

**To Our Shareholders,**

We are pleased to present Fairfax India's performance in 2025, being the 11th year since Fairfax India began its investment journey in India. Fairfax India's book value per share (BVPS), our key performance measure, has grown at a compound annual rate of 7.9% while the U.S. dollar S&P BSE Sensex 30 index (USD S&P BSE Sensex) has compounded at 6.6% in the same period. During 2025, Fairfax India's BVPS increased by 9.4% from \$20.96 at the end of 2024 to \$22.94 at the end of 2025.

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

<i>\$ billions except per share amounts:</i>	2025	2024	2023	2022	2021	2015	CAGR <sup>(1)</sup>
Book value per share	\$ 22.94	\$ 20.96	\$ 21.85	\$ 19.11	\$ 19.65	\$ 9.50	7.9%
Investments	4.0	3.6	3.6	3.2	3.5	1.0	13.9%
Common shareholders' equity	3.1	2.8	3.0	2.6	2.8	1.0	10.6%
Shares outstanding (millions)	134.2	134.8	135.4	138.3	141.2	106.7	

(1) Since Fairfax India's inception on January 30, 2015, when it raised \$1.03 billion at \$10 per share. From an initial value of \$9.62 (after IPO expenses), book value per share has compounded at 8.3% annually.

The Indian market underperformed most markets in 2025 amid a 4.7% depreciation of the rupee. Except for Thailand, all Asian markets (ex-Japan) experienced positive returns in 2025 and outperformed India's 3.8% return (USD S&P BSE Sensex). On a five-year compounded basis, India, along with Singapore, outshines all comparable Asian markets listed below.

	2025	3-year annualized total return	5-year annualized total return
South Korea	79.6%	18.2%	2.1%
Sri Lanka	34.5%	46.7%	14.9%
Vietnam	36.5%	16.7%	7.3%
Hong Kong	27.5%	9.1%	(1.3)%
Singapore	30.3%	14.1%	10.9%
China	22.9%	5.7%	(3.7)%
Indonesia	18.3%	5.4%	4.0%
Malaysia	12.8%	6.8%	0.5%
India	3.8%	8.8%	7.7%
Thailand	(2.0)%	(5.9)%	(3.7)%

In our view, India remains a land of immense opportunity! The Indian economy remains highly resilient and will remain among the fastest growing large economies for the foreseeable future. However, the 2025 equity outcome was essentially driven by a) moderation from high valuations in 2024, b) weaker earnings growth in the April 2025-March 2026 financial year, c) foreign portfolio outflows for the second consecutive year, d) limited exposure or no exposure to the AI theme-driven dream run seen elsewhere (including perceived disruption that AI may bring to Indian IT Services companies) and e) worries that delays in agreeing a trade pact with the U.S. will cascade into lower volume of exports due to high tariffs imposed by the U.S.

Over the past 11 years, the USD S&P BSE Sensex's earnings grew by 5.5%, while the index returned 7.3% annually, roughly in line with earnings growth despite the relative underperformance of Indian equities in 2025. Mid and small-cap stocks experienced considerable valuation expansion and outperformed headline indices. Earnings for the NSE 100 Midcap index recorded a CAGR of 7.0% over 11 years and 11.9% over 5 years. Over the same period, its return compounded at 11.7% and 18.7% respectively. Similarly, the NSE 100 Smallcap index earnings grew at a CAGR of 10.8% over the past 5 years while the index recorded an annualized return of 15.2%.

USD S&P BSE Sensex is trading at 21 times its one-year forward earnings. Only 20 out of the 30 stocks had positive returns. The top five contributors account for almost all of the index's gains. In 2025, an impressive amount of equities supply, totalling \$63 billion, was absorbed by the market. IPOs accounted for 34%, while qualified

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

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institutional placements and follow-on public offerings (FPOs) accounted for another 17%. Offers by promoters and private equity investors amounted to \$30 billion, accounting for the remaining 48% of the total offerings. The Indian market provided another year of excellent exit opportunities for global private equity investors, resulting in net foreign direct investment (FDI) flows into India narrowing to \$4.8 billion in 2025, while gross FDI flows remained healthy at \$89 billion. Domestic flows into equities remained very strong, averaging over \$5.7 billion per month, though lower than \$6.4 billion per month last year. In comparison, foreign portfolio investors (FPI) recorded an outflow of \$18.8 billion for the year.

Despite the underperformance of Indian equities, India's economy remained remarkably resilient. From a multidimensional perspective, India demonstrated its capacity to adapt to changing circumstances, precipitated by international developments, including the imposition of tariffs, the depreciation of the rupee, and uncertainties stemming from geopolitical instability. This capacity to adjust, in the face of persistent uncertainties, can be seen from various dimensions: the structural strengths of the country's consumption-led economy, sustained infrastructure investments, notable policy reforms, the strength of its capital markets and changing trends in financing and the widespread use of fintech, and in the management of its current account trade balance. This combination has led to sustained economic growth in India, with the future looking even more promising.

The country's large population of 1.4 billion drives its consumption-led economy, with per capita income crossing \$2,800 in 2025. Household consumption (61% of GDP) is robust and represents the engine of growth. India's demographic dividend is evident in its youthful population, with a median age of 29, and a growing middle class. India's working-age population (aged 15-64) is projected to grow from 980 million in 2024 to around 1.1 billion in 2033, representing nearly 70% of the population. This will result in a significant rise in domestic consumption of goods and services, credit card use, mortgage penetration, air travel, and financial savings (mutual fund holdings). An interesting pattern is developing in the diminishing gap between rural and urban consumption. In 2012, urban households spent 84% more than rural households; by 2024, that gap had narrowed to 70%. Rural spending on food, as a percentage of household spending, fell from 60% to 47% in the same period. This changing mix in discretionary spending is becoming apparent in affluent sections of Indian society, with increased demand for tourism and luxury products, with an emphasis on e-commerce as the medium to obtain such goods.

The rapid pace of urbanization has spread beyond the big cities to smaller ones, referred to as "Tier 2" and "Tier 3" locations. India is one of the few large economies in the midst of a remarkable expansion of physical infrastructure, such as roads and highways, airports, and ports. India allocates over 3% of its GDP towards physical infrastructure.

The structural strengths of the Indian economy have been augmented by notable policy initiatives that are business-friendly and have reduced the regulatory burden. Significantly, the Modi government has consolidated twenty nine labour laws into four new labour codes. Similarly, the income tax regime was simplified, resulting in almost zero tax for income up to 1.2 million Indian rupees, which, in IMF purchasing power parity, is equivalent to approximately \$60,000. Subsequently, the national government rationalized and reduced GST rates.

Prudent policies have resulted in historic lows in inflation, a reduction in fiscal deficit as a percentage of GDP, from a high of 9.2% in 2021, heading towards the targeted 4.4% in fiscal year 2025-26. India's economic resilience despite the estimated 480 bps of fiscal consolidation since fiscal year 2020-21 has led to S&P upgrading India's long-term sovereign credit rating from BBB- to BBB. This ongoing fiscal adjustment is underappreciated and stands in sharp contrast to a global shift towards fiscal expansionism and rising sovereign debt burdens across large economies.

Despite the Indian rupee's decline against the U.S. dollar, the Indian economy's strong fundamentals are seen as stabilizing forces. These include a current account deficit of around 1%, strong foreign exchange reserves, low inflation and high GDP growth. The Reserve Bank of India (RBI), India's central bank, has no exchange-rate target policy, but intervenes when required to curb excessive volatility. The recent correction is perceived to be a self-balancing of the trade account mechanism.

The deepening of India's capital markets was evident in the continued IPO listings, with companies raising almost \$32 billion through IPOs and FPOs. Indian households are actively participating in financial markets, with over 125 million investors holding over 250 million investor accounts. Widespread technology adoption is enabled by the Unified Payments Interface (UPI), which enables instant transfers from mobile devices. The U.S. tariffs imposed on India in 2025, while significant, still represent a small portion of the economy, as exports to the U.S. account for 2% of GDP. A bilateral trade agreement between India and the U.S. was announced on February 2, 2026, intended to reduce the reciprocal tariff to levels comparable to other countries in Asia. It also brings stability and predictability to the bilateral economic relationship. As well, in late January, the European Union (EU) and India announced a free trade agreement, which has been two decades in the making and is a major accomplishment in liberalization. Under this agreement, both the EU and India have agreed to eliminate or reduce tariffs on over 95% of their respective exports. The EU has granted duty-free access to specific Indian exports in textiles and apparel,

leather, footwear, gems, and jewellery. The EU has also undertaken to ease labour mobility in professional services, IT, and education. In return, the European auto sector will have greater access to the Indian market, with tariffs being cut over a five-year period.

This combination of structural strengths in solid domestic consumption, business-friendly policy reforms, reductions in direct and indirect taxes, and low inflation is the alchemy that makes India one of the most resilient large economies in the world. To quote our founder, Prem Watsa, “India’s potential for growth remains unmatched”.

We continue to believe that Fairfax India is well-positioned to capitalize on the growth opportunities India offers.

Nearly 70% of Fairfax India’s investments are in privately held companies, and 67% of investments are not subject to mark-to-market valuations used for public companies. Our privately held investments remain at valuations that could be deemed to be conservatively valued. Fairfax India’s largest investment, Bangalore International Airport Limited (BIAL), is in the midst of a significant expansion and has just embarked on the next phase to increase its capacity from the current 50 million to 80 million passengers, with a view to meeting the growing demand for aviation services.

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

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

	Price to Earnings <sup>(1)</sup>	Price to Book <sup>(1)</sup>	Net Debt / Equity <sup>(2)</sup>	Return on Equity <sup>(3)</sup>	3-Year Average Return on Equity <sup>(3)</sup>	5-Year Revenue CAGR
IIFL Finance	18.0x	1.7x	n/a	10%	10%	17%
CSB Bank	12.8x	1.6x	n/a	13%	14%	19%
IIFL Capital	19.6x	3.7x	(0.9x)	19%	25%	25%
Fairchem Organics	n/a	3.2x	0.1x	n/a	n/a	7%
5paisa	24.3x	1.6x	(0.2x)	7%	10%	11%
<b>Public<sup>(4)</sup></b>	<b>16.4x</b>	<b>2.0x</b>	<b>(0.1x)</b>	<b>12%</b>	<b>14%</b>	<b>18%</b>
BIAL	28.3x	6.7x	1.6x	24%	18%	50%
Seven Islands	4.6x	1.5x	0.7x	33%	36%	16%
Sanmar	n/a	0.5x	2.0x	n/a	n/a	8%
Maxop	17.7x	2.9x	1.1x	16%	17%	26%
Global Aluminium	20.9x	7.3x	0.8x	35%	31%	24%
Jaynix	19.2x	3.7x	0.1x	19%	26%	18%
NCML	n/a	1.1x	1.1x	n/a	n/a	(12)%
IH Fund	n/a	n/a	n/a	n/a	n/a	n/a
Other Indian Fixed Income	n/a	n/a	n/a	n/a	n/a	n/a
<b>Private<sup>(4)</sup></b>	<b>20.7x</b>	<b>3.8x</b>	<b>1.5x</b>	<b>25%</b>	<b>28%</b>	<b>18%</b>
<b>Total Indian Investments<sup>(4)</sup></b>	<b>19.2x</b>	<b>3.0x</b>	<b>0.8x</b>	<b>18%</b>	<b>20%</b>	<b>18%</b>

(1) Price to earnings reflects the fair value of the Indian Investment, divided by its calendar year 2025 net earnings. Price to book reflects the fair value of the Indian Investment, divided by its total equity at December 31, 2025. Price to earnings excludes Fairchem Organics, Sanmar and NCML due to losses or negligible profits in 2025.

