), the largest specialty paste PVC manufacturer in India, with a product range comprising of its specialty chemicals business (including specialty paste PVC resins and the custom manufactured chemicals business) and value-added chemicals (such as caustic soda and chloromethanes), as well as its wholly-owned subsidiary, Chemplast Cuddalore Vinyls Limited ("CCVL"), the second largest suspension PVC manufacturer in India; and (ii) TCI Sanmar Chemicals S.A.E. ("Sanmar Egypt"), the largest Indian investor in Egypt's chemical business and the largest caustic soda, calcium chloride and PVC manufacturer in Egypt. At March 31, 2025 Sanmar held a 55.0% equity interest in Chemplast (December 31, 2024 - 55.0%), which is listed and actively traded on both the BSE and NSE of India.

### ***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 industry 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. Sanmar's capacity expansion project at Chemplast within its custom manufacturing chemicals business remains a focal point for growth plans. The second phase was commissioned during fiscal year 2025, with the third phase currently underway.

The international PVC market remains subdued, as global PVC prices continue to trade at suppressed levels due to excess supply from China. As a result, 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. However, caustic soda prices have improved over the prior year, which has partially mitigated the negative impacts of the downward trend of PVC prices.

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. In December 2024, the Egyptian government announced revisions to its export subsidy program, which reduced the export rebate from the previous 9-10% to an average of 3% of the total value of exports, placing additional pressure on the profitability of Sanmar Egypt's exports. However in February 2025, the Egyptian government increased anti-dumping duties on imports from the U.S., which will help support the shift in sales mix from exports to higher margin domestic sales.

In March 2025 Sanmar carried out a series of transactions which involved the subscription of newly issued Sanmar equity shares by one of Sanmar's promoter affiliates, where proceeds were primarily used towards the settlement of debt due to other promoter affiliates.

### ***Valuation and Interim Consolidated Financial Statement Impact***

As a result of the share issuance noted above, Fairfax India's equity interest in Sanmar was diluted from 42.9% to 39.3%.

At March 31, 2025 the company held a 39.3% equity interest in Sanmar (December 31, 2024 - 42.9%) and its internal valuation model indicated that the fair value of the company's investment in Sanmar was \$182,342 (December 31, 2024 - \$201,446).

At March 31, 2025 the portion of fair value derived from Sanmar's equity interest in Chemplast was \$172,404 (December 31, 2024 - \$217,604). At December 31, 2024 the fair value attributed to Chemplast 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 Sanmar's promoter affiliates. The share price of Chemplast decreased by 13.6% from 499.00 Indian rupees per share at December 31, 2024 to 431.25 Indian rupees per share at March 31, 2025.

## Sanmar's Summarized Financial Information

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

### Balance Sheets

(unaudited - US\$ thousands)

	December 31, 2024 <sup>(1)</sup>	March 31, 2024 <sup>(1)</sup>
Current assets	370,373	341,465
Non-current assets	2,066,677	2,102,971
Current liabilities	743,339	642,523
Non-current liabilities	1,113,407	1,123,600
Total equity	580,304	678,313

(1) The net assets of Sanmar were translated at December 31, 2024 at \$1 U.S. dollar = 85.61 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 due to increased inventories related to finished goods. Non-current assets in U.S. dollars decreased primarily due to the weakening of the Indian rupee relative to the U.S. dollar, partially offset by increased property, plant and equipment related to expansion projects. Current liabilities increased primarily due to increased advances from Sanmar's promoter affiliates and customers, higher other payables, in addition to increased current maturities of borrowings. Non-current liabilities in U.S. dollars decreased primarily due to the weakening of the Indian rupee relative to the U.S. dollar, partially offset by net proceeds of borrowings.

Summarized below are Sanmar's statements of earnings (loss) for the nine months ended December 31, 2024 and 2023.

### Statements of Earnings (Loss)

(unaudited - US\$ thousands)

	Nine months ended December 31, 2024 <sup>(1)</sup>	Nine months ended December 31, 2023 <sup>(1)</sup>
Revenue	690,781	695,673
EBITDA	46,508	48,000
Net loss	(97,344)	(65,120)

(1) Amounts for the nine months ended December 31, 2024 and 2023 were translated using the average exchange rates of \$1 U.S. dollar = 83.88 Indian rupees and \$1 U.S. dollar = 82.71 Indian rupees prevailing during those periods.

