FAIRFAX INDIA
HOLDINGS CORPORATION

3

INTERIM REPORT

For the nine months ended
September 30, 2024

Consolidated Balance Sheets
as at September 30, 2024 and December 31, 2023
(unaudited - US$ thousands)

	Notes	September 30, 2024	December 31, 2023
Assets			
Cash and cash equivalents	6	23,614	174,615
Short term investments	6	62,446	—
Bonds	5, 6	231,176	63,263
Common stocks	5, 6	3,389,953	3,581,043
Total cash and investments		3,707,189	3,818,921
Interest and dividends receivable		6,080	1,367
Income taxes refundable		178	220
Other assets		840	1,027
Total assets		3,714,287	3,821,535
Liabilities			
Accounts payable and accrued liabilities		975	912
Accrued interest expense	7, 11	2,361	8,611
Income taxes payable		428	—
Payable to related parties	11	10,345	120,858
Deferred income taxes		144,738	108,553
Borrowings	7, 11	498,218	497,827
Total liabilities		657,065	736,761
Equity	8		
Common shareholders' equity		2,928,425	2,958,718
Non-controlling interests		128,797	126,056
Total equity		3,057,222	3,084,774
		3,714,287	3,821,535

See accompanying notes.

Consolidated Statements of Earnings (Loss)
for the three and nine months ended September 30, 2024 and 2023
(unaudited - US$ thousands except per share amounts)

	Notes	Third quarter 2024	Third quarter 2023	First nine months 2024	First nine months 2023
Income					
Interest	6	5,687	4,128	15,455	13,322
Dividends	6	1,639	8,333	9,177	16,623
Net realized gains (losses) on investments	6	330	(218)	218,654	47,445
Net change in unrealized gains (losses) on investments	6	83,390	177,463	(143,725)	317,121
Net foreign exchange losses	6	(2,322)	(4,581)	(2,334)	(2,035)
		88,724	185,125	97,227	392,476
Expenses					
Investment and advisory fees	11	10,384	10,376	29,990	28,662
Performance fee	11	—	20,469	—	41,536
General and administration expenses	12	1,698	1,126	6,342	10,788
Interest expense	7	6,380	6,380	19,141	19,141
		18,462	38,351	55,473	100,127
Earnings before income taxes		70,262	146,774	41,754	292,349
Provision for income taxes	9	32,950	13,789	43,504	45,256
Net earnings (loss)		37,312	132,985	(1,750)	247,093
Attributable to:					
Shareholders of Fairfax India		33,971	132,954	(5,391)	236,802
Non-controlling interests		3,341	31	3,641	10,291
		37,312	132,985	(1,750)	247,093
Net earnings (loss) per share		$ 0.25	$ 0.97	$ (0.04)	$ 1.73
Net earnings (loss) per diluted share		$ 0.25	$ 0.93	$ (0.04)	$ 1.65
Shares outstanding (weighted average)		135,152,447	136,461,692	135,223,349	137,274,424

See accompanying notes.

Consolidated Statements of Comprehensive Income (Loss)
for the three and nine months ended September 30, 2024 and 2023
(unaudited - US$ thousands)

	Third quarter		First nine months	
	2024	**2023**	**2024**	**2023**
Net earnings (loss)	37,312	132,985	(1,750)	247,093
Other comprehensive loss, net of income taxes				
Item that may be subsequently reclassified to net earnings (loss)				
Unrealized foreign currency translation losses, net of income taxes of nil (2023 - nil)	(15,243)	(35,672)	(21,584)	(12,129)
Comprehensive income (loss)	22,069	97,313	(23,334)	234,964
Attributable to:				
Shareholders of Fairfax India	19,365	98,788	(26,075)	225,186
Non-controlling interests	2,704	(1,475)	2,741	9,778
	22,069	97,313	(23,334)	234,964

See accompanying notes.

Consolidated Statements of Changes in Equity
for the nine months ended September 30, 2024 and 2023
(unaudited - US$ thousands)

	Subordinate voting shares	Multiple voting shares	Share-based payments, net	Retained earnings	Accumulated other comprehensive loss	Common shareholders' equity	Non-controlling interests	Total equity
Balance as of January 1, 2024	1,113,147	300,000	(364)	2,175,468	(629,533)	2,958,718	126,056	3,084,774
Net earnings (loss) for the period	—	—	—	(5,391)	—	(5,391)	3,641	(1,750)
Other comprehensive loss:								
Unrealized foreign currency translation losses	—	—	—	—	(20,684)	(20,684)	(900)	(21,584)
Purchases for cancellation (note 8)	(2,589)	—	—	(1,032)	—	(3,621)	—	(3,621)
Purchases and amortization	—	—	(525)	—	—	(525)	—	(525)
Other	—	—	—	(72)	—	(72)	—	(72)
Balance as of September 30, 2024	1,110,558	300,000	(889)	2,168,973	(650,217)	2,928,425	128,797	3,057,222
Balance as of January 1, 2023	1,143,368	300,000	(379)	1,810,723	(611,676)	2,642,036	114,737	2,756,773
Net earnings for the period	—	—	—	236,802	—	236,802	10,291	247,093
Other comprehensive loss:								
Unrealized foreign currency translation losses	—	—	—	—	(11,616)	(11,616)	(513)	(12,129)
Purchases for cancellation (note 8)	(27,455)	—	—	(6,421)	—	(33,876)	—	(33,876)
Amortization	—	—	52	—	—	52	—	52
Balance as of September 30, 2023	1,115,913	300,000	(327)	2,041,104	(623,292)	2,833,398	124,515	2,957,913

See accompanying notes.

Consolidated Statements of Cash Flows
for the three and nine months ended September 30, 2024 and 2023
(unaudited - US$ thousands)

		Third quarter		First nine months	
	Notes	2024	2023	2024	2023
Operating activities					
Net earnings (loss)		37,312	132,985	(1,750)	247,093
Items not affecting cash and cash equivalents:					
Net bond discount amortization		(58)	(377)	(421)	(2,033)
Performance fee	11	—	20,469	—	41,536
Deferred income taxes	9	32,501	12,857	37,116	36,576
Amortization of share-based payment awards		48	17	126	52
Net realized (gains) losses on investments	6	(330)	218	(218,654)	(47,445)
Net change in unrealized (gains) losses on investments	6	(83,390)	(177,463)	143,725	(317,121)
Net foreign exchange losses	6	2,322	4,581	2,334	2,035
Net sales (purchases) of short term investments		(62,472)	11,975	(61,962)	14,761
Purchases of investments		(3,626)	(26,134)	(266,439)	(131,595)
Sales of investments		75,502	41,325	339,677	138,857
Changes in operating assets and liabilities:					
Interest and dividends receivable		(3,457)	428	(4,744)	304
Income taxes refundable		31	(28)	41	798
Accrued interest expense		(6,250)	(6,250)	(6,250)	(6,250)
Income taxes payable		(4,769)	(20)	430	(179)
Payable to related parties – settlement of performance fees	11	—	—	(110,158)	—
Payable to related parties – other		521	716	(663)	813
Other		308	25	1,513	(211)
Cash provided by (used in) operating activities		(15,807)	15,324	(146,079)	(22,009)
Financing activities					
Subordinate voting shares:					
Purchases for cancellation	8	—	(13,504)	(3,621)	(33,876)
Cash used in financing activities		—	(13,504)	(3,621)	(33,876)
Increase (decrease) in cash and cash equivalents		(15,807)	1,820	(149,700)	(55,885)
Cash and cash equivalents – beginning of period		40,429	90,049	174,615	147,448
Foreign currency translation		(1,008)	(29)	(1,301)	277
Cash and cash equivalents – end of period		23,614	91,840	23,614	91,840

See accompanying notes.

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Notes to Interim Consolidated Financial Statements
for the three and nine months ended September 30, 2024 and 2023
(unaudited - US$ thousands except share and per share amounts and as otherwise indicated)

1. Business Operations

Fairfax India Holdings Corporation ("the company" or "Fairfax India") is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India ("Indian Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage Infrastructure Investments Holdings Limited ("Anchorage"), a consolidated subsidiary of FIH Mauritius based in India.

Fairfax Financial Holdings Limited ("Fairfax") is Fairfax India's ultimate parent and acts as its administrator. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Hamblin Watsa Investment Counsel Ltd. (the "Portfolio Advisor"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the province of Ontario, is the portfolio advisor of the company and its consolidated subsidiaries, responsible to source and advise with respect to all investments. Refer to note 11 for details on Fairfax's voting rights and equity interest in the company.

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

2. Basis of Presentation

The company's interim consolidated financial statements for the three and nine months ended September 30, 2024 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standards have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS Accounting Standards.

These interim consolidated financial statements were approved for issue by the company's Board of Directors on October 31, 2024.

3. Summary of Material Accounting Policies

The principal accounting policies applied to the preparation of these interim consolidated financial statements are as set out in the company's annual consolidated financial statements for the year ended December 31, 2023, prepared in accordance with IFRS Accounting Standards. Those policies and methods of computation have been consistently applied to all periods presented.

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

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

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

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

New accounting pronouncements adopted in 2024

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

New accounting pronouncements issued but not yet effective

The International Accounting Standards Board ("IASB") issued the following amendment in 2023, which the company does not expect to adopt in advance of its effective date of January 1, 2025: *Lack of Exchangeability (Amendments to IAS 21)*.

The following new pronouncements were issued by the IASB in 2024, which the company does not expect to adopt in advance of their respective effective dates and is currently evaluating their expected impact on its consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

4. Critical Accounting Estimates and Judgments

In the preparation of the company's interim consolidated financial statements, management has made a number of critical estimates and judgments in determining the valuation of Private Indian Investments, the provision for income taxes and the consolidation of Anchorage in a manner consistent with those as described in the company's annual consolidated financial statements for the year ended December 31, 2023.

5. Indian Investments

Throughout the company's interim consolidated financial statements for the three and nine months ended September 30, 2024, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed within this note.

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

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

	Third quarter 2024						
	Balance as of July 1	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments (1)	Net unrealized foreign currency translation losses	Balance as of September 30
Public Indian Investments:							
Common stocks:							
IIFL Finance	400,224	—	—	—	(41,151)	(1,883)	357,190
IIFL Securities	213,259	—	—	—	136,736	(1,536)	348,459
CSB Bank	302,631	—	—	—	(42,718)	(1,344)	258,569
Fairchem Organics	112,277	—	—	—	(12,398)	(477)	99,402
5paisa	47,366	—	—	—	2,314	(255)	49,425
Other	3,287	(3,469)	—	330	(143)	(5)	—
Total Public Indian Investments	1,079,044	(3,469)	—	330	42,640	(5,500)	1,113,045
Private Indian Investments:							
Common stocks:							
BIAL	1,600,311	—	—	—	22,184	(7,995)	1,614,500
Sanmar	270,478	—	—	—	(16,955)	(1,327)	252,196
Seven Islands	157,282	—	—	—	9,268	(787)	165,763
Maxop	56,904	—	—	—	18,104	(364)	74,644
Jaynix	55,257	—	—	—	3,297	(274)	58,280
Saurashtra	53,596	—	—	—	3,067	(271)	56,392
NCML	45,117	—	—	—	275	(236)	45,156
IH Fund	11,143	(735)	—	—	(377)	(54)	9,977
Other Indian Fixed Income	31,621	—	114	—	—	(155)	31,580
Total Private Indian Investments	2,281,709	(735)	114	—	38,863	(11,463)	2,308,488
Total Indian Investments	3,360,753	(4,204)	114	330	81,503	(16,963)	3,421,533

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period.