(2) Net debt is comprised of total debt less cash. Excludes finance companies IIFL Finance and CSB Bank.

(3) Return on equity reflects the Indian Investment's calendar year 2025 net earnings compared to its total equity at December 31, 2025. 3-Year Average Return on Equity represents an average over the last three years. Excludes Fairchem Organics, Sanmar and NCML due to losses or negligible profits in 2025.

(4) Subtotals reflect weighted averages of figures presented.

Our portfolio companies have exhibited well above the nominal GDP growth in India, with very robust return on equity with minimal leverage (except Sanmar), if at all.

	S&P BSE Sensex	
	December 31, 2025	10-year average
Price to earnings	24.4x	24.2x
Price to book	3.6x	3.4x
Dividend yield	1.3%	1.2%
Market cap to GDP	136%	98%

As demonstrated in the table below\*, Fairfax India has produced solid investment returns. Including \$1.8 billion in unrealized gains on its existing portfolio, it has achieved a 10.4% annualized return since inception – 18.5% on publicly listed investments and 7.5% on private investments. Since its inception, Fairfax India has also generated realized cash gains, including dividends and interest of \$1.0 billion. We have achieved an annualized return of 25.5% on partially monetized investments and 18.0% on fully monetized investments, aggregating to an annualized return of 19.0% for all monetized investments.

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

Existing Indian Investments	Initial investment	Ownership %	Cash consideration	Cash Fair value	Net change	Cumulative interest and dividends	Compounded annualized return <sup>(1)</sup>
<b>Public Indian Investments</b>							
Common stocks:							
IIFL Finance	Dec 2015	15.2%	101.1	438.1	337.0	18.7	20.1%
CSB Bank	Oct 2018	40.0%	136.3	353.6	217.2	–	15.0%
IIFL Capital	Dec 2015	27.2%	51.1	341.6	290.6	19.9	23.3%
Fairchem Organics	Feb 2016	55.3%	34.2	58.0	23.8	3.4	8.9%
5paisa	Dec 2015	24.6%	16.6	28.8	12.2	–	7.8%
			<u>339.3</u>	<u>1,220.1</u>	<u>880.7</u>	<u>42.0</u>	<u>18.5%</u>
<b>Private Indian Investments</b>							
Common stocks:							
BIAL	Mar 2017	74.0%	1,158.0	2,187.4	1,029.4	2.2	11.0%
Seven Islands	Mar 2019	48.5%	83.8	162.4	78.5	70.4	16.9%
Sanmar	Apr 2016	39.3%	217.1	101.6	(115.5)	–	(13.4)%
Maxop	Nov 2021	67.0%	51.4	95.5	44.0	–	17.8%
Global Aluminium	Oct 2024	65.0%	82.7	90.8	8.0	–	7.9%
Jaynix	Feb 2022	70.0%	32.5	65.9	33.4	8.1	23.7%
NCML	Aug 2015	91.0%	188.3	41.9	(146.4)	0.8	(14.3)%
IH Fund	Jan 2019	–	9.9	7.0	(2.9)	6.3	3.7%
Other Indian Fixed Income	Nov 2023	–	24.0	22.3	(1.8)	0.5	(2.4)%
			<u>1,847.8</u>	<u>2,774.7</u>	<u>926.9</u>	<u>88.3</u>	<u>7.5%</u>
<b>Total existing</b>			<b><u>2,187.1</u></b>	<b><u>3,994.8</u></b>	<b><u>1,807.7</u></b>	<b><u>130.3</u></b>	<b><u>10.4%</u></b>
Monetized Indian Investments	Initial investment	Last sale	Cash consideration	Cash proceeds	Cash proceeds less cash consideration	Cumulative interest and dividends	Compounded annualized return <sup>(1)</sup>
<b>Partially monetized</b>							
IIFL Finance	Dec 2015	Dec 2023	35.7	177.3	141.6	7.5	24.9%
CSB Bank	Oct 2018	Jun 2024	33.1	71.3	38.2	–	15.5%
Fairchem Organics	Feb 2016	Feb 2022	7.8	45.6	37.8	0.1	49.7%
			<u>76.6</u>	<u>294.2</u>	<u>217.6</u>	<u>7.6</u>	<u>25.5%</u>
<b>Fully monetized</b>							
Sanmar Bonds	Apr 2016	Dec 2019	299.0	433.9	134.9	–	11.0%
Other Public Indian Investments	Mar 2018	Jul 2024	182.1	286.0	103.9	9.3	27.7%
360 ONE	Dec 2015	May 2023	107.0	243.5	136.4	40.5	16.7%
NSE	Jul 2016	Apr 2024	26.8	188.9	162.2	15.0	32.8%
Privi Speciality	Aug 2016	Apr 2021	55.0	164.9	109.9	2.0	27.1%
Saurashtra	Feb 2017	Nov 2025	30.0	74.6	44.6	16.6	14.2%
Other Indian Fixed Income	Nov 2021	Feb 2025	7.4	7.5	0.2	1.1	5.1%
			<u>707.4</u>	<u>1,399.4</u>	<u>692.0</u>	<u>84.5</u>	<u>18.0%</u>
<b>Total monetized</b>			<b><u>784.0</u></b>	<b><u>1,693.6</u></b>	<b><u>909.6</u></b>	<b><u>92.1</u></b>	<b><u>19.0%</u></b>

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

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

\* Please refer to the company's MD&A included in its 2025 Annual Report, under the heading Track Record for a complete summary of the company's performance to date including footnotes. Figures may not add due to rounding.

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

The Fairfax India team is privileged to be guided by our founder, Prem Watsa, as well as Chandran Ratnaswami, who led Fairfax's remarkable investment journey in India for the past 31 years. Fairfax India is driven by Fairfax Financial's guiding principles and investment philosophy and builds on its market positioning.

Since Fairfax India is a permanent capital vehicle, we can focus on the long term, which distinguishes us from most investors and gives us an edge. Our reputation for a decentralized, management-friendly approach enables us to attract like-minded partners who share our long-term approach to value creation.

Out of the thirteen investments listed above, five of them comprising 29% of the portfolio are in financial services, five of them comprising 10% of the portfolio are in manufacturing, two of them comprising 6% of the portfolio are in transportation, logistics and storage services and our single largest exposure is in airport infrastructure – a monopoly that comprises 55% of the portfolio.

Financial services currently account for around 26% of India's total market capitalization, up from around 16% a decade ago. This increase is also partly driven by new listings of banks, insurance companies, asset managers and fintech businesses. Domestic and household savings account for 30% and 18% of GDP, respectively. Household savings in physical assets and gold still constitute around 60% of savings, while household savings in various financial asset classes continue to grow over time. Bank deposits and credit have grown at CAGRs of 14% and 16%, respectively, over the past 25 years. Despite rapid progress towards banking the unbanked, the RBI's index of financial inclusion stands at 67.0 according to its 2025 press release, up from a low of 43.4 in 2017. According to the World Bank financial inclusion database for 2025, both China and India have account ownership rates of nearly 90%. Yet, they are also home to the largest number of adults without accounts. As per the same report, while 89% of adults have an account, only 48% have made or received a digital payment, and 15% have borrowed formally from a financial institution in India. According to the RBI, 110 million credit cards are in force across India as of March 2025, up from 54 million in 2019, with the market projected to reach 200 million cards by March 2029. Mortgage penetration is estimated at 11% of GDP, compared to 27% in China and 47% in the U.S. India has witnessed rapid growth across financial services, with a strong flow of domestic savings towards equities, mutual funds, and savings-linked insurance products. Household savings in equities have gradually improved from 5% of GDP to an estimated 7% by March 2025. Our investments in the financial services sector are well-positioned to capitalize on the immense growth in the financial services sector, which in emerging markets historically has been a multiple of GDP growth.

The manufacturing industry accounts for around 14% of GDP, with a global share of 3%, compared to China's 29%. India is well-positioned to benefit from the global trend towards diversifying supply chains under the 'China Plus One' strategy, aided by stable geopolitics, favourable demographics, and business-friendly government policies. The value of goods imported into the U.S. from China has fallen by 43% since 2018. Its share of total U.S. imports fell from 21% to 13% in 2024 and further to 9% in 2025. India's share improved marginally from 2% to 3%, grew by 91% in value, and has lagged Vietnam and Taiwan in imports from low-cost countries. Prime Minister Modi's government has a vision to increase manufacturing to 25% of GDP. 'Make in India' is one of the government's flagship programs with a focus on 27 sectors. Favourable policies and reforms aimed at building economies of scale, improving labour productivity, lowering logistics costs, a favourable taxation regime, and production-linked incentive schemes have evolved over the past decade. Consequently, gross FDI inflows have shown a consistent upward trend, escalating from \$45 billion in fiscal year 2014-15 to \$80 billion in fiscal year 2024-25. India has the advantage of its demographics, cost competitiveness, political determination, and a vast domestic addressable market to make it a leading manufacturing hub in the world. We believe Fairfax India's investment portfolio is well-positioned to benefit from these manufacturing and export-led trends.

Maxop, Jaynix, and Global Aluminium are the recent additions to the portfolio, all of them are engaged in manufacturing fast-growing aluminum products with strong growth in exports as well as domestic markets. Maxop is benefiting from the global migration to light-weight materials in the automotive sector, with products focused on both passenger and commercial vehicles. All of the founders are first-generation promoters who take a hands-on approach to running their businesses. There are a few common attributes of these businesses, including their ability to adapt to fluctuating demand, manufacture a variety of complex parts, meet high quality standards, and establish relationships with global and Indian OEMs and marquee customers. They also engage with their customers from the early stages of product design, strengthening their relationships. The U.S. tariff measures affected both Jaynix and Global Aluminium to some extent. Still, they are expected to bounce back, given the measures they have undertaken, as well as the very likelihood of the U.S. revisiting tariffs applicable to aluminum and steel products in 2026, in addition to the trade deal announced between the U.S. and India.

Services account for 56% of India's GDP. We have 90% of the portfolio across financial, trade, transportation and infrastructure services. Our investment in BIAL is well-positioned to benefit from the robust growth expected in India's aviation sector. India is the third largest aviation market in the world, with air passenger traffic of 412 million in fiscal year 2024-25. India had 50 operational airports in 2000; today, it has 164. In 2024, the total contribution of travel and tourism to the GDP was estimated at \$256 billion. By 2034, this is expected to more than double to \$523 billion! BIAL is India's third largest airport and is poised to capitalize on growth opportunities in the industry. The outlook for the aviation market is very robust, with sustained growth in both domestic and international passenger traffic. Over the next decade, leading Indian airlines have made a significant commitment, placing orders for approximately 1,800 aircraft from Boeing and Airbus. This will take the number of aircraft in operation from only 800 to 1,400 over the next five years. While the regulatory regime over the tariff-setting mechanism is still evolving, there is a stable policy regime focused on sustained growth in the sector.