Revenue in U.S. dollars decreased primarily due to the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period and lower PVC prices and caustic soda sales volumes in Egypt, partially offset by increased sales volumes on paste PVC and caustic soda in India, and growth of the custom manufacturing chemicals business at Chemplast. EBITDA decreased primarily due to lower contribution from PVC and caustic soda in Egypt, partially offset by improved margins on suspension and paste PVC. The increase in net loss reflected higher borrowing costs, increased depreciation related to completed expansion projects, and increased tax expenses.

## 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 March 31, 2025 Seven Islands owned 26 vessels, including 2 gas carriers, with a total deadweight capacity of approximately 1.3 million metric tons.

### 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.



Seven Islands currently operates two foreign-flagged vessels under its 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 has been exporting oil to China and India at higher volumes. However, recent U.S. sanctions on Russian tankers introduced in January 2025 have caused Russian tanker freight rates to increase significantly, causing Indian refiners to seek alternative supply from the Middle East, Africa, and the U.S. 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.

Recent macroeconomic trends indicate global oil demand in 2025 is set to grow at the slowest rate seen in the last five years, primarily due to uncertainty around tariffs and retaliatory policies, which have caused a sharp decline in the price of oil. Half of the reduction in demand growth is attributed to China and the U.S., with the remainder of the slowdown primarily attributed to other Asian economies. Particularly in China, economic challenges and a shift towards electric vehicles are expected to further dampen growth prospects. 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 Interim Consolidated Financial Statement Impact***

At March 31, 2025 the company held a 48.5% equity interest in Seven Islands (December 31, 2024 - 48.5%), and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was \$165,186 (December 31, 2024 - \$145,990).

#### **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.

##### ***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.

The outlook for the automotive market for 2025 remains subdued amid growing concerns over international trade, as well as persistent production and project delays, owing to geopolitical conflicts impacting supply chains. Recent discussions over U.S. Tariffs also have the potential to increase manufacturing costs and further alter supply chains for global trading partners, which could result in reduced demand if costs are passed onto customers. These challenges will be partially offset by lower interest rates, which may help to bolster growth. Maxop continues to focus on increasing market share by acquiring new customers and securing contracts with existing customers, and carefully evaluating its infrastructure expansion plans to ensure increased capacity is supported by customer demand.

Despite the muted operating environment, Maxop has successfully pursued new contracts from prominent customers as well as new nominations, and remains focused on key initiatives including improving operational and manufacturing processes with a focus on cost optimization, and expanding manufacturing facilities to serve regions and industries with significant growth potential.

Maxop continues to monitor its material sourcing amid persistent global supply chain issues, and mitigates its exposure to volatility in input prices through its in-house aluminum processing plants, which transform scrap metal to aluminum ingots for its aluminum die casting and machinery supply segment.

#### ***Valuation and Interim Consolidated Financial Statement Impact***

At March 31, 2025 the company held a 67.0% equity interest in Maxop (December 31, 2024 - 67.0%), and its internal valuation model indicated that the fair value of the company's investment in Maxop was \$98,783 (December 31, 2024 - \$97,176).

#### **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.

##### ***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 improve efficiency and customization capabilities, increasing production capacity, and expanding export revenues and value-added services by hiring sales representatives in the U.S., Europe, and Australia.

The uncertainty surrounding U.S. Tariffs may pose a challenge for Global Aluminium as European countries and the U.S. have reported a slowdown in the consumption of aluminum extrusions. Restrictions of Russian metals entering the U.S. markets through European suppliers have resulted in excess supply of aluminum in Europe and the ongoing developments between the U.S. and China have resulted in Chinese exporters making lower price offers in the European and Australian markets. Global Aluminium intends to focus on increasing domestic sales, as well as value-addition activities and specialty segments with significant demand shortages to mitigate the potential impacts of U.S. Tariffs.

#### ***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 \$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 by the end of 2025.

At March 31, 2025 the company held an effective 65.0% equity interest in Global Aluminium (December 31, 2024 - 65.0%) and the fair value of the company's investment in Global Aluminium was \$81,371 (December 31, 2024 - \$81,237). Changes in fair value during the first quarter of 2025 were related to unrealized foreign currency translation gains.