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

	Third quarter					
	2023					
	Balance as of July 1	Sales	Amortization	Net change in unrealized gains (losses) on investments [(1)]	Net unrealized foreign currency translation losses	Balance as of September 30
Public Indian Investments:						
Common stocks:						
IIFL Finance	487,734	—	—	89,011	(6,585)	570,160
CSB Bank	271,167	—	—	53,695	(3,629)	321,233
Fairchem Organics	103,260	—	—	(4,702)	(1,228)	97,330
IIFL Securities	62,937	—	—	26,158	(979)	88,116
5paisa	34,594	—	—	6,507	(460)	40,641
Other	2,132	—	—	58	(27)	2,163
Total Public Indian Investments	961,824	—	—	170,727	(12,908)	1,119,643
Private Indian Investments:						
Common stocks:						
BIAL	1,424,982	—	—	472	(17,051)	1,408,403
Sanmar	340,060	—	—	(34,932)	(3,835)	301,293
NSE	172,847	—	—	6,061	(2,119)	176,789
Seven Islands	115,782	—	—	29,234	(1,603)	143,413
Maxop	55,588	—	—	613	(671)	55,530
Saurashtra	52,643	—	—	2,089	(651)	54,081
NCML	51,308	—	—	(301)	(648)	50,359
Jaynix	43,259	—	—	3,246	(531)	45,974
IH Fund	14,633	(768)	—	452	(180)	14,137
Other Indian Fixed Income	7,328	—	106	—	(89)	7,345
Total Private Indian Investments	2,278,430	(768)	106	6,934	(27,378)	2,257,324
Total Indian Investments	3,240,254	(768)	106	177,661	(40,286)	3,376,967

(1) All Private Indian Investments and certain common shares of CSB Bank (subject to selling restrictions) were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period. Net change in unrealized gains related to common shares of CSB Bank classified as Level 3 was $42,622.

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

	First nine months							
	2024							
	Balance as of January 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments (1)	Net unrealized foreign currency translation gains (losses)	Balance as of September 30
Public Indian Investments:								
Common stocks:								
IIFL Finance (2)	412,151	33,089	—	—	—	(85,368)	(2,682)	357,190
IIFL Securities	147,437	—	—	—	—	202,985	(1,963)	348,459
CSB Bank	409,335	—	(71,298)	—	43,001	(120,388)	(2,081)	258,569
Fairchem Organics	102,998	—	—	—	—	(2,886)	(710)	99,402
5paisa	52,129	—	—	—	—	(2,349)	(355)	49,425
Other	2,751	—	(3,469)	—	330	399	(11)	—
Derivatives:								
IIFL Finance forward derivative (2)	—	—	(8,210)	—	8,210	—	—	—
Total Public Indian Investments	1,126,801	33,089	(82,977)	—	51,541	(7,607)	(7,802)	1,113,045
Private Indian Investments:								
Common stocks:								
BIAL	1,599,988	—	—	—	—	25,847	(11,335)	1,614,500
Sanmar	302,881	—	—	—	—	(48,784)	(1,901)	252,196
Seven Islands	142,839	—	—	—	—	24,035	(1,111)	165,763
Maxop	56,674	—	—	—	—	18,452	(482)	74,644
Jaynix	49,277	—	—	—	—	9,391	(388)	58,280
Saurashtra	50,551	—	—	—	—	6,224	(383)	56,392
NCML	50,327	—	—	—	—	(4,839)	(332)	45,156
IH Fund	13,090	—	(1,619)	—	—	(1,417)	(77)	9,977
NSE	188,615	—	(188,948)	—	167,335	(167,222)	220	—
Other Indian Fixed Income	31,469	—	—	332	—	—	(221)	31,580
Total Private Indian Investments	2,485,711	—	(190,567)	332	167,335	(138,313)	(16,010)	2,308,488
Total Indian Investments	3,612,512	33,089	(273,544)	332	218,876	(145,920)	(23,812)	3,421,533

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

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

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

	First nine months							
	2023							
	Balance as of January 1	Purchases / Conversion	Sales / Conversion	Amortization	Net realized gains (losses) on investments	Net change in unrealized gains (losses) on investments [(1)]	Net unrealized foreign currency translation gains (losses)	Balance as of September 30
Public Indian Investments:								
Common stocks:								
IIFL Finance [(2)]	493,341	—	(30,512)	—	30,512	79,253	(2,434)	570,160
CSB Bank	223,268	—	—	—	—	99,606	(1,641)	321,233
Fairchem Organics	111,083	—	—	—	—	(13,445)	(308)	97,330
IIFL Securities	65,837	—	—	—	—	22,709	(430)	88,116
5paisa	28,421	—	—	—	—	12,427	(207)	40,641
Other	15,577	—	(13,447)	—	6,403	(6,467)	97	2,163
360 ONE (formerly IIFL Wealth)	46,730	—	(45,974)	—	16,551	(17,727)	420	—
Total Public Indian Investments	984,257	—	(89,933)	—	53,466	176,356	(4,503)	1,119,643
Private Indian Investments:								
Common stocks:								
BIAL	1,233,747	75,000	—	—	—	106,039	(6,383)	1,408,403
Sanmar	337,846	—	—	—	—	(35,574)	(979)	301,293
NSE	159,627	—	—	—	—	17,905	(743)	176,789
Seven Islands	96,910	—	—	—	—	47,248	(745)	143,413
Maxop	51,886	—	—	—	—	3,870	(226)	55,530
Saurashtra	50,707	—	—	—	—	3,593	(219)	54,081
NCML [(3)]	56,871	9,824	—	—	—	(16,173)	(163)	50,359
Jaynix	32,796	—	—	—	—	13,409	(231)	45,974
IH Fund	15,576	—	(1,668)	—	—	284	(55)	14,137
Other Indian Fixed Income [(3)]	19,585	—	(6,399)	306	(5,803)	(399)	55	7,345
Total Private Indian Investments	2,055,551	84,824	(8,067)	306	(5,803)	140,202	(9,689)	2,257,324
Total Indian Investments	3,039,808	84,824	(98,000)	306	47,663	316,558	(14,192)	3,376,967

(1) All Private Indian Investments and certain common shares of CSB Bank (subject to selling restrictions) were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period, with the exception of net change in unrealized losses of $399 related to the reversal of prior period unrealized gains on the NCML CCD included in Other Indian Fixed Income. Net change in unrealized gains related to common shares of CSB Bank classified as Level 3 was $79,577.

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

(3) On March 31, 2023, the company exercised its option to convert the NCML CCD (included within Other Indian Fixed Income) into NCML common shares. The NCML common shares were recognized at a fair value of $6,399 (525.8 million Indian rupees), which resulted in a realized loss on the NCML CCD of $5,803. In May 2023, NCML issued additional common shares to the company to settle accrued interest related to the NCML CCD, which the company recorded at a fair value of $3,425 (283.2 million Indian rupees).

Public Indian Investments

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

The table below provides a summary of the company's Public Indian Investments at September 30, 2024 and December 31, 2023:

		September 30, 2024		December 31, 2023	
Public Indian Investments:	**Industry**	**Shares held**	**Ownership**	**Shares held**	**Ownership**
Common stocks:					
IIFL Finance Limited ("IIFL Finance")	Financial services	64,552,521	15.2 %	57,641,445	15.1 %
IIFL Securities Limited ("IIFL Securities")	Financial services	84,641,445	27.4 %	84,641,445	27.5 %
CSB Bank Limited ("CSB Bank") (1)	Financial services	69,394,331	40.0 %	86,262,976	49.7 %
Fairchem Organics Limited ("Fairchem Organics")	Commercial and industrial	6,878,656	52.8 %	6,878,656	52.8 %
5paisa Capital Limited ("5paisa")	Financial services	7,670,130	24.6 %	7,670,130	24.6 %
Other	Financial services	—	—	—	< 1.0 %

(1) At December 31, 2023 the company was restricted by the Reserve Bank of India ("RBI") and the Securities and Exchange Board of India ("SEBI") from selling 69,394,331 common shares of CSB Bank until August 7, 2024. The company is also subject to a dilution schedule from the RBI, requiring the company to bring down its shareholding in CSB Bank to 30.0% within 10 years, and 26.0% within 15 years of the investment completion date of August 7, 2019.

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

Updates to Investment in IIFL Finance Limited

On March 4, 2024 the RBI ordered IIFL Finance to immediately cease the sanctioning and disbursing of gold loans, in connection with the results of an inspection which identified material supervisory concerns related to IIFL Finance's gold loan portfolio. The RBI has since completed a special audit to verify that deficiencies have been remediated, and accordingly the restrictions were lifted on September 19, 2024, permitting IIFL Finance to resume its gold loan business.

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

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

Private Indian Investments

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

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

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

Investment in Bangalore International Airport Limited

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

On May 9, 2023 Fairfax India entered into an agreement with Siemens Project Ventures GmbH, a part of Siemens Financial Services and one of the original investors in the public-private partnership, to acquire an additional 10.0% equity interest in BIAL through FIH Mauritius in two transactions: (i) 3.0% equity interest acquired on June 21, 2023 for cash of $75,000 (6.2 billion Indian rupees); and (ii) 7.0% equity interest acquired on December 12, 2023 for cash of $175,000 (14.6 billion Indian rupees).

At September 30, 2024 the company estimated the fair value of its investment in BIAL using a discounted cash flow analysis for its four business units based on multi-year free cash flow forecasts with assumed after-tax discount rates ranging from 12.5% to 16.9% and a long term growth rate of 3.5% (December 31, 2023 - 12.4% to 16.9%, and 3.5%, respectively for three business units). At September 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared in the third quarter of 2024 (December 31, 2023 - second quarter of 2023 and fourth quarter of 2022) by BIAL's management.

Free Cash Flow Forecast Inputs

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

Current Model Assumptions

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

At September 30, 2024 the company held a 64.0% equity interest in BIAL (December 31, 2023 - 64.0%) and its internal valuation model indicated that the fair value of the company's investment in BIAL was $1,614,500 (December 31, 2023 - $1,599,988).

At September 30, 2024 the company held 43.6% out of its 64.0% (December 31, 2023 - 43.6% out of its 64.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 59.0% (December 31, 2023 - 59.0%). Refer to note 8 (Total Equity, under the heading Non-controlling interests) for further discussion on Anchorage.

Investment in Sanmar Chemicals Group

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

Chemplast Sanmar Limited ("Chemplast"), a publicly traded subsidiary of Sanmar, is engaged in specialty PVC manufacturing, suspension PVC manufacturing and the production of specialty chemicals for pharmaceutical, agro-chemical and fine chemical sectors in India. Sanmar owns 55.0% of Chemplast, which is listed and actively traded on both the BSE and NSE of India and represented 90.8% of the fair value of Sanmar at September 30, 2024 (December 31, 2023 - 74.0%).

At September 30, 2024 the company estimated the fair value of its investment in Sanmar using: (i) a discounted cash flow analysis for Sanmar Egypt, based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 12.5% and a long term growth rate of 3.0% (December 31, 2023 - 11.0% and 3.0%, respectively); and (ii) the unadjusted bid price of Chemplast's common shares. At September 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information for Sanmar Egypt prepared in the third quarter of 2024 (December 31, 2023 - third quarter of 2023) by Sanmar's management.

Free Cash Flow Forecast Inputs

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

Current Model Assumptions

Free cash flow forecasts for Sanmar Egypt were revised by Sanmar's management during 2024 primarily to reflect: (i) lower revenues and contribution margins from PVC products over the forecast period; (ii) lower caustic soda revenues in fiscal year 2025 based on higher imports into Egypt observed in recent months; (iii) recovery of higher-margin domestic sales in the second half of fiscal year 2025 due to the improved availability of the U.S. dollar in Egypt; and (iv) higher working capital outflows in fiscal year 2026 as customer advances and supplier credit terms normalize resulting in lower expected payables balances.

At September 30, 2024 the company held a 42.9% equity interest in Sanmar (December 31, 2023 - 42.9%) and its internal valuation model indicated that the fair value of the company's investment in Sanmar was $252,196 (December 31, 2023 - $302,881).