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

Fairfax India BVPS <sup>(1)</sup>	7.9%
Fairfax India's Public Indian Investments <sup>(2)</sup>	19.7%
USD S&P BSE Sensex	6.6%

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

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

Fairfax India's net earnings in 2025 were \$410.5 million versus a net loss of \$41.2 million in 2024, largely as the result of net gains on investments of \$581.1 million compared to \$51.2 million in 2024. Results in 2025 also reflect dividend and interest income of \$55.7 million and net foreign exchange losses of \$28.0 million. Fully diluted earnings per share was \$3.05 in 2025 versus net loss per share of \$0.30 in 2024. The significant contributors to net unrealized and realized gains (losses) recorded in 2025 were:

BIAL	\$399.1
IIFL Finance	146.0
CSB Bank	114.4
IIFL Capital	35.0
Seven Islands	24.0
Saurashtra <sup>(1)</sup>	21.3
5paisa	(11.5)
Jaynix	(12.1)
Fairchem Organics	(40.6)
Sanmar	(111.9)

(1) *Realized gains since inception of \$52.0 million, partially offset by a reversal of prior period gains of \$30.7 million.*

In the fourth quarter of 2025, we sold our 51% stake in Saurashtra to Kamigumi, a Japanese logistics company, for \$74.6 million. This transaction was championed by the promoter of Saurashtra, Raghav Agarwalla, and we hence made an easy decision to exit. Saurashtra consistently generated free cash while maintaining one of the highest market shares in the container freight station business at Mundra Port. We express our gratitude to Raghav for the years of trusted partnership with Fairfax India and wish him continued success in all his future endeavours.

While the BVPS of Fairfax India is \$22.94, we believe that the long term underlying intrinsic value is much higher. As Fairfax India's shares continue to trade at a discount to book value, we have taken the opportunity to buy back, since inception 23.2 million shares for \$303.9 million or an average price of \$13.09 per share, including the 0.6 million shares we bought in 2025 for \$10.4 million at an average price of \$16.81 per share. In total, we have bought back approximately 14.8% of total shares issued since inception.

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

With the acquisition of an additional 10% of BIAL from Siemens completed in February 2025, Fairfax India is the only private promoter with 74% ownership (43.6% held through Anchorage and the remaining 30.4% held by the company's wholly-owned Mauritius-based subsidiary) in BIAL. OMERS (the pension plan for municipal employees

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in the Province of Ontario, Canada) invested \$129.2 million in September 2021 to acquire an 11.5% interest in Anchorage on a fully diluted basis from Fairfax India. At that time, this transaction valued 100% of BIAL at \$2.6 billion. As part of the transaction, Fairfax India agreed to use commercially reasonable efforts to list Anchorage by way of an IPO in India, subject to regulatory approvals and market conditions by the IPO long-stop date. During the year, Fairfax India and OMERS agreed to extend the IPO long-stop date by one year to September 16, 2026. If the valuation of Anchorage upon closing of the IPO is below approximately \$1.0 billion (91.6 billion Indian rupees), then OMERS' ownership in Anchorage will increase to a maximum of 15.0%.

Fairfax India intends to complete an IPO of Anchorage and we are still in the process of obtaining regulatory approvals.

If Anchorage were currently listed, the proportion of Fairfax India's investments subject to public mark-to-market valuations would increase from 31% to 85% of the overall portfolio.

### Financial Position

At December 31, 2025, the financial position of Fairfax India was as follows:

Undeployed cash and investments	\$ 50.7
Unsecured senior notes maturing in February 2028	500.0
Common shareholders' equity	3,079.6
Total debt to equity	16.2%

Fairfax India also had access to a \$245.0 million revolving credit facility maturing in November 2028, which will reduce to \$220.0 million by October 1, 2026. As of December 31, 2025, it had a \$76.5 million letter of credit issued and outstanding to support the final tranche of payment due to Siemens for our 10% stake in BIAL, purchased in February 2025.

In December 2023, DBRS Limited upgraded Fairfax India's credit rating to BBB from BBB (low), reaffirming the company's strong financial position. In November 2025, DBRS reaffirmed the BBB rating and changed the outlook from stable to positive.

### Performance Fee

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

Our repurchases of 23.2 million shares since inception at an average price of \$13.09 per share, have more than compensated our shareholders for the dilutive impact of issuing a cumulative 8.2 million shares to Fairfax Financial at an average price of \$14.57 (a discount to book value) to settle performance fees for the first two calculation periods.

At the end of 2025, the second year of the fourth three-year period, no performance fee has been accrued.

### Indian Investments\*

#### Infrastructure Services

##### Bangalore International Airport (BIAL)

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

BIAL's Terminal 2 (T2) received the prestigious 5-Star Skytrax Airport Terminal Rating, becoming the first terminal in India to achieve this milestone. In addition to this, BIAL received more accolades in 2025, including:

- Airport Council International's (ACI) Accessibility Enhancement Accreditation Levels 2 and 3, making BIAL the first airport in India to receive this recognition. ACI Airport Service Quality Award for 'Best Airport for Arrivals Globally' for the third consecutive year, based on passenger feedback.

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

- ‘Best Regional Airport in India & South Asia’, while Taj Bangalore won ‘Best Airport Hotel in India & South Asia’ at the Skytrax World Airport Awards 2025.
- ‘Nadaprabhu Kempegowda International Award’ by the Government of Karnataka, one of the state’s most prestigious recognitions.
- ‘Making AI Work Awards 2025’ by the Economic Times in the category ‘Indian CEO Driving AI Innovation’ for leading AI-driven business transformation at BIAL.
- ACI – Amadeus Technology Innovation Awards 2025 for ‘Best Innovation in Passenger-Related Processes’ and Confederation of Indian Industry (CII) Award for ‘Best Practice in Digital Transformation’, recognized as the ‘Most Innovative Practice’ for the successful deployment of its biometric self-baggage-drop system.

T2 is a 2.8 million square feet ‘Terminal in a Garden’, designed to reflect Bengaluru’s green identity through extensive landscaping, sustainable practices, advanced technology, and curated art. The terminal integrates 110,000 square feet of green walls, hanging gardens, lagoons, and a forest belt featuring 3,600+ plant species, 7,700 transplanted trees, and multiple ecological habitats. Passenger areas provide continuous views of greenery, enhancing the travel experience. An integrated art program showcases Karnataka’s cultural diversity through installations placed across the terminal. T2 aims to deliver a world-class, memorable passenger experience driven by nature, sustainability, and technology.

On the innovation and technology front, BIAL has been at the forefront of developing smart security implementation to facilitate more accurate screening and higher passenger throughput. Its pioneering contributions include Digi Yatra, featuring face-recognition-enabled, easy security checks and boarding process, biometric-enabled self-baggage drop, all with a view to enhancing the passenger experience from entry into the airport through to boarding the aircraft.

As Fairfax India’s largest investment, BIAL accounts for 55% of the fair value of total investments. Between March 2017 and May 2018, Fairfax India invested \$653.0 million to acquire 54% of BIAL, implying an equity value of approximately \$1.2 billion for 100% of BIAL. In 2023, Fairfax India acquired an additional 10% of BIAL from Siemens for \$250.0 million and in February 2025, acquired the remaining 10% equity from Siemens interest in BIAL for \$255.0 million. In aggregate, Fairfax India now has a total investment of \$1.2 billion for its 74% equity interest in BIAL. BIAL is the third largest airport in India. Bengaluru, considered India’s Silicon Valley, is the fourth largest and fastest growing city in India.

BIAL catered to 43.8 million passengers in 2025. This is 7.6% higher than the passengers achieved in 2024. International passengers in 2025 were 7.0 million, an increase of 28.7% over 2024, the highest growth recorded among major airports in India. International traffic accounts for 16% of total passengers. Historically, spend per international passenger is much higher than that of domestic passengers. Domestic passenger growth was muted during the year due to a) escalations at the India-Pakistan border of the magnitude not seen since 1999 and b) weaker travel sentiment following the Air India incident in Ahmedabad.

- **Aero revenue and tariff order**

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

Usually, the tariff order is finalized almost six months after the new control period begins, as the true-up mechanism determines under or over-recovery in the previous control period. The third control period will conclude in March 2026, and the airport management has begun filing plans for the fourth control period, which includes the capex program to be implemented in that period, commencing on April 1, 2026, for five years. BIAL management has an impeccable track record of on-time project implementation and within the sanctioned budgets, which should help secure AERA approval for the next control period with less friction. With current traffic levels, the incremental capex can be absorbed with a very reasonable increase in UDFs.

Aero revenue in 2025 increased by 13% over the previous year to \$237.1 million!

- **Growth plans**

Post conclusion of the major capex plans sanctioned in 2018, which culminated in the commissioning of the second runway in 2019 and Phase 1 of Terminal 2 in 2021, taking the total passenger capacity to 50 million from the level of 20 million when Fairfax India made its initial investment, the next phase of expansion is being undertaken.

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The current board-approved expansion plan includes the construction of phase 2 of T2 and related infrastructure, with an incremental investment of about \$2.0 billion, to increase capacity to about 80 million passengers by 2029! In 2019, BIAL added a plan for a third terminal and related infrastructure, with an initial estimated investment of approximately \$0.6 billion, taking the airport's capacity beyond 90 million passengers by 2033. The total investment required to complete the above expansion is expected to be funded through internally generated funds and debt. During the year, BIAL refinanced the loans taken for the earlier plan at a lower interest rate and a suitable repayment schedule to facilitate the next phase of expansion.

- **Non-aero revenue**

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

To accelerate non-aero revenue growth, BIAL has undertaken many innovative projects that engage passengers and enhance their experience at the airport. Remarkably, through a strategic mix of new concepts, digital initiatives, and loyalty programs, BIAL achieved non-aero spend per passenger of \$14.8 in 2025.

BIAL, through its 100%-owned subsidiary, Bengaluru Airport Services Limited (BASL), took over airport lounge construction from the concessionaire, which had been debarred by the government, and made the lounge operational subsequent to the T2 inauguration. In 2025, the 080 brand strengthened its global footprint by continuing its award-winning journey – after winning 'Best Domestic Lounge' at the Airport FAB Awards last year, the 080 International Lounge has now been crowned 'Best Lounge of the Year – Regional and Global' at the 2025 Airport FAB & Hospitality Conference and Awards, reaffirming its position as a world-class hospitality benchmark. BIAL continues to see overwhelming interest from global bidders in the non-aerospace at T2. These achievements lay the foundation for BIAL's plans to grow non-aero revenue by five times over the next decade!

As a result of these initiatives, non-aero revenue and other operating income in 2025 increased by 38% over the previous year to its highest ever of \$295.1 million.