#### **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.

### ***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. Its 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, an additional certification lab was added to support business growth and capacity expansions. Overall market conditions, which were previously subdued primarily due to the U.S. housing market, have shown signs of recovery and are reflected in the improved business volumes. Jaynix is 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.

The recent developments surrounding U.S. Tariffs may result in an overall slowdown in consumption and changes to international trade flows, which may lead to lower demand from customers. Jaynix's competitors, while based in the U.S., also import raw material or finished goods and may be similarly impacted. Additionally, Jaynix's high production capacity and low-cost manufacturing operations continue to be significant competitive advantages, as its U.S. competitors must rely on developing technology to scale operations and reduce labour costs.

### ***Valuation and Interim Consolidated Financial Statement Impact***

At March 31, 2025 the company held a 70.0% equity interest in Jaynix (December 31, 2024 - 70.0%), and its internal valuation model indicated that the fair value of the company's investment in Jaynix was \$78,698 (December 31, 2024 - \$81,577).

### **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, and in October 2024, became the operator of a second CFS at the nearby Kandla port. Services provided by Saurashtra's CFS include transportation of containers to and from the port, stuffing and destuffing of containers, cargo storage, and the 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.

### ***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 the first quarter of 2025, Saurashtra's CFS and logistics park located in Mundra handled 36,110 TEUs (2024 - 33,828 TEUs), compared to quarterly installed capacity of 57,900 TEUs, implying a capacity utilization of approximately 62% (2024 - 58%). Saurashtra is the second largest CFS at the Mundra port in terms of total throughput, imports and exports, achieving a 13% total market share for the quarter ended March 31, 2025. The CFS industry at Mundra port is highly fragmented with 14 CFS, many of which are inefficient and operating below capacity, providing Saurashtra with the opportunity to benefit from industry consolidation. In the first quarter of 2025, Saurashtra's Kandla port CFS handled 5,375 TEUs, compared to quarterly installed capacity of 16,500 TEUs, implying a capacity utilization of approximately 33%.

Ongoing geopolitical events continue to cause global supply routes to be diverted from the Suez Canal, resulting in operational challenges for 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. 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. Saurashtra continues to focus on gaining market share and increasing capacity through offering comprehensive packages to shipping lines and evaluating expansion projects.

The ocean freight market also faces uncertainty from the above noted disruptions, in addition to shifting dynamics from new trade policies. Global demand trends are mixed, experiencing both a rush in U.S. bound cargo ahead of potential U.S. Tariffs, while simultaneously facing a seasonal slowdown. Saurashtra's imports and exports are primarily composed of cargo shipped within Asia, minimizing their exposure to volatility related to the U.S. Ocean freight rates have rebounded in the near term, allowing for improved financial results from Fairfreight Lines, however a cautious approach continues to be taken, with a focus on maintaining profitability through cost optimization and flexible inventory allocation.

#### ***Valuation and Interim Consolidated Financial Statement Impact***

At March 31, 2025 the company held a 51.0% equity interest in Saurashtra (December 31, 2024 - 51.0%) and its internal valuation model indicated that the fair value of the company's investment in Saurashtra was \$59,731 (December 31, 2024 - \$54,688).

In the first quarter of 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Saurashtra of \$491. The company did not receive dividend income from Saurashtra during the first quarter of 2025.

#### **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. NCML also operates silos constructed under concession agreements with the Food Corporation of India ("FCI"), and a non-banking financial company which focuses on rural and agri-business financing.

##### ***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 business with adjacent services, and the successful construction and operation of silo projects under the concession agreements with the FCI. At March 31, 2025, 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.

Market conditions for the Indian agriculture business are influenced by several factors, including weather conditions, crop production and demand, and government policy. In an effort to safeguard and strengthen domestic food security and moderate food prices, the Indian government implemented export restrictions on certain agricultural crops and imposed stock limits on wheat for wholesalers, retailers and processors. The above factors have generally led to lower commodity deposits into storage facilities. However, the outlook for food inflation has recently improved with substantial seasonal correction in vegetable prices and higher production estimates, which may support the ease of restrictions. 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, therefore NCML has focused on strengthening its liquidity. 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 Interim Consolidated Financial Statement Impact***

##### ***NCML Common Shares***

At March 31, 2025 the company held a 91.0% equity interest in NCML (December 31, 2024 - 91.0%), and its internal valuation model indicated that the fair value of the company's equity investment in NCML was \$44,051 (December 31, 2024 - \$44,250).