Investment in Seven Islands Shipping Limited

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

At September 30, 2024 the company estimated the fair value of its investment in Seven Islands using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 14.5% to 16.9% and long term growth rates ranging from 2.5% to 3.0% (December 31, 2023 - 15.7% and 3.0%, respectively for one business unit). At September 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared in the third quarter of 2024 (December 31, 2023 - third quarter of 2023) by Seven Islands' management.

Free Cash Flow Forecast Inputs

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

Current Model Assumptions

Free cash flow forecasts were revised by Seven Islands' management during 2024 primarily to reflect: (i) the inclusion of cash flows generated by its new subsidiary, SISIF, which will operate two vessels transferred from Seven Islands; (ii) higher EBITDA margins for Seven Islands over the forecast period supported by higher charter rates; and (iii) revised timing of vessels sales and acquisitions.

At September 30, 2024 the company held a 48.5% equity interest in Seven Islands (December 31, 2023 - 48.5%) and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was $165,763 (December 31, 2023 - $142,839).

Investment in Maxop Engineering Company Private Limited

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

At September 30, 2024 the company estimated the fair value of its investment in Maxop using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 15.7% and a long term growth rate of 4.0% (December 31, 2023 - 14.2% and 4.0%, respectively). At September 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared in the third quarter of 2024 (December 31, 2023 - fourth quarter of 2023) by Maxop's management.

Free Cash Flow Forecast Inputs

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

Current Model Assumptions

Free cash flow forecasts were revised by Maxop's management during 2024 primarily to reflect: (i) increased revenue and higher EBITDA margins over the forecast period based on Maxop's pipeline of part nominations from new and existing customers; and (ii) increased capital expenditures over fiscal years 2025 and 2026. Maxop has recently undertaken a new major die casting capacity expansion project which is expected to commence operations in fiscal year 2026. Demand for additional capacity is supported by advanced stage discussions with a major export customer for multiple part nominations.

At September 30, 2024 the company held a 67.0% equity interest in Maxop (December 31, 2023 - 67.0%), and its internal valuation model indicated that the fair value of the company's investment in Maxop was $74,644 (December 31, 2023 - $56,674).

Investment in Jaynix Engineering Private Limited

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

At September 30, 2024 the company estimated the fair value of its investment in Jaynix using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 27.5% and a long term growth rate of 1.5% (December 31, 2023 - 28.3% and 1.5% respectively). At September 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared in the second quarter of 2024 (December 31, 2023 - fourth quarter of 2023) by Jaynix's management.

Free Cash Flow Forecast Inputs

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

Current Model Assumptions

Free cash flow forecasts were revised by Jaynix's management during 2024 primarily to reflect: (i) an additional land purchase in fiscal year 2025 to support future business growth; and (ii) higher working capital outflows over the forecast period based on fiscal year 2024 results.

At September 30, 2024 the company held a 70.0% equity interest in Jaynix (December 31, 2023 - 70.0%), and its internal valuation model indicated that the fair value of the company's investment in Jaynix was $58,280 (December 31, 2023 - $49,277).

Investment in Saurashtra Freight Private Limited

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

At September 30, 2024 the company estimated the fair value of its investment in Saurashtra using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 17.4% to 19.0% and long term growth rates ranging from 4.0% to 5.0% (December 31, 2023 - 16.2% to 18.0%, and 4.0% to 5.0%, respectively). At September 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared in the third quarter of 2024 (December 31, 2023 - fourth quarter of 2023) by Saurashtra's management.

Free Cash Flow Forecast Inputs

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

Current Model Assumptions

Free cash flow forecasts were revised by Saurashtra's management during 2024 primarily to reflect: (i) the inclusion of cash flows generated by its operation of the new CFS at Kandla Port; (ii) higher EBITDA margins at the existing CFS attributable to increased storage income and cost optimization efforts, partially offset by downward revisions to import and export revenue in fiscal year 2025; and (iii) downward revisions to EBITDA forecasts and margins at Fairfreight despite the recent recovery in ocean freight rates, as vessel capacity shortages have resulted in higher operating expenses.

At September 30, 2024 the company held a 51.0% equity interest in Saurashtra (December 31, 2023 - 51.0%), and its internal valuation model indicated that the fair value of the company's investment in Saurashtra was $56,392 (December 31, 2023 - $50,551).

Investment in National Commodities Management Services Limited

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, offers end-to-end solutions in grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. NCML's wholly-owned subsidiary, NCML Finance Private Ltd, is a non-banking financial company ("NBFC") with a focus on rural and agri-business finance.

NCML Common Shares

On March 31, 2023 the company converted its investment in 12.5% unsecured compulsorily convertible debentures originally issued by NCML in 2019 ("NCML CCD") into NCML common shares with a fair value of $6,399 (525.8 million Indian rupees). As a result, the company recorded a realized loss on the NCML CCD of $5,803. In May 2023, NCML issued additional common shares to the company to settle accrued interest related to the NCML CCD, which the company recorded at a fair value of $3,425 (283.2 million Indian rupees). As a result of the above transactions, the company's equity interest in NCML increased from 89.5% to 91.0%.

At September 30, 2024 the company estimated the fair value of its investment in NCML common shares using: (i) a discounted cash flow analysis based on multi-year free cash flow forecasts for two business units with assumed after-tax discount rates ranging from 13.2% to 13.4% and long term growth rates ranging from 2.4% to 5.0% (December 31, 2023 - 11.9% to 12.0%, 2.4% to 5.0%, respectively); and (ii) an adjusted net book value approach for its NBFC business unit. At September 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information for two business units prepared in the second quarter of 2024 (December 31, 2023 - third quarter of 2023) by NCML's management.

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are warehouse utilization and the successful completion of silo construction projects.

Current Model Assumptions

Free cash flow forecasts were revised by NCML's management during 2024 primarily to reflect: (i) EBITDA growth in the warehousing business over the forecast period reflecting cost control measures which were implemented during fiscal year 2024 including reduced employee costs, travel and professional fees; (ii) lower forecasted capital expenditures for the silo business as remaining projects are expected to be under budget; and (iii) the time frame for warehouse monetizations was lengthened given the delays in fiscal year 2024.

At September 30, 2024 the company held a 91.0% equity interest in NCML (December 31, 2023 - 91.0%), and its internal valuation model indicated that the fair value of the company's equity investment in NCML was $45,156 (December 31, 2023 - $50,327).

NCML Non-convertible Debentures

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

At September 30, 2024 the fair value of the company's investment in the NCML NCD of $23,866 (including a deferred loss of $3,174) (December 31, 2023 - $24,034, including a deferred loss of $3,631) was based on a discounted cash flow analysis using an estimate of NCML's credit spread, and is presented within Other Indian Fixed Income in the tables disclosed earlier in note 5.

Investment in India Housing Fund

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

During the third quarter and first nine months of 2024 the company received distributions of $735 and $1,619 (2023 - $768 and $1,668) from IH Fund.

At September 30, 2024 the company estimated the fair value of its investment in IH Fund of $9,977 (December 31, 2023 - $13,090) based on the net asset value provided by the third party fund manager. The fair values of the underlying assets are determined using quoted prices for short term investments, and industry accepted valuation models for debt and equity instruments.

Investment in National Stock Exchange of India Limited

At December 31, 2023 the company held a 1.0% equity interest in National Stock Exchange of India Limited ("NSE") with an estimated fair value of $188,615. During the first nine months of 2024, the company sold its equity interest in NSE for gross proceeds of $188,948 (15.7 billion Indian rupees), resulting in realized gains of $167,335. Gross proceeds of $15,039 (1.3 billion Indian rupees) related to NSE shares sold to IIFL Securities, an associate of the company.

Investment in Global Aluminium Private Limited

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

Subsequent to September 30, 2024, on October 11, 2024 Fairfax India completed the acquisition of an effective 65.0% equity interest in Global Aluminium for approximately $83 million (7.0 billion Indian rupees). The company retained approximately $8 million (700.0 million Indian rupees) of the total purchase consideration, which will be paid to Global Aluminium upon its completion of certain post-closing obligations. The transaction requires Global Aluminium to merge with its wholly-owned subsidiary, which is expected to be completed in the first six months of 2025.

6. Cash and Investments

Fair Value Disclosures

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

	September 30, 2024					December 31, 2023				
	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)
Cash and cash equivalents	23,614	—	—	23,614	1,979	174,615	—	—	174,615	14,530
Short term investments:										
Government of India [(1)]	—	62,446	—	62,446	5,233	—	—	—	—	—
	—	62,446	—	62,446	5,233	—	—	—	—	—
Bonds:										
Government of India [(1)]	—	199,596	—	199,596	16,726	—	31,794	—	31,794	2,646
Other Indian Fixed Income [(2)]	—	—	31,580	31,580	2,647	—	—	31,469	31,469	2,619
	—	199,596	31,580	231,176	19,373	—	31,794	31,469	63,263	5,265
Common stocks:										
IIFL Finance	357,190	—	—	357,190	29,933	412,151	—	—	412,151	34,297
IIFL Securities	348,459	—	—	348,459	29,201	147,437	—	—	147,437	12,269
CSB Bank [(3)]	258,569	—	—	258,569	21,668	84,735	—	324,600	409,335	34,062
Fairchem Organics	99,402	—	—	99,402	8,330	102,998	—	—	102,998	8,571
5paisa	49,425	—	—	49,425	4,142	52,129	—	—	52,129	4,338
Other	—	—	—	—	—	2,751	—	—	2,751	229
BIAL	—	—	1,614,500	1,614,500	135,297	—	—	1,599,988	1,599,988	133,141
Sanmar [(4)]	—	—	252,196	252,196	21,134	—	—	302,881	302,881	25,204
Seven Islands	—	—	165,763	165,763	13,891	—	—	142,839	142,839	11,886
Maxop	—	—	74,644	74,644	6,255	—	—	56,674	56,674	4,716
Jaynix	—	—	58,280	58,280	4,884	—	—	49,277	49,277	4,101
Saurashtra	—	—	56,392	56,392	4,726	—	—	50,551	50,551	4,206
NCML	—	—	45,156	45,156	3,784	—	—	50,327	50,327	4,188
IH Fund	—	—	9,977	9,977	836	—	—	13,090	13,090	1,089
NSE	—	—	—	—	—	—	—	188,615	188,615	15,695
	1,113,045	—	2,276,908	3,389,953	284,081	802,201	—	2,778,842	3,581,043	297,992
Total cash and investments	1,136,659	262,042	2,308,488	3,707,189	310,666	976,816	31,794	2,810,311	3,818,921	317,787
	30.6 %	7.1 %	62.3 %	100.0 %	100.0 %	25.6 %	0.8 %	73.6 %	100.0 %	100.0 %

(1) Priced based on information provided by independent pricing service providers at September 30, 2024 and December 31, 2023.

(2) At September 30, 2024, Other Indian Fixed Income included a deferred loss of $3,174 related to the NCML NCD (December 31, 2023 - $3,631).

(3) At December 31, 2023 the company was restricted by the RBI and SEBI from selling a certain percentage of its common shares of CSB Bank until August 7, 2024 and therefore applied a discount for lack of marketability (a significant unobservable valuation input) to the quoted price for the restricted common shares of CSB Bank. At September 30, 2024 no CSB Bank shares were restricted.

(4) The fair value of Chemplast, a publicly traded subsidiary of Sanmar, represented 90.8% of the company's investment in Sanmar at September 30, 2024 (December 31, 2023 - 74.0%).