- **Cargo business**

BIAL's cargo operation performed very well. In 2025, BIAL recorded its all-time high cargo volume of 521,000 metric tons, including India's highest (26% of total) export shipments of perishable goods. Many initiatives have been implemented in the cargo business, including increasing capacity to approximately 1 million metric tons, building India's largest domestic cargo terminal facility and express cargo facility, building a dedicated truck management facility, implementing a system for paperless cargo processing, and putting in place new concession agreements with operators at significantly better terms for BIAL.

- **Real estate monetization**

The plan for real estate monetization was delayed by about 2 years during the pandemic has seen some revival. BIAL has approximately 460 acres of land adjoining the airport that can be developed. Most of this land is undeveloped and Bengaluru's historically populated areas have gotten extremely congested, so the city is expanding in the airport's direction. BIAL anticipates significant upside from monetizing this real estate over time. We provide below an update on the substantial progress made by Bengaluru Airport City Limited (BACL), a 100%-owned SPV of BIAL, in its efforts to monetize the 460 acres of land available for development.

Anchored on the principles of a smart city, BACL is creating a campus that caters to the varied needs of corporate life and has further refined its plans to monetize the available real estate. It has expanded the list of asset classes by adding high-tech manufacturing, venues for corporate retreats and sports facilities, executive skilling organizations, data centers, luxury retail, a hospital complex and high-grade warehouses to the already contemplated business parks; a retail, dining and entertainment (RDE) village; hospitality; and convention and exhibition centers. 128 acres out of 460 acres are developed/under development. The following projects were completed or are under construction in 2025:

- A 775-room hotel project on a plot of 5.5 acres, is expected to begin operations by end of 2027.
- The first phase of a 2 million square feet business park (17.7 acres), with the unique feature of having an Urban Forest into which the buildings are integrated.
- A state-of-the-art, fully integrated and technologically advanced concert arena (6.3 acres), with technical collaboration with Live Nation U.S.A.

- A world-class Convention & Exhibition Centre spread over 14.2 acres, to be developed by a highly renowned Bengaluru based developer.
- Electric Vehicle R&D Centre, a facility consisting of R&D Testing Labs, Design Centre and Training Centre on a plot of 2.3 acres, being built by Epsilon Carbon Private Ltd.
- A built-to-suit facility for Air India's Aircraft Maintenance Engineering Training Institute, on a plot of 1.0 acre.
- Maintenance, Repairs and Overhaul (MRO) facility being built by Air India over 33 acres of land and Indigo over 15.7 acres of land.

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

- **Summary**

BIAL achieved commendable financial performance in 2025! BIAL's revenue increased by 26% over the previous year to \$532.1 million. EBITDA increased by 29% over the previous year to \$374.2 million. Net income of \$107.8 million increased by 119% over the previous year.

Despite the unprecedented events that impacted operations and financial performance in 2020, 2021 and 2022, BIAL generated an average ROE of 14% for the second control period and an average ROE of 17% for the combined first and second control periods. ROE in 2025 was 24% and BIAL aims to sustain an ROE of 20% over time.

The valuation of Fairfax India's 74% interest in BIAL is \$2.2 billion, implying an equity value of approximately \$3.0 billion for the whole company. Excluding cash flows from Airport City, BIAL is carried on our books at a multiple of normalized free cash flow of 13.8 times, which we consider very conservative. Bengaluru is one of the fastest growing cities in the world, and air passenger traffic in India is expected to grow robustly with increasing business and leisure travel and improved air connectivity to tier II cities. The valuation is supported by conservative future cash flow estimates driven by growth in passenger capacity, non-aero revenue, and real estate monetization plans. We believe the current valuation does not reflect market interest in similar businesses with a near-impenetrable moat and monopolistic characteristics.

2025 featured the following achievements by BIAL:

- India's top two airlines have firmly established Bengaluru as their premier aviation hub.
- Completed India's largest unlisted NCD issuance in the airport sector, raising \$1 billion at a very competitive rate of 8.15%. The issuance carries one of the longest tenures (15 years) in the sector, with a back-ended repayment structure that preserves capital for future expansion and airport city development.
- EBITDA stood at \$374.3 million, with margins improving to 70% (vs. 68% last year), reflecting sustained operating efficiency.
- Following Board approval of \$2.0 billion under the current infrastructure expansion program, 2025 delivered strong execution momentum, with multiple projects achieving key milestones and several capacity-led initiatives advancing into active delivery.
- Terminal 1 upgrade has made significant progress, while Terminal 2 Phase 2 construction work commenced, with the main tenders floated – marking a significant step towards expanding future terminal capacity.
- Launched India's largest Greenfield Domestic Cargo Terminal in partnership with Menzies Aviation.
- Air India SATS Airport Services (AISATS) inaugurated a state-of-the-art Logistics Park at BIAL, strengthening end-to-end cargo capabilities.
- The lounge and passenger services business, managed by wholly owned subsidiary BASL, delivered 40% year over year revenue growth, with revenues of \$36.0 million. BASL expanded beyond Bengaluru with new lounges at Trichy and Bhubaneswar airports and continues to evaluate further geographic expansion actively.
- Continued to be at the forefront in designing and implementing its sustainability goals and touching the lives of its community. Some recent successes in achieving BIAL's sustainability goals include:
  - Achieved the ACI's highest Level 5 Airport Carbon Accreditation (one of the first airports in Asia).
  - First airport globally to publish ACI ESG framework disclosure.

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- Renewable energy sources were utilized for 100% of the airport's energy needs per annum (over 160 million kWh renewable electricity).
  - With a Water Positivity Index of 2.36, BIAL replenishes more water than it consumes. Over 700 million liters of potable water is recovered in a year through rainwater.
  - Green Airport Recognition from ACI Asia Pacific Middle East for the fourth consecutive year.

For investors looking to learn more about BIAL, we encourage listening to the inaugural episode of our new podcast with Hari Marar, available on our website.

## **Financial Services**

### **CSB Bank (CSB)**

In 2025, India's banking and financial system saw growing global confidence in the sector's long-term potential. This sector attracted the highest FDI flows of any industry during the year, with seven landmark deals totalling \$12.6 billion. Perhaps a lot more to follow!

While 2024 witnessed regulatory intervention to curb potentially excessive risk buildup in consumer-related credit exposures, 2025 saw most of these measures reversed by the RBI. Given the easing inflationary pressures and moderate growth amidst global uncertainty, the RBI changed its policy stance from neutral to accommodative in April 2025. It delivered a cumulative 125 bps reduction in the policy rate, accompanied by an injection of liquidity into the banking system through open market operations, USD/INR swaps, and a 100 bps decrease in the cash reserve ratio.

It also reversed its action from late November 2023, increasing the risk weights for certain consumer credits and bank lending to non-banking financial companies (NBFC). Its September 2025 policy was more reformist, bringing in several progressive measures, including a transition from incurred loss to expected credit loss and allowing banks to finance acquisitions by Indian corporates. The overall tone of the regulatory environment is to strengthen banks' resilience and competitiveness, enhance credit flow, improve ease of doing business, strengthen consumer protection, and, to a limited extent, promote the internationalization of the Indian rupee.

As per the recent RBI report on trends and progress in banking, scheduled commercial banks remained in a healthy state, though ROA (1.3%) and ROE (12.5%) showed slight moderation of 10 bps and 100 bps, respectively, at the half-year ending September 30, 2025. Gross non-performing assets (NPA) reached their lowest level in 14 years at 2.1% on September 30, 2025, down from 2.7% reported on March 31, 2024. Approximately 43% of the reduction was due to better recoveries and upgrades to asset quality. The net NPA ratio of the banking sector also declined to a decadal low of 0.50% as of September 30, 2025. The provision coverage ratio of the banking sector was stable at 76% in September 2025. Banks' capital position remained healthy, with a capital adequacy ratio (CAR) of 17.2% as of September 30, 2025.

The market share of private-sector banks stood at around 37%, down 40 bps from the previous year. Banks experienced a 20 bps hardening in the cost of funds and a 10 bps reduction in the return on funds, leading, in general, to a narrowing of the spread.

In 2025, bank credit growth moderated to 11.3%, with the credit-to-deposit ratio remaining stable at the elevated 79% reported in the previous year. The banking system's deposit growth stood at 11.1% year-on-year.

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

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

CSB is one of the oldest private sector banks in India and has a strong base in Kerala along with a significant presence in the states of Tamil Nadu, Karnataka and Maharashtra. The bank currently operates 846 branches (up from 811 last year) and 818 ATMs (up from 777 last year) across India. With its branches primarily located in South India, it focuses on retail, gold, and small and medium-sized enterprise loans, which together account for about 76% of total advances. CSB also owns 33 residential and commercial properties and land banks, some purchased several years ago and others acquired through the enforcement of security.

CSB is in the process of transforming into a full-service new age private sector bank. Its strategy framework in place is called SBS 2030 (Sustain, Build and Scale). While it will sustain its core strength, several measures pertaining to the build phase have been initiated. CSB has already assembled a best-in-industry management team across its focus areas to build scale. It migrated from its earlier core banking system to a more advanced one in 2025,

providing enhanced customer experience on par with the best in the industry. It is also implementing a new, robust finance and risk management platform. Along with this system, it will also be setting up new payment systems and a new digital channel system, resulting in new mobile and Internet banking platforms.

Compared with industry growth of advances and deposits hovering around 11%, CSB made excellent progress in its key performance measures in 2025. Loan advances grew 28% and deposits grew 21% (including lower cost, current and savings accounts (CASA) growth of 3%). The gold portfolio registered a growth of 46%. Yield on advances decreased slightly to 10.9% from 11.3% in the prior year.

Net interest income grew by 9.2% and the credit to deposit ratio increased from 86% to 91%. Net interest margin (NIM) decreased from 4.5% to 3.7%. Cost of deposits increased to 6.4% from 6.0%, and CASA declined to 20.6% from 24.1% of total deposits, as a result of stronger growth in term deposits due to the current high-interest rate environment.

Credit quality also remained stable with its gross NPA at 2.0% and net NPA at 0.7% and the provision coverage ratio at 79.9%.

Its cost to income ratio was around 62% despite the investments in HR, IT and infrastructure, which have been made with high visibility of payback, and the same should come down to around 50% over time.

Its ROA is healthy at 1.2%, its ROE at 13% and CAR at 19.4%. The bank is underleveraged with the potential for better profitability in the future.

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

### **IIFL Finance (IIFL FIN)**

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

- NBFCs have been gaining in their share of credit extended in the system. NBFCs' credit measured as a % of GDP stood at 14.6% for fiscal year 2024-25, compared to 13.5% in the previous year.
- NBFCs' credit as a share of the outstanding credit of scheduled commercial banks increased to 26.8% at the end of September 2025 from 24.7% at the end of March 2024. The share of NBFCs in the overall credit market is estimated to have increased from 12% in fiscal year 2007-08 to 21% in fiscal year 2024-25.
- NBFCs have grown from less than \$347 billion (24 trillion Indian rupees) in fiscal year 2018-19 to \$586 billion (52 trillion Indian rupees) at the end of September 30, 2025, despite facing challenges, including the IL&FS crisis, the COVID-19 pandemic and various regulatory measures taken by RBI in November 2023 to reduce NBFCs dependency on the banking system. During fiscal year 2024-25, NBFCs' credit growth was over 19% compared to 11% for the banking system.
- NBFCs have progressed considerably in terms of size, operations, and technological sophistication, leading them to fill the gap in retail credit by catering to riskier customers with lower income, enabling financial inclusion.
- Affordable housing finance, vehicle financing, gold loans, education loans, consumer durables, personal loans, credit cards and microfinance became key products for most of the NBFCs in India.