##### ***NCML Non-convertible Debentures***

In 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 March 31, 2025 the fair value of the company's investment in the NCML NCD was \$23,399 (including a deferred loss of \$2,814) (December 31, 2024 - \$23,361, including a deferred loss of \$2,965), and is presented within Other Indian Fixed Income in 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 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.

At March 31, 2025 IH Fund had invested approximately \$102 million at period end exchange rates (8.8 billion Indian rupees) in 6 real estate sector investments.

### ***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 Interim Consolidated Financial Statement Impact***

At March 31, 2025 the company estimated the fair value of its investment in IH Fund was \$9,450 (December 31, 2024 - \$9,590).

During the first quarter of 2025 the company received distributions of \$85 (2024 - \$884) from IH Fund, and in the first quarter of 2025 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IH Fund of \$66 (2024 - \$711).

## Results of Operations

Fairfax India's consolidated statements of earnings (loss) for the three months ended March 31 are shown in the following table:

	First quarter	
	2025	2024
<b>Income</b>		
Interest	3,196	5,038
Dividends	2,998	7,049
Net realized gains on investments	616	116,924
Net change in unrealized losses on investments	(222,862)	(410,927)
Net foreign exchange gains (losses)	3,245	(376)
	<u>(212,807)</u>	<u>(282,292)</u>
<b>Expenses</b>		
Investment and advisory fees	9,399	9,484
General and administration expenses	1,648	2,536
Interest expense	6,755	6,380
	<u>17,802</u>	<u>18,400</u>
<b>Loss before income taxes</b>	(230,609)	(300,692)
Recovery of income taxes	(19,142)	(7,483)
<b>Net loss</b>	<u>(211,467)</u>	<u>(293,209)</u>
<b>Attributable to:</b>		
Shareholders of Fairfax India	(211,224)	(293,504)
Non-controlling interests	(243)	295
	<u>(211,467)</u>	<u>(293,209)</u>
<b>Net earnings per basic and diluted share</b>	\$ (1.57)	\$ (2.17)

The key components of results of operations for the first quarter of 2025 (with comparisons to the first quarter of 2024, except as otherwise noted) included the following:

**Net change in unrealized losses on investments** of \$222,862 (2024 - \$410,927) 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 on Indian Investments, see the Indian Investments section of this MD&A. For further analysis of the changes in fair value of Indian Investments for the first quarters of 2025 and 2024, refer to note 5 (Indian Investments) to the interim consolidated financial statements for the three months ended March 31, 2025.

**Net realized gains on investments** of \$616 in the first quarter of 2025 principally related to gains on the sale of Government of India bonds. Net realized gains on investments of \$116,924 in the first quarter 2024 principally related to sales of NSE.

**Interest** income of \$3,196 decreased from \$5,038 principally as a result of decreased holdings of Government of India bonds.

**Dividends** of \$2,998 in the first quarter of 2025 were principally comprised of dividends received from IIFL Capital and IH Fund compared to dividends received of \$7,049 in the first quarter of 2024 primarily from IIFL Capital, IIFL Finance, IH Fund and Saurashtra.

**Total expenses** of \$17,802 decreased from \$18,400 in the first quarter 2024, primarily due to lower general and administration expenses principally as a result of lower brokerage fees incurred, partially offset by increased interest expense related to the letter of credit for the Additional BIAL Investment delivered on February 20, 2025.

**Recovery of income taxes** of \$19,142 in the first quarter of 2025 (2024 - \$7,483) primarily reflected the reversal of deferred income taxes as a result of net unrealized losses on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017, partially offset by withholding taxes on dividends and interest income. Refer to note 9 (Income Taxes) to the interim consolidated financial statements for the three months ended March 31, 2025.