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

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

	First nine months						
	2024						
Indian rupees *(in millions)*	**Balance as of January 1**	**Sales**	**Transfers**	**Amortization**	**Net realized gains on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of September 30**
Common stocks:							
BIAL	133,141	—	—	—	—	2,156	135,297
Sanmar	25,204	—	—	—	—	(4,070)	21,134
Seven Islands	11,886	—	—	—	—	2,005	13,891
Maxop	4,716	—	—	—	—	1,539	6,255
Jaynix	4,101	—	—	—	—	783	4,884
Saurashtra	4,206	—	—	—	—	520	4,726
NCML	4,188	—	—	—	—	(404)	3,784
IH Fund	1,089	(135)	—	—	—	(118)	836
CSB Bank	27,011	—	(27,011)	—	—	—	—
NSE	15,695	(15,726)	—	—	13,927	(13,896)	—
Other Indian Fixed Income	2,619	—	—	28	—	—	2,647
Total	233,856	(15,861)	(27,011)	28	13,927	(11,485)	193,454

	First nine months						
	2023						
Indian rupees *(in millions)*	**Balance as of January 1**	**Purchases / Conversion**	**Sales / Conversion**	**Amortization**	**Net realized losses on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of September 30**
Common stocks:							
BIAL	102,068	6,153	—	—	—	8,735	116,956
Sanmar	27,950	—	—	—	—	(2,930)	25,020
CSB Bank	14,453	—	—	—	—	6,555	21,008
NSE	13,206	—	—	—	—	1,475	14,681
Seven Islands	8,017	—	—	—	—	3,892	11,909
Maxop	4,293	—	—	—	—	318	4,611
Saurashtra	4,195	—	—	—	—	296	4,491
NCML	4,705	809	—	—	—	(1,332)	4,182
Jaynix	2,713	—	—	—	—	1,104	3,817
IH Fund	1,289	—	(138)	—	—	23	1,174
Other Indian Fixed Income	1,621	—	(526)	25	(477)	(33)	610
Total	184,510	6,962	(664)	25	(477)	18,103	208,459

The changes in fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy in the company's presentation currency of U.S. dollars are disclosed in note 5.

For all Indian Investments classified as Level 3 in the fair value hierarchy, net change in unrealized gains (losses) on investments related to investments held at the end of the reporting periods, except for the net change in unrealized losses of 13,896 million Indian rupees in the first nine months of 2024 and 33 million Indian rupees in the first nine months of 2023 related to the reversals of prior period unrealized gains on sales of NSE common shares and conversion of the NCML CCD included in Other Indian Fixed Income, respectively.

The table that follows illustrates the potential impact on net earnings (loss) of various combinations of changes in unobservable inputs in the company's internal valuation models for its Indian Investments classified as Level 3 in the fair value hierarchy at September 30, 2024. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on an analysis of the return on various equity indices, management's knowledge of the Indian equity markets and the potential impact of changes in interest rates. The change reflects the additional uncertainty in determining the discounted cash flows for assessing the fair values of Private Indian Investments. This sensitivity analysis excludes the company's investment in the IH Fund, as the company determined that there were no significant unobservable inputs suited for a sensitivity analysis. Additionally, significant unobservable inputs pertaining to Other Indian Fixed Income relate to individual issuer credit spreads, where an increase (decrease) in credit spreads would generally result in a lower (higher) fair value of the underlying investment, as reflected in note 10 (Financial Risk Management, under the heading Interest Rate Risk).

Investments	Fair value of Level 3 investment	Valuation technique	Significant unobservable inputs	Significant unobservable inputs used in the internal valuation models	Hypothetical $ change effect on fair value measurement (1)	Hypothetical $ change effect on net earnings (1)(2)
Common stocks:						
BIAL	1,614,500	Discounted cash flow	After-tax discount rate	12.5% to 16.9%	(357,875) / 453,654	(310,456) / 393,544
			Long term growth rate	3.5%	30,321 / (28,693)	26,303 / (24,891)
Sanmar (3)	252,196	Discounted cash flow	After-tax discount rate	12.5%	(33,107) / 40,782	(28,720) / 35,378
			Long term growth rate	3.0%	6,322 / (5,996)	5,484 / (5,202)
Seven Islands	165,763	Discounted cash flow	After-tax discount rate	14.5% to 16.9%	(13,239) / 15,405	(11,485) / 13,364
			Long term growth rate	2.5% to 3.0%	2,174 / (2,095)	1,886 / (1,817)
Maxop	74,644	Discounted cash flow	After-tax discount rate	15.7%	(9,844) / 11,687	(8,540) / 10,138
			Long term growth rate	4.0%	1,786 / (1,710)	1,549 / (1,483)
Jaynix	58,280	Discounted cash flow	After-tax discount rate	27.5%	(2,501) / 2,715	(2,170) / 2,355
			Long term growth rate	1.5%	286 / (282)	248 / (245)
Saurashtra	56,392	Discounted cash flow	After-tax discount rate	17.4% to 19.0%	(3,577) / 4,148	(3,103) / 3,598
			Long term growth rate	4.0% to 5.0%	601 / (580)	522 / (503)
NCML (4)	45,156	Discounted cash flow	After-tax discount rate	13.2% to 13.4%	(8,651) / 10,786	(7,504) / 9,357
			Long term growth rate	2.4% to 5.0%	1,378 / (1,300)	1,195 / (1,128)

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

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

(3) *Significant unobservable inputs relate only to the Sanmar Egypt business unit as the Chemplast business unit is publicly traded on the BSE and NSE of India and is valued based on its unadjusted bid price. The hypothetical $ change effect from a 10% increase or decrease in Chemplast's traded share price would be an increase or decrease in the fair value of Sanmar of $22,900, and an increase or decrease in net earnings of $19,865.*

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

Fixed Income Maturity Profile

Bonds are summarized by their earliest contractual maturity date in the table that follows. The increase in bonds primarily reflects the reinvestment of proceeds from the sales of NSE and CSB Bank common shares into Government of India bonds. At September 30, 2024 and December 31, 2023 there were no bonds containing call or put features.

	September 30, 2024		December 31, 2023	
	Amortized cost	**Fair value**	**Amortized cost**	**Fair value**
Due in 1 year or less	20,458	20,417	—	—
Due after 1 year through 5 years	208,904	210,759	63,636	63,263
	229,362	231,176	63,636	63,263

Investment Income

An analysis of investment income for the three and nine months ended September 30 is summarized in the table that follows:

Interest and dividends

	Third quarter 2024	Third quarter 2023	First nine months 2024	First nine months 2023
Interest:				
Cash and cash equivalents	1,409	1,260	2,414	4,284
Short term investments	87	359	440	1,970
Bonds	4,191	2,509	12,601	7,068
	5,687	4,128	15,455	13,322
Dividends: Common stocks	1,639	8,333	9,177	16,623

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

	Third quarter 2024 Net realized gains (losses)	2024 Net change in unrealized gains (losses)	2024 Net gains (losses)	Third quarter 2023 Net realized gains (losses)	2023 Net change in unrealized gains (losses)	2023 Net gains (losses)
Net gains (losses) on investments:						
Short term investments	—	—	—	—	9	9
Bonds	—	1,887	1,887	(218)	(207)	(425)
Common stocks	330 (1)	81,503 (1)	81,833	—	177,661 (1)	177,661
	330	83,390	83,720	(218)	177,463	177,245
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	204	—	204	1,324	—	1,324
Short term investments	—	—	—	4	249	253
Borrowings	—	(2,471)	(2,471)	—	(6,078)	(6,078)
Other	(55)	—	(55)	(80)	—	(80)
	149	(2,471)	(2,322)	1,248	(5,829)	(4,581)

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

	First nine months 2024 Net realized gains (losses)	2024 Net change in unrealized gains (losses)	2024 Net gains (losses)	First nine months 2023 Net realized gains (losses)	2023 Net change in unrealized gains (losses)	2023 Net gains (losses)
Net gains (losses) on investments:						
Short term investments	15	—	15	—	8	8
Bonds	(237)	2,195	1,958	(6,021) (1)	156	(5,865)
Common stocks	210,666 (1)	(145,920) (1)	64,746	53,466 (1)	316,957 (1)	370,423
Derivatives	8,210 (1)	—	8,210	—	—	—
	218,654	(143,725)	74,929	47,445	317,121	364,566
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	265	—	265	500	—	500
Short term investments	—	—	—	51	(372)	(321)
Borrowings	—	(3,516)	(3,516)	—	(1,887)	(1,887)
Other	917	—	917	(327)	—	(327)
	1,182	(3,516)	(2,334)	224	(2,259)	(2,035)

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

7. Borrowings

	September 30, 2024			December 31, 2023		
	Principal	Carrying value (1)	Fair value (2)	Principal	Carrying value (1)	Fair value (2)
Unsecured Senior Notes:						
5.0% Unsecured Senior Notes due February 26, 2028	500,000	498,218	466,550	500,000	497,827	452,250

(1) Principal net of unamortized issue costs.

(2) Fair value of the Unsecured Senior Notes at September 30, 2024 and December 31, 2023 was based principally on information provided by independent pricing service providers (Level 2 in the fair value hierarchy).

Unsecured Senior Notes

On February 26, 2021 the company completed an offering of $500,000 principal amount of 5.0% unsecured senior notes due February 26, 2028 ("Unsecured Senior Notes") at par, for net proceeds of $496,350 after commissions and expenses. Fairfax, through its subsidiaries, holds $58,400 of the $500,000 principal amount under the same terms as the other participants. Refer to note 11 for further details of amounts due to related parties.

Revolving Credit Facility

On December 17, 2021 the company entered into a $175,000 unsecured revolving credit facility ("Revolving Credit Facility") with a syndicate led by a Canadian bank. The Revolving Credit Facility had a three-year term with an option to extend for an additional year. On October 3, 2023 the company amended the Revolving Credit Facility to extend its maturity date from December 17, 2024 to October 2, 2026, while maintaining the option to extend for an additional year. At September 30, 2024 and December 31, 2023 the Revolving Credit Facility was undrawn and remained available.

Interest Expense

In the third quarter and first nine months of 2024 interest expense of $6,380 and $19,141 (2023 - $6,380 and $19,141) was comprised of stated interest and amortization of issuance costs. During the third quarter and first nine months of 2024 the company paid interest of $12,500 and $25,000 (2023 - $12,500 and $25,000) on its borrowings.

At September 30, 2024 the company recorded accrued interest expense of $2,361 (December 31, 2023 - $8,611) within the consolidated balance sheets.

8. Total Equity

Common shareholders' equity

Common Stock

The number of shares outstanding was as follows:

	First nine months	
	2024	2023
Subordinate voting shares – January 1	105,398,509	108,270,900
Purchases for cancellation	(246,062)	(2,609,481)
Subordinate voting shares – September 30	105,152,447	105,661,419
Multiple voting shares – beginning and end of period	30,000,000	30,000,000
Common shares effectively outstanding – September 30	135,152,447	135,661,419

Purchase of Shares

The company has the ability to purchase for cancellation subordinate voting shares at prevailing market prices under the terms of its normal course issuer bid and in accordance with the rules and policies of the TSX. During the first nine months of 2024, under the terms of its normal course issuer bid, the company purchased for cancellation 246,062 subordinate voting shares (2023 - 2,609,481) for a net cost of $3,621 (2023 - $33,876), of which $1,032 was charged to retained earnings (2023 - $6,421).

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

Subsequent to September 30, 2024

Subsequent to September 30, 2024, in accordance with an automatic share purchase plan under the terms of the normal course issuer bid, 108,830 subordinate voting shares were purchased for cancellation on behalf of the company for a net cost of $1,612.

Non-controlling interests

At September 30, 2024 the company continued to hold 43.6% out of its 64.0% (December 31, 2023 - 43.6% out of its 64.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 59.0% (December 31, 2023 - 59.0%).

Net earnings attributable to non-controlling interests of $3,341 and $3,641 during the third quarter and first nine months of 2024 (2023 - $31 and $10,291) principally related to net unrealized gains on Anchorage's investment in BIAL.