Nirmal Jain is the CEO, the founder, and a significant shareholder of all IIFL Holdings group companies. Under Nirmal's leadership, IIFL FIN has consistently grown over the years, emerging as a significant operator across its key lending segments: gold loans, housing finance, microfinance, and small business financing. It has assets under management (AUM) of \$10.9 billion (983 billion Indian rupees) which has grown at CAGR of 18% in the last 5 years. Over the last few years, IIFL FIN has invested heavily to expand its branch network and digitalize its lending process, it has a nationwide network of over 4,750 branches and over 36,700 employees.

After recommencing its gold loan business following the RBI's withdrawal of its ban on September 19, 2024, IIFL FIN has regained its gold loan market position. Gold loans constitute 44% of its loan book at December 31, 2025. As of September 30, 2025, its market share of gold loans stood at 13.2% of the total gold loan exposure of NBFCs, while its peak share at the end of March 31, 2024, was 15.1%. Its share fell to 6.2% by the end of September 30, 2024, when the ban was withdrawn.

As of March 31, 2025, the size of the gold loan portfolio in the formal financial system stood at \$48.5 billion (4,148 billion Indian rupees), of which \$24.4 billion (2,084 billion Indian rupees) was held by NBFCs.

IIFL FIN lends secured home loans through its subsidiary IIFL Home Finance Limited (IIFL Home Finance) with a total AUM of \$4.4 billion (396 billion Indian rupees) at December 31, 2025. While home loans are predominantly driven by banks, NBFCs with their home loan offering have a significant presence, and IIFL FIN is one of the

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leading players in the segment with its subsidiary having strong financials with its CAR at 47.7%. Its reported gross NPA at December 31, 2025, was 0.9% with a provision coverage of 106%. Its market share of AUM amongst home financing companies stood at 4.7% as of March 2025. There is huge potential for this business to grow profitably over time, creating significant value in the process.

IIFL FIN undertakes its microfinance business through its wholly owned subsidiary IIFL Samasta Finance Limited (IIFL Samasta Finance), serving over 2 million customers. As of September 2025, its market share in this segment stood at 6.7% of the total microfinance loans issued by NBFCs.

Over the last few years, IIFL FIN has strategically increased assignments and co-lending to optimize capital utilization, thereby contributing to higher profitability. This shift is evident in the higher share of off-balance-sheet loans, which constitute 35% of AUM (including 13% from co-lending). This approach has given IIFL FIN leadership in co-lending and enabled it to maintain strong AUM growth.

In 2025, IIFL FIN continued to pursue its strategy to grow its business by increasing AUM through co-lending with or assigning assets to other lenders, thereby using less of its own capital. These assets now account for 35% of its AUM and 33% of its income.

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

2025 was a year of rebuilding/recalibration for IIFL FIN, as the company continued to build its gold loan book and recalibrated its strategy regarding lending to MSMEs, microfinance, and housing finance.

It's noteworthy that IIFL Finance has managed to grow organically ever since it started the NBFC business without significant dilution of capital. A rights issue of \$152 million in May 2024 was done despite low leverage to bolster the confidence of the stakeholders post RBI ban on gold loan which is very important for any financial intermediary.

IIFL FIN's AUM grew 38% over the previous year to \$10.9 billion in 2025, with housing finance, microfinance, and gold loans comprising 32%, 9% and 44%, respectively. This was mainly due to robust recovery and growth in gold loans (189%) partially offset the discontinuation of certain higher risk loan segments. In 2025, IIFL FIN's revenue increased by 8% to \$803.9 million and net income increased by 91% to \$165.8 million, generating an ROE of 10%. The below average ROE resulted partially from higher provisioning on investments, the rights issue completed in 2024, and higher-than-normal capital levels at IIFL Home Finance from a 2022 capital infusion into it of \$275 million by ADIA, the Middle Eastern sovereign fund that valued IIFL Home Finance at \$1.4 billion.

Asset quality is relatively better than the industry average, with gross and net NPAs at 1.6% and 0.8% respectively, compared to 2.4% and 1.0% respectively in the previous year. Asset quality recently faced some stress particularly across the microfinance and unsecured business loan segments, reflecting broader macroeconomic trends in line with the overall industry experience. The provision coverage ratio was 92% versus 114% the previous year.

Loan-to-value is very conservative at 71% for home loans, 61% for gold loans and 47% for secured business loans. With a well-diversified asset portfolio of which 98% is retail in nature, a CAR of 18.9% for IIFL Finance, 47.7% for IIFL Home Finance and 30.0% for IIFL Samasta Finance, and net interest margins at 7.5%, IIFL FIN is well-positioned to capture opportunities unfolding for the NBFC sector.

### **IIFL Capital Services (IIFL CAP)**

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

This was the original parent entity set up in 1997 by Nirmal Jain and R. Venkatraman. Fairfax Financial first invested in the company in 2009 and substantially scaled up its stake through Fairfax India in 2015. Fairfax India currently owns 27.2% of the company and Fairfax as a group owns 30.6%.

IIFL CAP has over 100 branches in India (with offshore presence in Singapore, London, and New York) and has over 3,100 external wealth managers. It has nearly 1,000 clients in the institutional segment and over 3 million in the retail segment. It had AUM of \$29.0 billion (2.6 trillion Indian rupees) at December 31, 2025, of which \$5.4 billion (483 billion Indian rupees) was under its distribution arm and the balance under the custody relationship with its clients.

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

Over the last decade, more than 190 million new securities accounts have been added, bringing the total number of accounts in India to over 250 million, with annual growth of 26%. Equity cash volumes grew at a CAGR of 18% while the equity futures volumes increased by 12% annually. Equity options notional and premium average daily turnover (ADTO) surged by 65% and 48% per annum, respectively.

According to a study by the market regulator, the Securities and Exchange Board of India (SEBI), retail option losses rose sharply to 1.1 trillion Indian rupees in fiscal year 2024-25 (over \$12 billion), prompting SEBI to curb speculative trading through tighter rules. This initially drove option premium ADTO down from 790 billion Indian rupees (Oct'24) to 635 billion Indian rupees (Mar'25) and reduced active traders from 44.4 million to 29.7 million. As traders adapted, volumes rebounded to 770 billion (Oct'25), but the number of active traders recovered only modestly to 32.9 million, indicating that volume growth is now driven by more sophisticated participants. Interestingly, the retail share of option premium turnover has risen to 39-40%, up from 35-36% earlier. The performance of retail and discount brokers in 2025 was affected by the above.

The domestic mutual fund industry (MF) has also witnessed remarkable growth over the last five years. The number of investor accounts has grown by 23% annually to 261 million. Monthly flows under the systematic investment plan (SIP) have surged to 310 billion Indian rupees (\$3.4 billion), growing at 30% per annum. The MF industry's AUM expanded at a 22% CAGR, reaching 82 trillion Indian rupees (\$912.2 billion). This has had a positive impact across the chain involving financial product distributors, wealth managers and brokers.

Additionally, regulatory changes requiring a peak margin and a mandatory cash margin of 50% have created an additional revenue stream for the broking industry, leading to growth in margin trading facilities.

The institutional broking segment is benefiting from a strong expansion in both FPIs and domestic investment institutions. By December 2025, registered FPIs exceeded 12,000, holding over \$830 billion in AUM. Domestic institutions – mainly mutual funds and insurers – have also grown rapidly. In addition, rising private equity activity – fresh investments and divestments – supports large block transactions. Institutional broking revenues, cyclical in nature, are positioned for steady, structural growth going forward.

The Indian primary market also benefited from the strong participation. The number of IPOs over the past five years, from 2021, rose to approximately 70 per year, up from approximately 20 per year from 2017 to 2020. Investment banking has expanded beyond IPOs and FPOs to include infrastructure investment trusts, real estate investment trusts, offer-for-sale by sponsors, and large-scale issuances. The annual capacity has quadrupled over the past decade to over \$25 billion. M&A advisory, capital raising by unlisted firms and start-ups have also seen steady growth.

IIFL CAP forayed into wealth management services in 2024 and made significant progress since then. During the year, it has hired senior leadership, opened new offices, and invested in technology. The business is expected to remain in the investment phase for the initial 18 to 24 months. It has hired 50 relationship managers to serve high net worth individuals (HNI) and ultra-high net worth individuals (UHNI) and has reoriented its existing team of over 450 client relationship managers toward wealth management roles. The addressable asset pool for UHNIs and HNIs is estimated at over \$1 trillion and is expected to double in five years, taking the total market to over \$2 trillion. According to the Bernstein Wealth Report, India's serviceable wealth will rise from \$3 trillion in fiscal year 2024-25 to \$9 trillion by fiscal year 2034-35, growing at 13% CAGR, and specialized wealth managed from \$0.3 trillion in fiscal year 2024-25 to \$1.6 trillion by fiscal year 2034-35, compounding at 18% CAGR. India has a healthy savings rate of 30% and is growing at a CAGR of 8%. Along with this, the share of capital market products is also on the rise. The AUM of listed Indian players in this space ranges from \$9 billion to \$70 billion, and all listed companies are richly valued given their high growth potential. IIFL CAP, with its wide reach, has a natural advantage in growing this business and creating significant value in the process. The table below provides an overview of the lay of the land for this line of business.

#### Key Parameters

Total \$US billionaires in India	284
Total wealth with HNI and UHNI (2023)	\$1.2 trillion
Projected wealth with HNI and UHNI (2028)	\$2.2 trillion
MF Industry AUM in December 2025	\$912.2 billion
Equity Oriented AUM in December 2025	\$488.0 billion
MF AUM to GDP (India vs. U.S. / Global)	19% vs. 127%
Professionally managed financial wealth (India vs. Matured markets)	15% vs. 75%

IIFL CAP's performance during 2025 was impacted by the drop in retail volumes explained above and the costs associated with its investment in building the wealth management business: Its revenue decreased 7% to \$289.4 million and net income fell by 25% to \$66.2 million.

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In 2025, the IIFL CAP share price gained 11%, following a 125% gain in 2024, for a cumulative 465% gain over the past three-year period. While its earnings are aligned with the overall market activities, it has long-term potential to create significant value. IIFL CAP, at a valuation of 19.6 times price to 2025 earnings and price to book value of 3.7 times, is still trading at a discount to its peers, while the market has re-rated the capital market players.

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

### **5paisa Capital (5paisa)**

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

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

In terms of investor participation, growth has been impressive, especially after COVID-19. According to NSE data, the number of active clients increased from 5 million in March 2016 to 49 million in March 2025, approximately 10 times between 2016 and 2025. 5paisa has sustained a strong pace of client acquisitions since its inception, taking its total client base to 5.1 million.