## Consolidated Balance Sheet Summary

The company's consolidated balance sheet at March 31, 2025 (with comparisons to December 31, 2024, except as otherwise noted) was primarily comprised of the following:

### Total Assets

Total assets at March 31, 2025 of \$3,561,933 (December 31, 2024 - \$3,630,780) were principally comprised as follows:

**Cash and cash equivalents** decreased to \$21,616 at March 31, 2025 from \$59,322 at December 31, 2024 principally due to net purchases of investments, payment of interest on the company's \$500,000 principal, 5.0% unsecured senior notes ("Unsecured Senior Notes") and payment of investment and advisory fees, partially offset by 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 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 \$3,555,821 at March 31, 2025 (December 31, 2024 - \$3,621,035) see note 6 (Cash and Investments) to the interim consolidated financial statements for the three months ended March 31, 2025.

**Interest and dividends receivable** decreased to \$5,093 at March 31, 2025 from \$8,849 at December 31, 2024, principally due to the receipt of dividends receivable related to Seven Islands of \$5,548 which was accrued at December 31, 2024, partially offset by higher interest accrued on the company's investments in Government of India bonds.

### Total Liabilities and Equity

Total liabilities at March 31, 2025 of \$814,125 (December 31, 2024 - \$673,518) were principally comprised as follows:

**Accrued interest expense** of \$2,736 at March 31, 2025 (December 31, 2024 - \$8,611) was comprised of accrued interest expense for the Unsecured Senior Notes which are due in semi-annual installments, and accrued letter of credit fees under the Revolving Credit Facility.

**Income taxes payable** of \$1,547 at March 31, 2025 (December 31, 2024 - \$5,379) was primarily comprised of a provision relating to a prior year tax assessment, for which partial payments were made during the first quarter of 2025.

**Payable to related parties** of \$9,434 at March 31, 2025 (December 31, 2024 - \$10,099) were comprised of investment and advisory fees payable to Fairfax. At March 31, 2025 and December 31, 2024 the company determined that no performance fee accrual was required related to the fourth calculation period.

**Payable for securities purchased** of \$170,850 at March 31, 2025 (December 31, 2024 - nil) was comprised of the second and third installment payments related to the Additional BIAL Investment to be paid in the third quarters of 2025 and 2026, respectively.

**Deferred income taxes** decreased to \$129,973 at March 31, 2025 from \$149,780 at December 31, 2024 primarily as a result of the reversal of prior period deferred taxes recognized due to unrealized losses on the company's investments in IIFL Capital and Fairchem Organics, partially offset by deferred taxes recognized resulting from unrealized gains on the company's investment in Seven Islands.

**Borrowings** increased to \$498,479 at March 31, 2025 from \$498,349 at December 31, 2024 as a result of the amortization of issuance costs related to the Unsecured Senior Notes.

**Total equity** at March 31, 2025 of \$2,747,808 (December 31, 2024 - \$2,957,262) was comprised of common shareholders' equity of \$2,617,071 (December 31, 2024 - \$2,826,495) and non-controlling interests of \$130,737 (December 31, 2024 - \$130,767). Refer to note 8 (Total Equity) to the interim consolidated financial statements for the three months ended March 31, 2025 for further details.

## 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 March 31, 2025 compared to those identified at December 31, 2024 and disclosed in the company's 2024 Annual Report, other than as outlined in note 10 (Financial Risk Management) to the interim consolidated financial statements for the three months ended March 31, 2025.

## Capital Resources and Management

For a detailed analysis, refer to note 10 (Financial Risk Management, under the heading Capital Management) to the interim consolidated financial statements for the three months ended March 31, 2025.

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. At March 31, 2025 the company had \$170,850 (December 31, 2024 - nil) in letters of credit issued and outstanding, and an available limit of \$79,150 (December 31, 2024 - \$175,000) under the Revolving Credit Facility. Refer to note 7 (Borrowings) to the interim consolidated financial statements for further details on the company's borrowings.

## Liquidity

For a detailed discussion on short term and long term liquidity requirements and sources of liquidity, refer to note 10 (Financial Risk Management, under the heading Liquidity Risk) to the interim consolidated financial statements for the three months ended March 31, 2025.