The company shall use commercially reasonable efforts to list Anchorage by way of an IPO in India, subject to regulatory approvals and market conditions on or before September 2025. If the valuation of Anchorage upon closing of the IPO is below approximately $1.1 billion (at period end exchange rates) (91.6 billion Indian rupees), then OMERS' ownership in Anchorage will increase to a maximum of 15.0% and the company's ownership in Anchorage will decrease to a minimum of 85.0% (fully-diluted equity interest in BIAL will decrease from 59.0% at September 30, 2024 to a minimum of 57.5%). If Anchorage does not list by way of an IPO in India by September 2025, then OMERS' ownership in Anchorage will remain at 11.5%.

9. Income Taxes

The company's provision for income taxes for the three and nine months ended September 30 were comprised as follows:

	Third quarter		First nine months	
	2024	**2023**	**2024**	**2023**
Current income tax:				
Current year expense	449	932	6,378	8,666
Adjustment to prior years' income taxes	—	—	10	14
	449	932	6,388	8,680
Deferred income tax:				
Origination and reversal of temporary differences	18,610	12,857	23,225	36,576
Change in tax rates related to Indian capital gains	13,891	—	13,891	—
	32,501	12,857	37,116	36,576
Provision for income taxes	32,950	13,789	43,504	45,256

On July 23, 2024 as part of its 2024-25 Union Budget, the Indian government announced several changes to capital gains tax rates for Indian residents and non-residents. The revised capital gains tax rates were substantively enacted during the third quarter of 2024 and effective from July 23, 2024. The capital gains tax rate for resident companies was lowered, resulting in a favourable impact for Anchorage and the capital gains tax rate was increased for non-resident or foreign companies, resulting in an unfavourable impact for FIH Mauritius and FIH Private. The company selected June 30, 2024 as the revaluation date for its Indian net deferred income tax liability as the impact between June 30, 2024 and the date of enactment was not considered material.

Deferred income taxes recorded by the company are primarily attributable to net unrealized gains and losses on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017 and a change in Indian capital gains tax rates effective July 23, 2024.

Reconciliation of the provision for income taxes calculated at the Canadian statutory income tax rate to the provision for income taxes at the effective tax rate for the three and nine months ended September 30 are presented in the following table:

	Third quarter		First nine months	
	2024	2023	2024	2023
Canadian statutory income tax rate	26.5 %	26.5 %	26.5 %	26.5 %
Provision for income taxes at the Canadian statutory income tax rate	18,620	38,895	11,065	77,472
Tax rate differential on (income earned) losses incurred outside of Canada	(7,828)	(33,497)	3,755	(52,296)
Change in tax rates related to Indian capital gains	13,891	—	13,891	—
Provision relating to prior years	—	—	10	14
Increase in unrecorded tax benefit of losses and temporary differences	8,996	7,144	13,510	19,994
Foreign exchange effect	(734)	1,245	1,257	67
Other including permanent differences	5	2	16	5
Provision for income taxes	32,950	13,789	43,504	45,256

The tax rate differential on income earned outside of Canada of $7,828 in the third quarter of 2024 and tax rate differential on losses incurred outside of Canada of $3,755 in the first nine months of 2024 (2023 - tax differential on income earned outside of Canada of $33,497 and $52,296) principally reflected the impact of net investment income and losses taxed in Mauritius and India at lower rates compared to the Canadian statutory income tax rate.

At September 30, 2024 deferred tax assets of $123,108 in Canada and $11,263 in India (December 31, 2023 - $115,130 in Canada and $6,671 in India) were not recorded as it was considered not probable that those losses could be utilized by the company.

10. Financial Risk Management

Overview

There were no significant changes in the types of the company's risk exposures or the processes used by the company for managing those risk exposures at September 30, 2024 compared to those identified and disclosed in the company's annual consolidated financial statements for the year ended December 31, 2023.

Market Risk

Market risk, comprised of foreign currency risk, interest rate risk and other price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument or another asset or liability will fluctuate due to changes in foreign exchange rates and produce an adverse effect on net earnings and equity when measured in Indian rupees, the company's functional currency. There were no significant changes to the company's framework used to monitor, evaluate and manage foreign currency risk at September 30, 2024 compared to December 31, 2023.

Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There were no significant changes to the company's framework used to monitor, evaluate and manage interest rate risk at September 30, 2024 compared to December 31, 2023.

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

	September 30, 2024			December 31, 2023		
	Fair value of fixed income portfolio	Hypothetical $ change effect on net earnings (1)	Hypothetical % change in fair value	Fair value of fixed income portfolio	Hypothetical $ change effect on net earnings (1)	Hypothetical % change in fair value
Change in interest rates						
200 basis point increase	220,215	(8,239)	(4.7)%	60,649	(2,119)	(4.1)%
100 basis point increase	225,603	(4,189)	(2.4)%	61,932	(1,080)	(2.1)%
No change	231,176	—	—	63,263	—	—
100 basis point decrease	236,940	4,335	2.5 %	64,643	1,121	2.2 %
200 basis point decrease	242,905	8,821	5.1 %	66,077	2,286	4.4 %

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

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

Market Price Fluctuations

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

The company's exposure to market price risk decreased to $3,389,953 at September 30, 2024 from $3,581,043 at December 31, 2023. Refer to note 6 for the potential impact on net earnings of various combinations of changes in significant unobservable inputs in the company's internal valuation models for the company's investments classified as Level 3 in the fair value hierarchy.

The company estimates the potential impact on net earnings from a 20% increase or decrease in the fair value of its Public Indian Investments at September 30, 2024 to be a hypothetical increase or decrease in net earnings of $193,113 (December 31, 2023 - increase or decrease in net earnings of $195,427). For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial obligations to the company, and arises predominantly from cash and cash equivalents, short term investments and investments in debt instruments. There were no significant changes to the company's exposure to credit risk (except as set out in the discussion which follows) or the framework used to monitor, evaluate and manage credit risk at September 30, 2024 compared to December 31, 2023.

Cash and Cash Equivalents and Short Term Investments

At September 30, 2024 the company's cash and cash equivalents of $23,614 (December 31, 2023 - $174,615) were primarily held in major financial institutions.

At September 30, 2024 the company's short term investments in Indian treasury bills of $62,446 (December 31, 2023 - nil) were rated Baa3 and BBB- by Moody's and S&P respectively.

Investments in Debt Instruments

At September 30, 2024 the company's debt instruments were all considered to be subject to credit risk with a fair value of $231,176 (December 31, 2023 - $63,263), representing 6.2% (December 31, 2023 - 1.7%) of the total cash and investments portfolio.

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

	September 30, 2024		December 31, 2023	
	Fair value	**Rating**	**Fair value**	**Rating**
Government of India bonds [(1)]	199,596	Baa3/BBB-	31,794	Baa3/BBB-
Other Indian Fixed Income	31,580	Not rated	31,469	Not rated
Total bonds	231,176		63,263	

(1) Rated Baa3 by Moody's and BBB- by S&P at September 30, 2024 and December 31, 2023.

The company's exposure to credit risk from its investments in fixed income securities increased at September 30, 2024 compared to December 31, 2023, principally reflecting the reinvestment of proceeds from the sales of NSE and CSB Bank common shares into Government of India bonds. Except as described above, there were no other significant changes to the composition of the company's fixed income portfolio classified according to each security's respective issuer credit rating at September 30, 2024 compared to December 31, 2023.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. There were no significant changes to the company's exposure to liquidity risk (except as set out in the discussion below) or the framework used to monitor, evaluate and manage liquidity risk at September 30, 2024 compared to December 31, 2023.

The undeployed cash and investments at September 30, 2024 provide adequate liquidity to meet the company's known significant commitments over the next twelve months, which are principally comprised of an investment in Global Aluminium (substantially completed on October 11, 2024), investment and advisory fees, interest expense, purchases of subordinate voting shares for cancellation under its automatic share purchase plan, and general and administration expenses.

At September 30, 2024 the company's payment obligations, which are due beyond one year, primarily relate to the recurring nature of expenses described above and a principal repayment on the Unsecured Senior Notes due in February 2028, which bear interest at a fixed rate of 5.0% per annum, payable in semi-annual installments. In addition, under the Investment Advisory Agreement (defined in note 11), if a performance fee is payable for the period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares.

The company has the ability to sell a portion of its Indian Investments to supplement its liquidity requirements, by way of private placements or in public markets for its Public Indian Investments, or through private sales or IPOs for its Private Indian Investments. At September 30, 2024, in addition to cash and cash equivalents of $23,614 and short term investments of $62,446, the company held common shares of Public Indian Investments, which carry no selling restrictions, with a fair value of $1,113,045 and Government of India bonds with a fair value of $199,596. The company expects to continue to receive investment income on its holdings of fixed income securities and dividends from its equity investments to supplement its cash and cash equivalents. To further augment its liquidity, the company can draw upon its Revolving Credit Facility. Accordingly, the company has adequate working capital to support its ongoing operations.

Concentration Risk

The company's cash and investments are primarily concentrated in India and in Indian businesses or businesses with customers, suppliers or business primarily conducted in, or dependent on, India. The market value of the company's investments, the income generated by the company and the company's performance will be particularly sensitive to changes in the economic condition, interest rates, and regulatory environment in India. Adverse changes to the economic condition, interest rates or regulatory environment in India may have a material adverse effect on the company's business, cash flows, financial condition and net earnings. At September 30, 2024 and December 31, 2023 the company's total cash and investments composition by the issuer's country of domicile was primarily India, and at September 30, 2024 represented 99.4% (December 31, 2023 - 99.3%) of the total cash and investments portfolio.

The company's holdings of Public and Private Indian Investments (see note 5) at September 30, 2024 and December 31, 2023 are summarized by the issuer's primary industry sector in the table below:

	September 30, 2024	December 31, 2023
Infrastructure	1,614,500	1,599,988
Financial services	1,031,334	1,232,943
Commercial and industrial	553,544	586,191
Ports and shipping	222,155	193,390
	3,421,533	3,612,512

At September 30, 2024 the company determined that it was in compliance with the Investment Concentration Restriction, as defined in the company's annual consolidated financial statements for the year ended December 31, 2023.

Capital Management

The company's objectives when managing capital are to protect its lenders, to safeguard its ability to continue as a going concern, and to maintain an optimal capital structure to reduce the cost of capital in order to optimize returns for common shareholders. The company will seek attractive risk-adjusted returns, but will at all times seek downside protection and attempt to minimize the loss of capital. Total capital (comprised of borrowings, common shareholders' equity and non-controlling interests) decreased to $3,555,440 at September 30, 2024 from $3,582,601 at December 31, 2023, principally reflecting a decrease in common shareholders' equity.

Common shareholders' equity decreased to $2,928,425 at September 30, 2024 from $2,958,718 at December 31, 2023 primarily reflecting unrealized foreign currency translation losses attributable to shareholders of $20,684, a net loss attributable to shareholders of $5,391, and purchases of subordinate voting shares for cancellation of $3,621 during the first nine months of 2024.

11. Related Party Transactions

Payable to Related Parties

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

	September 30, 2024	December 31, 2023
Performance fee	—	110,158
Investment and advisory fees	10,345	10,700
	10,345	120,858

Investment Advisory Agreement

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

Performance Fee

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

The period from January 1, 2024 to December 31, 2026 (the "fourth calculation period") is the next consecutive three-year period for which a performance fee, if applicable, will be accrued. Under the Investment Advisory Agreement, if a performance fee is payable for the period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the last day of the calculation period.

At September 30, 2024 the company determined that no performance fee accrual was required related to the fourth calculation period (December 31, 2023 - performance fee payable of $110,158 related to the third calculation period). Accordingly, no performance fee was recorded in the consolidated statements of earnings (loss) in the third quarter and first nine months of 2024 (2023 - a performance fee of $20,469 and $41,536).

Investment and Advisory Fees

The investment and advisory fees recorded in the consolidated statements of earnings (loss) for the third quarter and first nine months of 2024 were $10,384 and $29,990 (2023 - $10,376 and $28,662).