The Indian trading landscape has witnessed a remarkable surge in derivative ADTO across all segments, surging from 14 trillion Indian rupees in fiscal year 2019-20 to 429 trillion Indian rupees in fiscal year 2024-25, an astounding 31 times over the last 5 years despite regulatory actions that reduced volume from its peak. As of December 2025, 5paisa achieved an impressive ADTO of 3.3 trillion Indian rupees, translating to a 0.7% ADTO market share.

The 5paisa mobile app has been hugely popular, recording over 23.1 million downloads and sustaining a rating of 4.2 on the Google Play Store.

The Indian capital market regulator, SEBI, initiated several measures to tighten retail participation in the derivatives market and enhance investor protection and market stability. It was done in response to the rapid growth in derivatives trading volume on the exchanges. ADTO registered an annual growth of 85% over the past five years. The measures that took effect in the second half of November 2024 include stricter margin requirements, larger contract sizes, limiting weekly expiry contracts to one per exchange, and enhanced disclosure standards. SEBI also made it mandatory for the exchanges to levy uniform transaction charges, replacing the volume-based charges they had previously offered. This benefited large discount brokers, who offered their services at very low cost to their customers because, given their volume, they earned handsome discounts from the exchanges.

Consequently, there has been a moderation in the ADTO in the equity derivatives segment. The immediate effect was a 38% decline in the NSE in December 2024; volumes subsequently recovered by 30% but were still 19% below the November 2024 level. The pace of customer addition has moderated since these measures were implemented, registering a 25% decline in the volume of new demat accounts opened since September 2024.

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

In 2025, 5paisa's performance was affected by the culmination of regulatory measures, resulting in total revenue dropping 24% to \$35.1 million and net income falling 32% to \$5.0 million. 5paisa is focused on an acquisition strategy targeting profitable customers and growing the client funding book, which stood at \$39 million at the end of the year. 5paisa is valued at an attractive 1.6 times price to book at the carrying value of \$28.8 million.

## Transportation, Logistics and Storage Services

### Seven Islands Shipping (SISL)

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

At the time of Fairfax India's initial transaction in 2019, SISL owned 14 vessels with a total deadweight capacity of 0.9 million metric tons. Currently, SISL owns 29 vessels with a capacity of about 1.4 million metric tons. Out of its current fleet, 26 are Indian-flagged tankers, and 3 vessels are held in a wholly owned subsidiary in the UAE under the Marshall Islands flag. Its fleet consists of 25 oil product tankers, 2 crude oil tankers, and 2 LPG carriers. In 2021, it entered the gas carrier container shipment market with one Very Large Gas Carrier and one Medium Gas Carrier.

SISL is the second-largest private tanker shipping company in India. SISL owns 26 out of 120 ships owned by Indian owners. It has a significant market share in product tankers with 25 out of 77 Indian-owned ships on deployment. Out of 79 ships on time charter with Indian charterers, 62 are Indian-owned ships. SISL is the market leader in tanker time charter along the Indian coast, with 25% of the overall market and 31% of the Indian-owned fleet. In 2024, SISL established a wholly owned subsidiary in the Jebel Ali Free Zone in Dubai, UAE, to own and charter vessels in the international market, and has since acquired 3 MR tankers through the UAE subsidiary. SISL distinguishes itself by managing its fleet acquisition and deployment based on the time charter deployment. Over the past 7 years, time charter revenue as a percent of total charter revenue averaged 79%. It remains a very efficient operator, with annual idle time of less than 12 days per vessel over the last 3 years, among the best in the industry.

In 2019, Fairfax India acquired a 48.5% equity interest in SISL for \$83.8 million. On December 31, 2025, this investment was valued at \$162.4 million after receiving a \$34.4 million dividend in 2025 and cumulative dividends of \$70.4 million to date.

During the year, as part of its fleet renewal plan, it sold two medium-range (MR) tankers and two Suezmaxes, while acquiring three Handy tankers, two MR tankers and two Suezmaxes. The average age of its fleet has come down to 19 years from 23 years at the time of acquisition.

With its market leadership, SISL established a maritime training institute near Mumbai, accredited by the Directorate General of Shipping (DGS), Government of India, to offer four flagship courses, with an annual intake of 520 students. It has got approval for additional courses during the year, and has successfully graduated 800 students with career placements on track. It has several memorandums of understanding with several global shipping majors for shipboard training for its cadets.

Its revenue increased 8% to \$213.0 million, and EBITDA rose 10% to \$156.4 million. Operating EBITDA adjusted for profit from the sale of vessels grew by 7% to \$129.9 million. Its reported net income is lower by 8% to \$74.3 million due to higher finance costs and depreciation charges from the acquisition of additional ships during the year. Shareholders' equity remained stable at \$218.8 million after paying another bumper dividend during the year, generating a ROE of 33%. This exceptional performance over three consecutive years has been made possible by a very disciplined approach by management, taking advantage of high tanker rates, moving some vessels from spot charter to time charter, and achieving an average vessel utilization of around 95%. Despite the cyclicity of the business, SISL has mostly demonstrated stable, consistent revenue and an EBITDA CAGR of about 30% over the last 10 years. Since the time we acquired our interest in SISL, it has generated a free cash flow of \$387.5 million, an average annual free cash flow on investment of about 33%.

SISL has a strong track record of acquiring ships at the right valuation and offering clear deployment opportunities. Given the inherent cyclical nature of its business, in which shipping lines are price takers, the factors under their control are well managed. A promising future for SISL will result from a disciplined value-investing approach to acquiring ships, reducing unplanned downtime through excellent vessel maintenance, sustaining a strong safety record, delivering excellent customer service, and maintaining regulatory compliance.

The fair value of Fairfax India's investment in Seven Islands increased to \$162.4 million in 2025 from \$146.0 million in 2024, implying a price to earnings ratio of 4.6 times and a price to free cash flow\* of 3.6 times.

### National Commodities Management Services (NCML)

The Indian agriculture sector accounts for 17% of GDP and supports the livelihoods of about 46% of the population. Crop production accounts for over 54% of this sector. The agriculture and allied sector has grown at a remarkable 4.4% over the past decade, much higher than in previous decades, driven by strong growth in livestock, fishing, and aquaculture, followed by the crop sector at 3.5%. Agriculture growth during fiscal year 2025-26 is estimated at

\* Unless otherwise noted, price to free cash flow ratios are based on forecasted free cash flows for fiscal year 2025-26. Refer to the Appendix to the Letter to Shareholders for further detail.

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3.1%. Trade, hotels, communication and transport services account for around 17% of GDP. NCML is positioned at the cross-section of these two systems and plays an important role in the food value chain.

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

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

Total annual agricultural production of commodities such as cereals, pulses, and oilseeds is estimated at around 405 million metric tons, while agricultural warehousing capacity is estimated at 215 million metric tons, of which private-sector capacity is estimated at 108 million metric tons. Within the private sector, organized players account for 27 million metric tons; unorganized and government leasing of private warehouses account for the balance. By some estimates, organized private-sector capacity is expected to grow by over 15%-16% per annum over the five years ending 2030. Similar growth is expected in ancillary services such as testing, certification, quality assurance and risk management. The current market size of ancillary services is estimated at \$800 million.

NCML has about 2.3 million metric tons of storage capacity across over 165 locations, including 731 warehouses, in 18 states in India. It has a network of 18 regional offices, more than 750 touchpoints at agricultural produce markets, and thousands of farmers and traders to facilitate the procurement of commodities. NCML also operates five testing labs, over 2,336 weather stations, and has created a financing loan book of 214 million Indian rupees.

Various internal and external issues that led to NCML's poor performance have been shared with you over the years. Some external issues persist, including policy-led volatility in commodity trading volumes in NCDX; challenges with the banking system's exposure to the agriculture value chain; and frequent policy changes related to storage limits for food grains, commodity trading bans, and GST on rent paid for godowns.

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

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

Under Sanjay's leadership, NCML turned around in 2024 and continued to progress in 2025. Its revenue increased 14% to \$34.5 million, net loss decreased from \$7.0 million to \$2.7 million, and EBITDA (excluding silo penalty and impairment provisions) increased by 12% to \$9.4 million.

The fair value of Fairfax India's investment in NCML decreased to \$41.9 million in 2025 from \$44.3 million in 2024.

A significant part of NCML's restructuring has been completed under Sanjay's leadership. NCML's work on capital allocation and business strategies has helped in turning around operating profitability in 2024 and 2025. Our long-term outlook on the opportunity in India's agriculture sector is strong. We believe India is at an inflection point that requires significant modernization of its grain storage and transportation ecosystem. When undertaken, NCML will be the largest beneficiary of this reform, given its deep domain knowledge and wide geographical presence as one of the largest privately owned companies in this sector.

## **Manufacturing**

### **Sanmar Chemical Enterprises (Sanmar)**

The Sanmar Group is a diversified Indian business conglomerate with a rich history spanning over six decades. Founded in 1972 by the late Mr. N. Sankar, the group operates across various sectors, including chemicals,

engineering, and shipping. Fairfax India's investment is in the chemicals business, which is organized into three operating companies: two in India – Chemplast Sanmar (CSL) and Chemplast Cuddalore Vinyls (CCVL) – and one in Egypt – TCI Sanmar (TCI).

CSL is the publicly listed flagship specialty chemicals company of the group, which manufactures specialty paste PVC resin, caustic soda, chloro-chemicals, and refrigerant gases. In recent years, CSL has set up facilities to manufacture high-margin custom-manufactured chemicals (CMC) for supply to global agrochemicals, pharmaceuticals, and fine chemicals industries. It is also setting up a new plant for production of R-32, the next generation of refrigerant gases, which is expected to reach full capacity in 2027. It operates seven plants in Tamilnadu and Puducherry in South India.

CCVL (100% subsidiary of CSL) manufactures a commodity chemical called suspension PVC (SPVC), which is used to make both rigid (pipes, fittings, profiles, hard flooring) and flexible products (flexible pipes, wires and cables, films, and sheets). With an overall capacity of 331,000 mtpa at its plant in Cuddalore, CCVL is the second largest SPVC manufacturer in India.

Sanmar has owned TCI since 2007. It operates plants producing 400,000 mtpa SPVC, as well as caustic soda, calcium chloride and bio-ethylene.

In 2016, Fairfax India lent Sanmar the rupee equivalent of \$300.0 million through non-convertible debentures (NCDs) for a period of seven years. In addition, for \$1.0 million Fairfax India received a 30% equity interest in Sanmar's entire chemicals business.

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

In 2020, Sanmar committed to deleveraging the group by actively pursuing opportunities to raise additional equity capital. Sanmar consolidated its Indian chemical businesses under CSL and subsequently listed CSL on Indian exchanges. The IPO raised \$519 million, comprising of a primary issuance of equity shares of \$175 million and a secondary sale of equity shares of \$344 million by the holding company, in which Fairfax India held 43% ownership.