Highlights in the first quarter of 2025 (with comparisons to the first quarter of 2024) of major components of the statements of cash flows are presented in the following table:

	First quarter	
	2025	2024
<b>Operating activities</b>		
Cash used in operating activities excluding the impact of net sales (purchases) of investments	(18,866)	(128,787)
Net sales of short term investments	—	510
Purchases of investments	(87,660)	(197,589)
Sales of investments	69,071	184,024
Cash used in operating activities	<u>(37,455)</u>	<u>(141,842)</u>
<b>Financing activities</b>		
Purchases of subordinate voting shares for cancellation	—	(3,621)
Cash used in financing activities	<u>—</u>	<u>(3,621)</u>
<b>Decrease in cash and cash equivalents during the period</b>	<u>(37,455)</u>	<u>(145,463)</u>

"Cash used in operating activities excluding the impact of net sales (purchases) of investments" provides a measure of 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 \$18,866 in the first quarter of 2025 decreased from \$128,787 in the first quarter of 2024 primarily due to the settlement of performance fees of \$110,158 relating to the third calculation period in March 2024, partially offset by higher income tax payments.

Purchases of investments of \$87,660 in the first quarter of 2025 primarily related to the first installment payment on the Additional BIAL Investment and purchases of Government of India bonds. Purchase of investments of \$197,589 in the first quarter of 2024 related to purchases of Government of India bonds.

Sales of investments of \$69,071 in the first quarter of 2025 primarily related to sales of Government of India bonds and redemption of Other Indian Fixed Income. Sales of investments of \$184,024 in the first quarter of 2024 primarily related to partial sales of NSE and Government of India bonds.

Purchases of subordinate voting shares for cancellation of \$3,621 in the first quarter of 2024 related to the company's purchases for cancellation of 246,062 subordinate voting shares under the terms of the normal course issuer bid.

## 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 also to note 7 (Borrowings) and note 11 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2025 for further details on borrowings and fees due to Fairfax.



## Other

### Quarterly Data (unaudited)

<i>US\$ thousands, except per share amounts</i>	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>June 30, 2023</b>
Income (loss)	(212,807)	2,824	88,724	290,795	(282,292)	206,380	185,125	244,566
Expenses	17,802	18,367	18,462	18,611	18,400	46,833	38,351	55,798
Provision for (recovery of) income taxes	(19,142)	15,444	32,950	18,037	(7,483)	22,794	13,789	23,042
Net earnings (loss)	(211,467)	(30,987)	37,312	254,147	(293,209)	136,753	132,985	165,726
Net earnings (loss) attributable to shareholders	(211,224)	(35,782)	33,971	254,142	(293,504)	134,968	132,954	159,335
Net earnings (loss) per share	\$ (1.57)	\$ (0.27)	\$ 0.25	\$ 1.88	\$ (2.17)	\$ 1.00	\$ 0.97	\$ 1.16
Net earnings (loss) per diluted share	\$ (1.57)	\$ (0.27)	\$ 0.25	\$ 1.88	\$ (2.17)	\$ 1.00	\$ 0.93	\$ 1.12
<i>Indian rupees and in millions, except per share amounts <sup>(1)</sup></i>	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>June 30, 2023</b>
Income (loss)	(18,433)	261	7,403	24,151	(23,443)	17,133	15,281	20,108
Expenses	1,542	1,551	1,547	1,553	1,528	3,890	3,169	4,587
Provision for (recovery of) income taxes	(1,658)	1,303	2,751	1,500	(621)	1,893	1,141	1,894
Net earnings (loss)	(18,317)	(2,593)	3,105	21,098	(24,350)	11,350	10,972	13,627
Net earnings (loss) attributable to shareholders	(18,296)	(2,995)	2,827	21,098	(24,374)	11,200	10,968	13,101
Net earnings (loss) per share	(135.69)	(22.19)	20.92	156.11	(180.06)	82.68	80.37	95.50
Net earnings (loss) per diluted share	(135.69)	(22.19)	20.92	156.11	(180.06)	82.68	76.82	92.40

(1) Presented in the company's functional currency.

## Forward-Looking Statements

This interim 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 interim 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: 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 dated March 7, 2025 which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the company's website at [www.fairfaxindia.ca](http://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 interim 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 interim consolidated financial statements for the three months ended March 31, 2025.

**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***

**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 interim consolidated financial statements for the three months ended March 31, 2025.

**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 and Government of India bonds. Those amounts are presented in note 6 (Cash and Investments) within the interim consolidated financial statements for the three months ended March 31, 2025.

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