Unsecured Senior Notes

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

	September 30, 2024	December 31, 2023
Principal portion, presented within borrowings on the consolidated balance sheet	58,400	58,400
Interest portion, presented within accrued interest expense on the consolidated balance sheet	1,006	1,006
	59,406	59,406

Interest expense recorded in the consolidated statements of earnings (loss) for the third quarter and first nine months of 2024 included $730 and $2,190 related to amounts due to related parties (2023 - $730 and $2,190). Refer to note 7 for further details on the Unsecured Senior Notes.

Fairfax's Voting Rights and Equity Interest

At September 30, 2024 Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares (December 31, 2023 - 30,000,000) and owned and/or exercised control or direction over 28,504,470 subordinate voting shares (December 31, 2023 - 28,504,470) of Fairfax India. At September 30, 2024 Fairfax's aggregate ownership, control and/or direction of the subordinate voting shares and multiple voting shares represented a 95.2% voting interest and a 43.3% equity interest (December 31, 2023 - 95.2% and 43.2%) in Fairfax India.

12. General and Administration Expenses

General and administration expenses for the three and nine months ended September 30 were comprised as follows:

	Third quarter		First nine months	
	2024	2023	2024	2023
Audit, legal, tax, and professional fees (1)	952	391	2,054	7,373
Salaries and employee benefit expenses	240	261	947	774
Administrative expenses	393	398	1,234	1,310
Other	113	76	2,107	1,331
	1,698	1,126	6,342	10,788

(1) Audit, legal, tax, and professional fees were lower in the first nine months of 2024 primarily due to decreased consulting fees.

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

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

(1) Readers of the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should review the notes to the interim consolidated financial statements for the three and nine months ended September 30, 2024 and the company's 2023 Annual Report.

(2) Unless otherwise noted, consolidated financial information of the company within this MD&A is derived from the consolidated financial statements of the company prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*, and is presented in U.S. dollars with the Indian rupee as the functional currency of the company and its consolidated subsidiaries.

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

Business Developments

Overview

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

Book Value per Share

Common shareholders' equity at September 30, 2024 was $2,928,425 (December 31, 2023 - $2,958,718). The book value per share at September 30, 2024 was $21.67 compared to $21.85 at December 31, 2023, representing a decrease in the first nine months of 2024 of 0.8%, principally reflecting unrealized foreign currency translation losses attributable to shareholders of $20,684 and a net loss attributable to shareholders of Fairfax India of $5,391 (primarily attributed to a provision for income taxes, investment and advisory fees, and interest expense, partially offset by net gains on investments, and interest and dividend income). In addition, the company purchased for cancellation 246,062 subordinate voting shares during the first nine months of 2024 for a net cost of $3,621 ($14.72 per subordinate voting share) through its normal course issuer bid, which partially offset the decrease in book value per share.

	September 30, 2024	December 31, 2023
Common shareholders' equity	2,928,425	2,958,718
Number of common shares effectively outstanding	135,152,447	135,398,509
Book value per share	$21.67	$21.85

Summary of Indian Investments

Throughout this MD&A, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed in note 5 (Indian Investments) to the interim consolidated financial statements for the three and nine months ended September 30, 2024. Full descriptions of the Indian Investments committed to, acquired and sold in the first nine months of 2024 are provided in the Indian Investments section of this MD&A.

Track Record

The table below provides a summary of the company's existing and monetized Indian Investments, including their compounded annualized return in U.S. dollars since the company's inception:

		September 30, 2024					
Existing Indian Investments:	**Initial investment date**	**Ownership %**	**Cash consideration [1]**	**Fair value**	**Net change**	**Cumulative interest and dividends [2]**	**Compounded annualized return [3]**
Public Indian Investments:							
Common stocks:							
IIFL Finance [4]	December 2015	15.2 %	101,118	357,190	256,072	18,716	20.5 % *
IIFL Securities [4]	December 2015	27.4 %	51,055	348,459	297,404	16,993	27.0 % *
5paisa [4]	December 2015	24.6 %	16,603	49,425	32,822	—	18.9 % *
Fairchem Organics [5]	February 2016	52.8 %	29,741	99,402	69,661	2,726	20.3 %
CSB Bank	October 2018	40.0 %	136,348	258,569	122,221	—	12.2 %
			334,865	1,113,045	778,180	38,435	20.5 %
Private Indian Investments:							
Common stocks:							
NCML	August 2015	91.0 %	188,288	45,156	(143,132)	823	(15.5)%
Sanmar	April 2016	42.9 %	199,039	252,196	53,157	—	5.1 %
Saurashtra	February 2017	51.0 %	30,018	56,392	26,374	11,921	11.7 %
BIAL	March 2017	64.0 %	902,982	1,614,500	711,518	2,241	10.4 %
IH Fund [6]	January 2019	—	11,591	9,977	(1,614)	5,933	5.0 %
Seven Islands	March 2019	48.5 %	83,846	165,763	81,917	6,054	14.2 %
Maxop	November 2021	67.0 %	51,448	74,644	23,196	—	15.9 %
Jaynix	February 2022	70.0 %	32,504	58,280	25,776	—	24.8 %
Other Indian Fixed Income	November 2021	—	31,408	31,580	172	1,134	3.1 %
			1,531,124	2,308,488	777,364	28,106	7.5 %
Total existing Indian Investments			1,865,989	3,421,533	1,555,544	66,541	11.0 %

Monetized Indian Investments:	**Initial investment date**	**Last sale date**	**Cash consideration [1]**	**Cash proceeds [1]**	**Cash proceeds less cash consideration**	**Cumulative interest and dividends [2]**	**Compounded annualized return [3]**
Partially monetized [7]:							
CSB Bank	October 2018	June 2024	33,144	71,298	38,154	—	15.5 %
IIFL Finance [4]	December 2015	December 2023	35,711	177,324	141,613	7,467	24.9 % *
Fairchem Organics [5]	February 2016	February 2022	7,787	45,585	37,798	86	49.7 %
			76,642	294,207	217,565	7,553	25.5 %
Fully monetized:							
Other Public Indian Investments	March 2018	July 2024	182,148	286,033	103,885	9,326	27.7 %
NSE	July 2016	April 2024	26,783	188,948	162,165	15,048	32.8 %
360 ONE (formerly IIFL Wealth) [4]	December 2015	May 2023	107,044	243,465	136,421	40,492	16.7 % *
Privi Speciality [5]	August 2016	April 2021	54,975	164,895	109,920	1,985	27.1 %
Sanmar Bonds [8]	April 2016	December 2019	299,000	433,873	134,873	—	11.0 %
			669,950	1,317,214	647,264	66,851	18.3 %
Total monetized Indian Investments			746,592	1,611,421	864,829	74,404	19.4 %
** Aggregate: IIFL Finance, IIFL Securities, 5paisa and 360 ONE (formerly IIFL Wealth)*							*21.5 %*

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

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

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

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

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

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

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

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

Operating Environment

Political Stability

The 2024 Indian general elections were held in seven phases, from April 19, 2024 to June 1, 2024, with results declared on June 4, 2024 after more than 640 million people voted. The National Democratic Alliance, led by Prime Minister Narendra Modi's Bharatiya Janata Party ("BJP") managed to secure the majority again. Prime Minister Modi is only the second Indian Prime Minister to secure a third consecutive term.

The continuation of the current government provides political stability; however, a stronger opposition and fewer seats for the BJP means more checks and balances on the government. The BJP will have to compromise with its coalition partners, which may initially slow policy implementation and cause some short term volatility in Indian markets. However, the BJP continues to have the power to press forward on economic reforms, possibly with even greater focus. All indications are that key initiatives such as privatization, infrastructure-led investments, innovation and simplifying business processes, will continue robustly.

Global Economic Environment

According to the World Economic Outlook Update (October 2024) published by the International Monetary Fund ("IMF"), global growth is expected to remain steady at 3.2% for both 2024 and 2025, relatively consistent with previous estimates in July 2024. Growth outlook in both emerging and developed markets has been relatively stable. While China and India have been revised upwards, factors such as civil unrest and the persistence of global conflicts have led to slight downward revisions for near term outlooks for the Middle East, Central Asia and sub-Saharan Africa. Growth in the near term is fueled by significant investment in artificial intelligence in emerging Asia, as well as the global adoption of electric vehicles, which may have far-reaching impacts for patterns in investment, production, trade, and employment.

Global inflation is expected to continue to decline through 2024 and 2025, although momentum has slowed in the first half of the year, resulting in some central banks delaying their policy easing plans. The policy mix is expected to shift to more fiscal tightening, putting public finances under more pressure, especially in countries where debt-servicing costs are already high. The impact of these policies could affect long term growth, the resilience of supply chains, and create difficult trade-offs for central banks. There is also uncertainty surrounding upcoming elections in 2024, which could bring significant shifts in trade and fiscal policy.

Indian Economy

According to the latest estimates from the Indian government, the country's GDP grew 8.2% in its fiscal year 2024, followed by 6.7% growth in the first quarter of fiscal year 2025 reflecting continued momentum from the past year and steady prospects for private consumption. In its October 2024 report, the IMF estimated India's GDP will expand by 7.0% in fiscal year 2025, making India one of the fastest growing economies in the world.

On July 23, 2024 Finance Minister, Nirmala Sitharaman presented India's 2024-25 Union Budget (the "Budget") highlighting four key themes: (i) employment; (ii) skilled labour; (iii) micro, small and medium enterprises ("MSMEs"); and (iv) the middle class. Several policy announcements were made, emphasizing certain priorities, including:

- Productivity and resilience in agriculture: over 1.5 trillion Indian rupees allocated to agriculture and related sectors, with efforts to develop climate resilient crop varieties and boost natural farming.
- Manufacturing and services: facilitation of term loans to MSMEs for the purchase of machinery and equipment, credit support for MSMEs, and reforms aimed to grow the Indian shipping industry.
- Infrastructure: continuation of strong fiscal support for infrastructure over the next five years, with over 11 trillion Indian rupees allocated to capital expenditure, representing 3.4% of GDP.
- Next generation reforms: flexible financing for leasing aircrafts and ships, pooled funds of private equity, and a goal to simplify regulations for certain foreign investments.

The Budget also proposed a simplified tax regime resulting in a decrease to the long term capital gains rate for Indian residents and an increase for non-residents. The proposed tax rate changes were enacted into law on August 16, 2024 with effect from July 23, 2024, and its impact of $13,891 has been reflected in the company's deferred income tax provisions at September 30, 2024.

The Reserve Bank of India ("RBI") maintained the benchmark rate at 6.50% at its most recent monetary policy meeting in October 2024, for the tenth consecutive meeting. Rate cuts have been delayed due to core inflation increasing during July-August 2024, although the RBI has changed their stance to 'neutral' from 'withdrawal of accommodation'. The RBI remains focused on ensuring that inflation aligns to the target, while still supporting growth.

Indian Market Indices and Foreign Exchange Rate

Global equity markets demonstrated growth during the third quarter of 2024, largely driven by new stimulus measures in China and a relatively positive investor sentiment in the U.S. as the Federal Reserve delivered its first interest rate cut since 2020, despite a weak labour market. Indian market indices continued to experience momentum despite some short term volatility during the Indian election period. The BSE Sensex reached a new all-time high in the third quarter of 2024, driven by strong domestic and global macroeconomic data and robust domestic corporate earnings. The U.S. dollar S&P BSE Sensex increased by 6.1% and 15.9% in the third quarter and first nine months of 2024. The Indian rupee weakened slightly against the U.S. dollar, reflecting depreciation of 0.7% in the first nine months of 2024.

Consistent with Indian equity markets, the fair values of the company's Indian Investments primarily achieved growth during the third quarter of 2024. Consistent with the depreciation of the Indian rupee, the company recorded unrealized foreign currency translation losses as the company's net assets and net earnings are primarily denominated in Indian rupees.

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

Business Objectives

Investment Objective

Fairfax India is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India ("Indian Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage, a consolidated subsidiary of FIH Mauritius based in India.