Over the last few years, TCI faced liquidity challenges arising from a foreign currency crisis in Egypt and a weak operating environment. The Sanmar Group provided working capital support to aid the business and in March 2025, it received compensation for the support in the form of equity in lieu of interest. This reduced Fairfax India's equity interest in Sanmar to 39.3%. As part of the debt restructuring program for TCI, the management of Sanmar agreed with certain banks previously that equity capital of \$46 million was required to be invested into TCI. The foregoing amount of \$46 million was raised through a rights issue in December 2025 and Fairfax India invested \$18 million to subscribe for its share of the issue. The management of Sanmar is of the view that TCI is likely going to require substantial additional capital support in the future due to continuing liquidity challenges.

- **Chemplast Sanmar Limited (CSL)**

CSL consolidated revenue declined by 1% to \$510.6 million over the previous year and EBITDA of \$5.4 million declined by 78%. It reported a profit before tax of \$3.5 million versus a loss of \$19.4 million the previous year. The SPVC business continues to be negatively impacted by severe dumping from China. In November 2025, the Indian government decided not to implement an anti-dumping duty on imports of suspension PVC from major East Asian countries and USA, despite a recommendation for the same from Directorate General of Trade Remedies (DGTR). The recommendation was a result of an 18-month long investigation into material injury to domestic industry. The government also eased quality checks on PVC imports, opting not to intervene in trade of widely-used materials. This was a significant negative surprise to the domestic industry. After a period of three years of consistently weakening PVC prices, the industry appears to be stabilizing with firmer prices in the last two months, driven by an impending expiry of a tax rebate for PVC exports from China in March 2026. Demand for PVC remains robust in the Indian market growing at a CAGR of 7% to 8%. With a domestic supply of around 1.5 million mtpa, Sanmar is well-positioned in its domestic PVC business.

- **TCI Sanmar (TCI)**

TCI revenue for the year reduced to \$368.0 million from \$420.0 million in the previous year. Its EBITDA of \$40.0 million was up 33% from \$30.1 million. It reported a loss before tax of \$110.0 million, primarily driven by higher depreciation and finance costs.

Caustic soda has done well for TCI and it enjoys significant cost advantages given the low energy cost in Egypt. The PVC operation has been running at close to 100% capacity in the prior two years, while current year capacity of

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approximately 90% was impacted by plant maintenance activities. TCI's performance in the last few years has been hampered by the global downcycle in PVC prices coinciding with a foreign exchange crisis in Egypt.

At the consolidated level, Sanmar's revenue for the year fell 5% to \$848.0 million, EBITDA of \$50.6 million was down 5% and incurred a loss before tax of \$152.1 million.

The fair value of Fairfax India's investment in Sanmar decreased to \$101.6 million in 2025 from \$201.4 million in 2024, primarily due to an over 40% correction in the market value of CSL where the investor sentiments soured after the Indian government did not institute anti-dumping duty despite the DGTR's recommendation.

### **Fairchem Organics (Fairchem)**

Fairchem, led by its founder Nahoosh Jariwala, is an oleochemicals company. Oleochemicals are broadly defined as chemicals derived from plant or animal fats and used to make both edible and non-edible products. The demand for biodegradable chemicals is a key driver of the oleochemicals market. In recent years, the production of oleochemicals has been moving from the U.S. and Europe to Asian countries due to the local availability of key raw materials.

Fairchem occupies a unique niche in this large global playing field. It has developed a one-of-a-kind manufacturing process that utilizes by-products of vegetable oil production, which are generated in small quantities and disposed of as waste, and converts them into value-added intermediate industrial chemicals. These chemicals include acids used in non-edible products such as soaps, detergents, personal care products, paints, and other materials used in the manufacture of health foods and Vitamin E. The company's customers include major multinationals such as Arkema, Quaker and Asian Paints. Fairchem operates from a single plant in Ahmedabad, the largest city in Gujarat, the home state of Prime Minister Modi. This plant has one of the largest processing capacities for natural soft oil-based fatty acids in India.

For 2025, revenue declined by 20% to \$53.3 million; net earnings decreased by 93% to \$0.3 million; and shareholders' equity declined by 2% to \$32.7 million, resulting in an ROE of 0.8%. Its performance over the past two years has been impacted by:

- Reduced demand from the paint industry, a major consumer of the product Linoleic acid;
- Poor demand conditions also resulted in pricing pressure from Chinese imports and domestic soya fatty acid manufacturers;
- 50% tariffs on exports to the U.S., which has affected the company's prime product basket; and
- An unexpected imposition of additional import duty of 22% on vegetable oil by the Government of India with a view to protecting farmers from overseas dumping, resulting in a higher cost of production of Dimer acid. This continuing discrepancy in duty structure, in which the raw material imported into India is taxed at a higher rate than the output, thereby enabling the dumping of cheaper exports from China.

Fairchem has taken several measures to counter the impact of the above challenges. It has launched a higher-value product, Isostearic acid, which has applications in lubricants and finer grades in cosmetics. This product is currently exported only to the U.S. and is expected to expand to other regions, upon completion of regulatory registration requirements in the EU.

Fairchem has earmarked 40,000 metric tons out of its 120,000 metric tons capacity of raw material for use to process an abundantly available, locally produced raw material to make another high-value product for which it has undertaken pilot plant trials. This would entail an additional investment of around \$3 million, with potential sales of \$45 to \$70 million in the coming years.

Additionally, Fairchem has developed capabilities to produce additional downstream value-added products from its existing dimer acid production. Small batches of sales to customers have already started and this segment has the potential to add meaningfully to revenues without any incremental capex or meaningful operating cost increases.

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

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

As of December 2025, Fairfax held 55.3% in Fairchem. In November 2025, Fairchem announced a buyback of up to 425,000 shares at 800 Indian rupees per share. Upon completion of the buyback in January 2026, the total outstanding share base fell to 12,595,902. Consequently, Fairfax India's ownership in Fairchem increased to 57.2%.

**Maxop Engineering Company (Maxop)**

Maxop is a precision aluminum die-casting and machining solutions provider for aluminum die-cast components used in the automotive and industrial sectors, serving customers in India, Asia, North America, and Europe. Based in New Delhi, it operates seven plants in Manesar and three plants in Jaipur.

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

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

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

Maxop is well-positioned to benefit from the global trend towards lightweight components as well as electric vehicle (EV) adoption in the automotive sector. Maxop currently caters to 3% of the domestic demand from passenger vehicle manufacturers, which is still at a nascent stage of only 30 cars per 1,000 people. During 2025, it received nominations for 82 additional parts of which 29 were from export markets.

In 2025, Maxop's revenue increased by 14% over the previous year to \$110.0 million. Exports accounted for 52% of revenue, consistent with the previous year. Its gross profit margin was 50%, and EBITDA margin was 21% compared to 22% in the previous year. Its net income grew 11% to \$8.3 million.

The fair value of Fairfax India's investment in Maxop decreased from \$97.2 million to \$95.5 million in 2025, implying a price to earnings of 17.7 times and a price to free cash flow of 8.0 times.

In 2025, Maxop commenced the setup of an aluminum extrusion plant to meet demand for battery frames, automotive structural parts, electrical and electronic components, and anti-vibration parts from both existing customers and new enquiries. This plant is expected to contribute to revenues in 2027.

Despite the impact of tariffs, customer demand for lightweight aluminum components, both for Internal Combustion Engines (ICE) vehicles and electric mobility across its core markets, will continue to drive revenue growth for Maxop. Maxop is expanding its High-Pressure Diecasting capacity in 2026 to meet increasing customer demand.

**Jaynix Engineering (Jaynix)**

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

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

Jaynix achieved several milestones over the past two years:

- Jaynix has set up a captive Underwriter Lab (UL 486 A&B lab) at Vadodara, which commenced operations in 2024 and has progressed on expected timelines as reported earlier. It is fully operational with 43 test stations added and certified during 2024. This has enabled it to de-bottleneck a significant impediment in its supply chain and supply its aftermarket products directly to retailers/distributors in North America.
- It has hired a U.S. based consultant to help with designing Jaynix-branded lugs, which will be sold through distributors.
- It won the Supplier of the Year award from two of its large customers.

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The global cable lugs market is valued at around \$3 billion and is growing rapidly at around 6% CAGR. The growth is driven by demand for data centers, switchgears, EV and transmission infrastructure. Strict UL certification requirements ensure high performance and safety. Jaynix is one of the few manufacturers outside of the U.S. that offers design, manufacturing and testing capabilities under one roof.

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

In 2025, Jaynix's revenue fell by 18% over the previous year to \$36.7 million, while EBITDA declined 34% and net profit declined 48%, to \$9.3 million and \$5.0 million, respectively, generating an ROE of 19%.

The fair value of Fairfax India's investment in Jaynix decreased to \$65.9 million in 2025 from \$81.6 million in 2024, implying a price to earnings of 19.2 times and a price to free cash flow of 8.2 times.

In 2025, demand for Jaynix products was affected by lower end-customer demand for electrical products, driven by high tariffs levied by the U.S. Administration, particularly on aluminum products. Despite tariffs, Jaynix remains cost-competitive in its end markets. Jaynix will launch its own range of lugs and neutral bars in the U.S. market in 2026 with products designed to perform better than the products currently offered in the market. It is investing in a new facility to cater to this demand, which is expected to be operational shortly. It is also developing electrical assemblies for its large customers to diversify its product portfolio.

Jaynix's growth prospects remain very robust.

### **Global Aluminium**

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

Global Aluminium is the third largest aluminum extrusion company in India with a capacity of 50,000 mtpa across two plants near Hyderabad. The Indian aluminum extrusion market is estimated to be \$2.3 billion in 2025 and is projected to grow to \$3.7 billion by 2030 at a CAGR of 10%. This growth is being driven by a rising demand for lightweight and durable products in:

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

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

We perceive global structural tailwinds for aluminum products, primarily driven by major user industries – building and construction, automotive, and renewable energy. Environmental concerns, the push towards EVs, and tightening fuel-efficiency standards will lead to increased aluminum use in the automotive industry, enabling further growth.

Global Aluminum has in-house capabilities to produce value-added products by anodizing and powder coating extrusions. Products of Global Aluminium have wide-ranging applications and are catering to architecture, renewable energy, electricals and electronics and automotive industries. It has built a strong presence in the industry to become the third largest player in India by focusing on complex applications for industrial customers and shunning general trade, which commonly caters to local construction businesses. It has invested in design capabilities to develop complex profiles and provides value-added services that help deliver finished products. It has developed a reputation for high-quality products with minimal defects, quick turnaround times for preparatory development activities and highly responsive after-sales service. It has a ready portfolio of over 50,000 dies, catering to over 15,000 profiles, and the ability to develop custom dies with short lead times. In any year, about 90% of revenue is from its existing customers with a well-diversified customer base with the top twenty customers accounting for only 45 to 50% of its revenue. It serves more than 2,500 customers and is well-positioned to benefit from the China Plus One momentum.

To meet increasing customer demand, Global Aluminium is increasing its aluminum extrusion capacity from 50,000 tons per annum to 68,000 tons per annum by adding a press machine with interchangeable twelve-inch and fourteen-inch capabilities in 2026.

The fair value of Fairfax India's investment in Global Aluminium increased to \$90.8 million in 2025 from \$81.2 million in 2024, implying a price to earnings of 20.9 times and a price to free cash flow of 28.8 times.