Investment Restrictions

There have been no changes in the third quarter and first nine months of 2024 to the company's investment restrictions. At September 30, 2024 the company determined that it was in compliance with the Investment Concentration Restriction, as defined in the company's 2023 Annual Report.

Indian Investments

Cautionary Statement Regarding Financial Information of Significant Indian Investments

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

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

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

Public Indian Investments

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

The changes in fair value of the company's Public Indian Investments for the third quarters and first nine months of 2024 and 2023 are presented in the tables disclosed in note 5 (Indian Investments) to the interim consolidated financial statements.

Investment in IIFL Finance Limited

Business Overview

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

Key Business Drivers, Events and Risks

IIFL Finance's key business drivers include its access to well-diversified sources of funds, a diversified asset portfolio with a strategic focus on households, and its extensive network of physical branches and various digital channels, which enable it to deliver credit to underserved segments and under penetrated geographical areas in India. At September 30, 2024 IIFL Finance had over 4,800 branches across India, making it one of the largest retail focused non-banking finance companies.

At September 30, 2024 IIFL Finance had assets under management ("AUM") of approximately $8.0 billion (670 billion Indian rupees) (December 31, 2023 - approximately $9.3 billion (774 billion Indian rupees)) comprised of home loans (43%), gold loans (16%), microfinance (17%), loans against property (13%), digital loans (8%), construction and real estate finance (2%), and capital market finance (1%). The well-diversified asset portfolio is predominantly retail in nature with small loan ticket sizes, mitigating the risk of asset concentration and exposure to cyclical movements.

On March 4, 2024 the RBI ordered IIFL Finance to immediately cease the sanctioning and disbursing of gold loans, in connection with the results of an inspection which identified material supervisory concerns related to IIFL Finance's gold loan portfolio ("RBI Order"). The RBI has since completed a special audit to verify that deficiencies have been remediated, and accordingly the restrictions were lifted on September 19, 2024, permitting IIFL Finance to resume its gold loan business. The decline in AUM during the year was largely attributable to the above temporary restrictions.

On April 17, 2024 IIFL Finance announced a rights offering to existing shareholders, whereby shareholders of record on April 23, 2024 were given the right to participate in a common share issuance on the pro rata basis of 1 newly issued equity share for every 9 equity shares held, at a price of 300.00 Indian rupees per share ("IIFL Finance Rights Offer"). The IIFL Finance Rights Offer was completed in May 2024 and was fully subscribed. As a result, IIFL Finance raised approximately $152 million (12.7 billion Indian rupees) to augment the capital base of the company.

After completion of the IIFL Finance Rights Offer, the company and Fairfax have, in aggregate, provided $85.0 million in liquidity support to IIFL Finance in the form of equity and debt throughout the duration of the RBI Order. At this time, the company does not expect to provide further liquidity support to IIFL Finance in relation to the RBI Order.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2024 the fair value of the company's investment in IIFL Finance was $357,190 (December 31, 2023 - $412,151) comprised of 64,552,521 common shares representing a 15.2% equity interest (December 31, 2023 - 57,641,445 common shares representing 15.1% equity interest). IIFL Finance's share price decreased by 22.1% from 595.00 Indian rupees per share at December 31, 2023 to 463.70 Indian rupees per share at September 30, 2024.

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

In the third quarter and first nine months of 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Finance of nil and $2,776 (2023 - nil and $4,116).

IIFL Finance's Summarized Financial Information

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

Balance Sheets
(unaudited - US$ thousands)

	June 30, 2024(1)	March 31, 2024(1)
Financial assets	6,777,630	7,309,056
Non-financial assets	179,286	175,272
Financial liabilities	5,253,837	5,998,714
Non-financial liabilities	60,046	40,041
Total equity	1,643,033	1,445,573

(1) The net assets of IIFL Finance were translated at June 30, 2024 at $1 U.S. dollar = 83.39 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets decreased principally reflecting reduced loan advances largely attributable to the RBI Order as described above. Non-financial assets increased primarily due to an increase in deferred tax assets. Financial liabilities decreased principally reflecting net repayments of borrowings and lower payables related to loan assignment and securitization. Non-financial liabilities increased primarily due to increased advances from customers and provisions. The increase in total equity primarily reflected the impact of the IIFL Finance Rights Offer completed in May 2024 which raised approximately $152 million, in addition to net income earned during the three months ended June 30, 2024.

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

Statements of Earnings
(unaudited - US$ thousands)

	Three months ended June 30, 2024(1)	Three months ended June 30, 2023(1)
Revenue	314,709	288,462
Earnings before income taxes	52,283	75,241
Net earnings	40,536	57,537

(1) Amounts for the three months ended June 30, 2024 and 2023 were translated using the average exchange rates of $1 U.S. dollar = 83.42 Indian rupees and $1 U.S. dollar = 82.18 Indian rupees prevailing during those periods.

IIFL Finance's revenue increased primarily reflecting an increase in interest income consistent with a higher average AUM balance compared to the prior period and higher total portfolio yields. Growth in revenue was, however, partially offset by the impact of the RBI Order. Earnings before income taxes decreased primarily due to increased finance costs consistent with higher interest rates, higher net losses and impairment related to financial instruments, and increased employee benefit expenses, partially offset by higher interest income as discussed above. The decrease in net earnings was also partially offset by a recovery of deferred taxes.

Investment in IIFL Securities Limited

Business Overview

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

Key Business Drivers, Events and Risks

IIFL Securities is a key player in both retail and institutional segments of the capital market, with over 4,800 partners and over 100 branches across India. IIFL Securities' current strategy for growth for the non-institutional sector involves the transformation of the legacy execution-focused platform into a comprehensive wealth management platform with a focus on the affluent segment. For the institutional sector, IIFL Securities aims to continue building on its market-leading institutional broking and investment banking franchises by widening research and sector coverage, leveraging its enhanced block placement capabilities, and becoming the 'Banker of choice' for the Indian entrepreneurial ecosystem by focusing on both mid and large sized transactions. IIFL Securities also intends to improve balance sheet efficiency by disposing of non-core real estate assets.

At September 30, 2024 IIFL Securities' non-institutional business segment had AUM of approximately $29.4 billion (2,463 billion Indian rupees) (December 31, 2023 - $21.8 billion (1,816 billion Indian rupees)). IIFL Securities' institutional broking franchise business provides comprehensive research coverage in over 280 stocks in more than 20 sectors, accounting for over 70% of India's market capitalization. The investment banking business continues to have a robust deal pipeline and completed over 35 transactions to date in 2024.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2024 the fair value of the company's investment in IIFL Securities was $348,459 (December 31, 2023 - $147,437) comprised of 84,641,445 common shares representing a 27.4% equity interest (December 31, 2023 - 27.5%). IIFL Securities' share price increased by 138.0% from 144.95 Indian rupees per share at December 31, 2023 to 345.00 Indian rupees per share at September 30, 2024.

In the third quarter and first nine months of 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Securities of nil and $3,058 (2023 - nil and $3,087).

Investment in CSB Bank Limited

Business Overview

CSB Bank Limited ("CSB Bank") is a publicly traded company located in Thrissur, India, established in 1920 and is a full-service bank offering retail banking, non-resident Indian banking services, small-to-medium enterprise and wholesale banking services through 802 branches and 770 automated teller machines across India.

Key Business Drivers, Events and Risks

CSB Bank's key business drivers relate to its ability to provide financial services in India, particularly in the areas of retail, SMEs, gold and corporate lending and to mobilize low cost deposits in the form of current accounts, savings accounts and non-resident Indian deposits. CSB Bank's vision is to transition from a small bank to mid-sized bank by fiscal year 2030, by focusing on the following pillars: (i) culture and leadership; (ii) governance and compliance; (iii) risk management; (iv) customer centricity; and (v) technology. As part of its 2030 vision, CSB Bank also aims to leverage its universal banking license and expand its services in the non-gold portfolio.

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

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

Valuation and Interim Consolidated Financial Statement Impact

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

At September 30, 2024 the fair value of the company's investment in CSB Bank was $258,569 (December 31, 2023 - $409,335) comprised of 69,394,331 common shares representing a 40.0% equity interest (December 31, 2023 - 86,262,976 common shares representing 49.7% equity interest). The company was restricted from selling a certain percentage of its common shares of CSB Bank for a specified period due to restrictions imposed by the RBI and the Securities and Exchange Board of India ("SEBI"). At December 31, 2023 the company held 69,394,331 common shares of CSB Bank that were restricted until August 7, 2024.

CSB Bank's share price decreased by 25.3% from 418.00 Indian rupees per share at December 31, 2023 to 312.25 Indian rupees per share at September 30, 2024.

CSB Bank's Summarized Financial Information

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

Balance Sheets
(unaudited - US$ thousands)

	June 30, 2024(1)	March 31, 2024(1)
Financial assets	4,274,889	4,225,027
Non-financial assets	132,615	117,215
Financial liabilities	3,882,046	3,833,163
Non-financial liabilities	64,592	62,547
Shareholders' equity	460,866	446,532

(1) The net assets of CSB Bank were translated at June 30, 2024 at $1 U.S. dollar = 83.39 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets increased primarily due to increased investment securities and loans and advances to customers. Non-financial assets increased primarily due to increased other advances and intangible assets related to software purchases. Financial liabilities increased primarily due to increased deposits from customers and increased borrowings. Non-financial liabilities increased primarily due to increased lease liabilities and other liabilities.

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

Statements of Earnings
(unaudited - US$ thousands)

	Three months ended June 30, 2024(1)	Three months ended June 30, 2023(1)
Revenue	65,068	63,001
Earnings before income taxes	17,603	26,263
Net earnings	13,096	19,661

(1) Amounts for the three months ended June 30, 2024 and 2023 were translated using the average exchange rates of $1 U.S. dollar = 83.42 Indian rupees and $1 U.S. dollar = 82.18 Indian rupees prevailing during those periods.

Revenue increased primarily as a result of higher net fee and commission income, partially offset by a decrease in net interest income as a result of higher interest rates, in addition to changes in regulatory guidance on penalty charges which have reduced yields. Earnings before income taxes and net earnings decreased primarily due to increased employee and other expenses consistent with higher headcount and number of branches, partially offset by increased revenue discussed above.

Investment in Fairchem Organics Limited

Business Overview

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

Key Business Drivers, Events and Risks

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

The close proximity to raw materials available in Asia (India, Malaysia and Indonesia) has resulted in a shift of oleochemical production away from the U.S. and Europe. As India is one of the largest consumers of soft oils, its easy access to raw materials and lower costs, combined with efficient manufacturing processes and strong customer and supplier relationships have provided Fairchem Organics with certain competitive advantages over its international peers. Fairchem Organics also has a strong market presence for some of its products, with little or no direct competition, and is considered to produce a superior quality product compared to its competitors. These competitive advantages continue to be maintained through research and development aimed at improving product yield, and optimizing its manufacturing processes while ensuring quality. In fiscal year 2024 Fairchem Organics launched isostearic acid, a product developed in-house and used in the cosmetics industry, which is considered a major achievement. Fairchem Organics is currently the only manufacturer of isostearic acid in India exporting to the U.S., South America, and Europe, and expects to continue expanding the geographical presence of its customer base.

On September 14, 2024, the Indian government raised the import duty on certain crude and refined vegetable oils by 20% in an effort to protect farmers from lower seed oil prices. It is uncertain how long the increased import duty will be in effect. Due to the competitive pricing environment from international peers for one of its finished products, Fairchem Organics may not be able to raise prices in order to fully pass on the increased raw material costs to its customers. These changes may negatively impact Fairchem Organics' margins and profitability in the near term.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2024 the fair value of the company's investment in Fairchem Organics was $99,402 (December 31, 2023 - $102,998) comprised of 6,878,656 common shares representing a 52.8% equity interest (December 31, 2023 - 52.8%). Fairchem Organics' share price decreased by 2.8% from 1,246.00 Indian rupees per share at December 31, 2023 to 1,211.00 Indian rupees per share at September 30, 2024.