In 2025, Global Aluminium's revenue increased 23% over the previous year to \$137.6 million. Exports constituted 9% of revenue, compared to 10% in the previous year. Its gross profit margin was 16%, and EBITDA margin was 8% compared to 10% in the previous year. Its net income grew 65% to \$6.9 million. Global Aluminium diverted its efforts towards domestic market opportunities with growth challenges on exports.

### **Developments in India**

In the face of global headwinds, India's fundamental strengths were evident: solid domestic consumption, reduction and simplification in direct and indirect taxes, excellent levels of low inflation, renewed emphasis on trade diversification, and a healthy level of foreign exchange reserves resulted in an upward revision in existing and future GDP growth. This remarkable confluence maintained the country's growth momentum. These factors, combined with a reform-led government led by Prime Minister Narendra Modi make India a compelling investment destination. Ratings agencies such as S&P have upgraded their India rating from 'BBB-' to 'BBB'.

In these past eleven years, India has consistently moved up to become a top five large economy, well on its way to becoming the third largest in the next few years. Despite global uncertainties ranging from two wars on two continents, to trade policy uncertainty, the Indian economy continues to demonstrate its resilience and sustained growth. Over the last twenty years, India's share of merchandise exports has nearly doubled, from 1.0% to 1.8% and commercial services exports, from 2.0% to 4.3%. The IMF stated in January that India will account for over one-sixth of global economic growth this year. With a growing middle class, India is well-positioned for consistent long-term growth.

At the bottom of the pyramid, the improvements are noticeable. In the span of a decade, India has made rapid strides in financial inclusion. 89% of Indian adults had a financial account in 2024, up from 35% in 2011, with female participation rising. Clean tap water access has increased from 32 million rural households in 2019, to over 150 million households in 2025, representing 81% of rural households.

Prudent monetary and fiscal measures have seen inflation levels reach historic lows, with the CPI inflation rate being the lowest in ten years. In a recent survey by India's central bank, the RBI, both urban and rural households expressed confidence in the outlook for inflation for food and non-food products.

India's ample foreign exchange reserves, nearing \$700 billion, provide a further cushion to deal with global challenges. In his year-end address, the Governor of the RBI said, "Despite an unfavourable and challenging external environment, the Indian economy has shown remarkable resilience and is poised to register high growth".

India has implemented major policy reforms in recent months that are business-friendly and reduce the regulatory burdens. Significantly, the Modi government has consolidated twenty-nine labour laws into four new labour codes. Flexibility in hiring and termination of workers, measures to increase female participation in the workforce, and welfare coverage for new economy participants such as gig workers, represent the biggest labour law reforms.

In similar vein, in September 2025, India simplified and reduced the GST rates, representing the most significant changes from its introduction in 2017. From a multi-layered differentiated rate structure, the GST rates now are in two principal categories, and at reduced levels of 18% and 5%. This reduction eases the burden on businesses by providing for a less complicated regulatory regime and a predictable tax environment, as well as enhancing compliance and transparency. This policy change will benefit consumers and provide a clearer path for investment.

In a country as diverse as India, competitive federalism has taken hold, with states vying to seek foreign capital. Individual states have set up their investment attraction incentives. While the southern and western states make a disproportionate contribution to the national GDP, accounting for over half of the country's GDP, pro-business is evident in other states as well. Notably, Uttar Pradesh, which is India's most populous state with a population of approximately 240 million, has implemented major reforms pertaining to the labour codes, land acquisition and investment attraction in the last eight years. The state's GDP has doubled in this period, as has its per capita income.

The rapid pace of urbanization has spread to newer locations, including a growing number of job openings in smaller cities. In a recent survey by Dun & Bradstreet, entitled "City Vitality Index", it tracked the economic activity in over seven hundred Indian districts and noted India's urban momentum is becoming more decentralized. India's continued emphasis on infrastructure development has seen it improve in the Logistics Performance Index. Over

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a span of ten years, its ranking has risen from 54 in 2014 to 38 in 2023. For example, in international shipments, its ranking has moved from 44 to 22. This improvement is due to investment in port capacity expansion, deployment of public-private partnerships, and use of technology to digitize customs requirements.

India continues its rapid rise in innovation and entrepreneurship. Over the past few years, it has occupied the third largest ecosystem for having produced over 100 unicorns. Its Digital Public Infrastructure (DPI) is now being adapted to other countries, particularly in Asia and Africa. Within India itself, Aadhaar has provided a digital identity to its citizenry that has enabled government financial transfers directly to the recipient. Increased adoption of digital technologies, rise of e-commerce, deeper internet penetration and widespread use of smartphones has become a more common feature of the Indian economy. Over a fifth of all Apple iPhones are made in India and importantly, the value-added manufacturing has risen from \$4.5 billion in 2021 to \$17.3 billion in 2025.

Similarly, households are transitioning towards an investment mindset and engaging actively in the Indian stock market. Mutual funds for individuals have doubled from 5-6% to 10-11% in a span of five years, with more room to grow significantly in the coming years.

Usage of the country's Unified Payment Interface (UPI), which provides instant transfers from mobile devices, is widespread. UPI has now outpaced both Visa and Mastercard in its usage. These developments, alongside the increased presence of data centers, has seen India consistently rise in the Global Innovation index. In the last five years, India's position has gone from 48 to 38 in 2025. India's AI and data centre capabilities are also coming into play, with major American companies announcing multi-billion-dollar investment plans. Most recently, Amazon has announced plans to expand its investment in India by some \$35 billion across all its businesses in India focusing on AI-driven digitization. Similarly, the government's Production Linked Incentive plan (PLI) is attracting investment.

While the U.S. represents an important export market for India, its exposure is limited, and India's service exports remain strong. India has also reduced its bilateral trade surplus and with the recently announced trade deal, India-U.S. economic relations should stabilize.

Further, India has made a further push on the trade diversification front, securing trade deals with the EU, U.K, Australia and the U.A.E. Negotiations with Canada are set to commence in early 2026.

India's resiliency has been able to absorb any external shocks. This buoyant mood in the country is echoed in a recent global Ipsos survey in December 2025 which noted "Indians remain the most optimistic population globally when it comes to expectations of rising disposable incomes in 2026, outperforming all 30 markets surveyed. This sense of confidence is further reinforced by the fact that one in two citizens expect their standard of living to improve in the coming year".

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

We are looking forward to connecting with you at our in-person and virtual annual meeting at 9:30 a.m. (Eastern time) on April 15, 2026.

March 6, 2026



Gopalakrishnan Soundarajan  
*Chief Executive Officer*



Benjamin P. Watsa  
*Chairman*

**Glossary of Non-GAAP and Other Financial Measures**

Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in this Annual Report, which have been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies.

**Supplementary Financial Measures**

**Book value per share** – The company considers book value per share a key performance measure in evaluating its objective of long term capital appreciation, while preserving capital. This measure is also closely monitored as it is used to calculate the performance fee, if any, to Fairfax. This measure is calculated by the company as common shareholders' equity divided by the number of common shares outstanding. Those amounts are presented in the consolidated balance sheet and note 8 (Total Equity under the heading *Common Stock*), respectively, within the consolidated financial statements for the year ended December 31, 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**

**Book value per share prior to the performance fee** – This measure adjusts common shareholders' equity in the book value per share calculation to remove the performance fee accrued at the end of the current reporting period, if any, as presented in note 12 (Related Party Transactions) within the consolidated financial statements for the year ended December 31, 2025, and is a key performance measure.

**Book value per share before cumulative performance fees** – This measure adjusts the common shareholders' equity in the book value per share calculation to add the performance fee accrued or payable at the end of the reporting period, if any, and adjusts the common shares outstanding at the end of the reporting period to remove the subordinate voting shares issued to settle performance fees in prior periods. The company issued 7,663,685 and 546,263 subordinate voting shares in connection with the first and second calculation periods, respectively. The company uses this measure to monitor the company's performance had it not been impacted by any performance fees.

**Cash used in operating activities excluding the impact of net sales (purchases) of investments** – The company uses this measure to monitor the cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of purchases and sales of investments. This measure is a component of cash provided by (used in) operating activities as presented in the consolidated statement of cash flows within the consolidated financial statements for the year ended December 31, 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 consolidated financial statements for the year ended December 31, 2025.

**Compound annual growth rate ("CAGR")** – The company uses the CAGR to measure performance of certain of the above-noted metrics over a specified period of time. CAGR is calculated using the formula:  $(\text{ending value} / \text{beginning value})^{(1 / \text{number of years})} - 1$ .

**Other Financial Measures related to Indian Investments**

The Annual Report contains certain financial information related to Indian Investments (and related financial measures derived therefrom) which are prepared under Indian Accounting Standards (Ind AS), with the exception of the financial statements of CSB Bank prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP), unless otherwise noted. Such financial information is prepared by and is the

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responsibility of the respective Indian Investments' management teams. Fairfax India is limited with respect to the amount of independent verification it is able to perform on the Indian Investments' financial information.

Certain financial measures related to Indian Investments included in the Annual Report do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by the company or other companies.

#### **Appendix to the Letter to Shareholders**

Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in its letter to shareholders do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies. Those measures are described below.

#### ***Supplementary Financial Measures***

**Price to free cash flow** – The company uses this measure to evaluate certain equity valuations of Indian Investments. It is calculated as the fair value of the Indian Investment, divided by the investee company's forecasted free cash flows for its current fiscal year (fiscal year 2025-26). Free cash flow is calculated as cash flow from operations of the investee company, less maintenance-related capital expenditures and interest expense. References to normalized free cash flow refer to forecasted free cash flow for the investee company's fiscal year 2026-27.

**Proportion of Fairfax India's investments subject to public mark-to-market valuations** – The company uses this measure to determine the proportion of the company's Indian Investments with fair values based on published quotes in active markets, an important risk measure. This measure is calculated as the total fair value of the company's Public Indian Investments plus the fair value of the company's share of Chemplast Sanmar Limited (a publicly listed subsidiary of Sanmar, approximately \$97.3 million), divided by the total fair value of the company's Indian Investments.

**Realized cash gain** – The company uses this measure to evaluate the return on its monetized Indian Investments. This measure is calculated based on U.S. dollar amounts translated at foreign currency exchange rates at the time of respective cash flows, and is calculated as the difference between (i) the sum of cash proceeds and cumulative interest and dividends received from monetized Indian Investments, and (ii) cash consideration originally paid for monetized Indian Investments.

**Total debt to equity** – The company uses this measure to monitor and manage its capital. This measure is calculated as total principal of Borrowings outstanding divided by common shareholders' equity at a point in time. These amounts are presented in note 7 (Borrowings) and the consolidated balance sheet, respectively, within the consolidated statements for the year ended December 31, 2025.

#### ***Non-GAAP Financial Measures***

**Undeployed cash and investments** – The company uses this measure to monitor short term liquidity risk. This measure is calculated by the company as the sum of cash, cash equivalents, short term investments, and Government of India bonds. These amounts are presented in note 6 (Cash and Investments) within the consolidated financial statements for the year ended December 31, 2025.