Investment in 5paisa Capital Limited

Business Overview

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

Key Business Drivers, Events and Risks

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

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

SEBI, the principal regulator of the securities market in India, announced that starting October 1, 2024 all stock exchanges, depositories and clearing corporations must charge brokers uniform transaction fees, where previously transaction fees varied based on trade volume, with discounts provided for higher volumes. This regulatory change will impact all brokers, but particularly those brokers benefiting from high volume discounts. SEBI is implementing measures to cool market speculation, promote fairness in the industry and increase transparency for retail investors. These changes may impact 5paisa's profitability and result in some volatility in its market price in the near term.

At September 30, 2024 the 5paisa mobile application has reached over 20.6 million downloads and its total customer base exceeded 4.6 million. During the third quarter of 2024, over 85% of customer acquisitions were attributed to customers onboarded to the digital platform without intervention or assistance. 5paisa remains focused on improving the quality of customer acquisitions and investing in new technologies to strengthen revenue and optimize costs.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2024 the fair value of the company's investment in 5paisa was $49,425 (December 31, 2023 - $52,129) comprised of 7,670,130 common shares representing a 24.6% equity interest (December 31, 2023 - 24.6%). 5paisa's share price decreased by 4.5% from 565.55 Indian rupees per share at December 31, 2023 to 540.00 Indian rupees per share at September 30, 2024.

Investment in Other Public Indian Investments

At December 31, 2023 the fair value of the company's investment in Other Public Indian Investments was $2,751 and represented less than 1.0% equity interest in a public Indian company in the financial services sector. During the third quarter of 2024 the company sold its remaining equity interest in Other Public Indian Investments for gross proceeds of $3,469 (289.9 million Indian rupees), resulting in realized gains of $330.

In the third quarter and first nine months of 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Other Public Indian Investments of nil and $13 (2023 - $10 both periods).

Private Indian Investments

Cautionary Statement Regarding the Valuation of Private Indian Investments

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

The changes in fair value of the company's Private Indian Investments for the third quarters and first nine months of 2024 and 2023, including details on valuation methodologies and current model assumptions are discussed in note 5 (Indian Investments) to the interim consolidated financial statements.

Investment in Bangalore International Airport Limited

Business Overview

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership (the "concession agreement"). KIAB is the first greenfield airport in India built to the highest level of international standards through a public-private partnership. BIAL's principal lines of business are aeronautical and non-aeronautical revenue from the airport, real estate monetization and other non-airport related revenue, which includes a five-star hotel operated under the Taj brand.

Key Business Drivers, Events and Risks

KIAB is the busiest airport in South India, and the third largest in the country. The airport handled domestic passenger traffic of 26.0 million and international passenger traffic of 3.9 million in the first nine months of 2024, representing year over year growth of 6.4% and 19.1%, respectively. This growth has been supported by increased capacity from major domestic and international carriers, the launch of new routes, and the start of operations by new international airlines. Cargo volumes also grew 19.7% year over year, driven by the strong Indian domestic retail market and a surge in demand for international air cargo as a result of recent geopolitical events impacting the ocean freight industry. BIAL handled the highest market share of perishable cargo in India for the fourth consecutive year in fiscal year 2024.

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

The commencement of domestic and international operations for Phase 1 of Terminal 2 during 2023 increased annual passenger capacity at the airport by approximately 25 million. During 2024, BIAL revised its airport infrastructure expansion plan pertaining to several projects to be undertaken between fiscal years 2025 and 2028, with a primary goal to enhance accessibility and optimize existing airport operations in consideration of anticipated growth in passenger and air traffic. Such plans include new airport metro stations, upgrades to existing terminals, additional airplane taxiways, and new tunnels, connectors and walkways. BIAL's plans to increase the overall capacity of the airport also remain underway, and include the construction of Phase 2 of Terminal 2 by fiscal year 2029 and a third terminal building ("Terminal 3") by fiscal year 2034.

Valuation and Interim Consolidated Financial Statement Impact

On May 9, 2023 Fairfax India entered into an agreement with Siemens Project Ventures GmbH, a part of Siemens Financial Services and one of the original investors in the public-private partnership, to acquire an additional 10.0% equity interest in BIAL through FIH Mauritius in two transactions: (i) 3.0% equity interest acquired on June 21, 2023 for cash of $75,000 (6.2 billion Indian rupees); and (ii) 7.0% equity interest acquired on December 12, 2023 for cash of $175,000 (14.6 billion Indian rupees).

At September 30, 2024 the company held a 64.0% equity interest in BIAL (December 31, 2023 - 64.0%), and its internal valuation model indicated that the fair value of the company's investment in BIAL was $1,614,500 (December 31, 2023 - $1,599,988).

At September 30, 2024 the company held 43.6% out of its 64.0% (December 31, 2023 - 43.6% out of its 64.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 59.0% (December 31, 2023 - 59.0%). Refer to note 8 (Total Equity, under the heading Non-controlling interests) to the interim consolidated financial statements for the three and nine months ended September 30, 2024 for further discussion on Anchorage.

BIAL's Summarized Financial Information

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

Balance Sheets
(unaudited - US$ thousands)

	June 30, 2024[(1)]	**March 31, 2024[(1)]**
Current assets	372,418	349,078
Non-current assets	1,538,396	1,549,462
Current liabilities	220,356	197,943
Non-current liabilities	1,366,632	1,390,798
Shareholders' equity	323,826	309,799

(1) The net assets of BIAL were translated at June 30, 2024 at $1 U.S. dollar = 83.39 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Current assets increased primarily reflecting the investment of surplus cash from operations into short term fixed deposits. Non-current assets decreased due to the depreciation of property, plant and equipment, partially offset by investments in longer term fixed deposits. Current liabilities increased primarily due to increased current maturities of borrowings (consistent with the decrease in non-current liabilities), partially offset by a decrease in other payables. The decrease to non-current liabilities was partially offset by additional borrowings drawn to fund BIAL's expansion projects.

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

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

	Three months ended June 30, 2024[(1)]	**Three months ended June 30, 2023[(1)]**
Revenue	109,311	75,891
EBITDA	74,608	48,550
Net earnings (loss)	14,313	(1,643)

(1) Amounts for the three months ended June 30, 2024 and 2023 were translated using the average exchange rates of $1 U.S. dollar = 83.42 Indian rupees and $1 U.S. dollar = 82.18 Indian rupees prevailing during those periods.

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

Investment in Sanmar Chemicals Group

Business Overview

Sanmar Chemicals Group ("Sanmar"), a private company located in Chennai, India, is one of the largest polyvinyl chloride ("PVC") manufacturers in India with an operational presence in India and Egypt. Sanmar has an aggregate installed capacity of approximately 838,000 metric tons per annum, comprised of 438,000 metric tons per annum in India and 400,000 metric tons per annum in Egypt.

Sanmar's principal lines of business consist of: (i) Chemplast Sanmar Limited ("Chemplast"), the largest specialty paste PVC manufacturer in India, comprising of Chemplast Cuddalore Vinyls Limited ("CCVL"), the second largest suspension PVC manufacturer in India, and a leading custom manufacturer of starting materials and intermediates for pharmaceutical, agro-chemical and fine chemicals sectors ("Speciality Chemicals"); and (ii) TCI Sanmar Chemicals S.A.E. ("Sanmar Egypt"), the largest Indian investor in Egypt's chemical business and the largest caustic soda, calcium chloride and PVC manufacturer in Egypt. Sanmar owns 55.0% of Chemplast, which is listed and actively traded on both the BSE and NSE of India.

Key Business Drivers, Events and Risks

Sanmar continues to draw strength from the strong brand equity of the Sanmar Group, experienced management, dominant market position in the chemicals industry and demand outlook for PVC and caustic soda industry in India and across global markets. Sanmar's key business drivers relate to the execution of its plan to drive the growth of its Speciality Chemicals business, increase PVC manufacturing capacity in India (specifically the specialty PVC) to align with the growing demand for PVC, and to improve the overall capacity utilization at all of its PVC production facilities. Sanmar is in the second phase of a capacity expansion project at its custom manufactured chemicals division, which is expected to be completed in fiscal year 2025. Additionally, Chemplast commissioned its 41,000 metric tons per annum paste PVC capacity expansion in fiscal year 2024 and it is expected to be fully operational in fiscal year 2025.

The international PVC market remains subdued due to weak U.S. housing demand from high mortgage rates and slower than anticipated economic recovery in China. To further support PVC prices, in June 2024 the Indian government imposed a temporary anti-dumping duty on imports of specialty paste PVC from several countries for a period of six months.

Due to the foreign currency crisis in Egypt, Sanmar Egypt has focused on exporting PVC to global markets in the short term in order to ensure sufficient supply of U.S. dollars to cover raw material expenses and debt servicing. Recent positive developments such as the unification of the central bank exchange rate with market rates, expansion of the IMF loan program, in addition to several significant foreign investment announcements, have helped improve foreign reserves and the availability of U.S. dollars in Egypt. Sanmar Egypt expects to gradually shift its sales mix back towards higher margin domestic sales after fulfilling orders previously obtained against export customer advances.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2024 the company held a 42.9% equity interest in Sanmar (December 31, 2023 - 42.9%) and its internal valuation model indicated that the fair value of the company's investment in Sanmar was $252,196 (December 31, 2023 - $302,881).

The fair value of Chemplast, a publicly traded subsidiary of Sanmar, comprised 90.8% of the company's investment in Sanmar at September 30, 2024 (December 31, 2023 - 74.0%). The share price of Chemplast increased by 2.9% from 499.60 Indian rupees per share at December 31, 2023 to 514.00 Indian rupees per share at September 30, 2024.

Sanmar's Summarized Financial Information

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

Balance Sheets
(unaudited - US$ thousands)

	June 30, 2024(1)	March 31, 2024(1)
Current assets	330,229	341,465
Non-current assets	2,086,908	2,102,971
Current liabilities	639,520	642,523
Non-current liabilities	1,127,795	1,123,600
Total equity	649,822	678,313

(1) The net assets of Sanmar were translated at June 30, 2024 at $1 U.S. dollar = 83.39 Indian rupees and at March 31, 2024 at $1 U.S. dollar = 83.40 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Current assets decreased primarily due to decreased inventories related to intermediary stock. Non-current assets decreased primarily due to the depreciation of property, plant, and equipment. Current liabilities decreased primarily due to decreased customer advances and other payables in addition to repayments of short term borrowings. Non-current liabilities increased primarily due to higher deferred tax liabilities.

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

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

	Three months ended June 30, 2024[(1)]	Three months ended June 30, 2023[(1)]
Revenue	243,195	243,794
EBITDA	22,788	13,105
Net loss	(28,505)	(19,797)

(1) Amounts for the three months ended June 30, 2024 and 2023 were translated using the average exchange rates of $1 U.S. dollar = 83.42 Indian rupees and $1 U.S. dollar = 82.18 Indian rupees prevailing during those periods.

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

Investment in Seven Islands Shipping Limited

Business Overview

Seven Islands Shipping Limited ("Seven Islands"), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels. Seven Islands has recently established a new subsidiary, Seven Islands Shipping International FZE ("SISIF"), located in the United Arab Emirates, which will operate foreign-flagged vessels. At September 30, 2024 Seven Islands owned 26 vessels, including 2 gas carriers, with a total deadweight capacity of approximately 1.3 million metric tons.

Key Business Drivers, Events and Risks

Seven Islands' key business drivers relate to its ability to acquire vessels from reputable vessel owners within the international market and quickly deploy those vessels through charter contracts with India's largest oil and gas companies. Seven Islands' business model is susceptible to overall shipping cycles and could be impacted by industry downturns in terms of lower rates and increased competition. However, Seven Islands operates primarily in the crude oil, oil products and liquefied petroleum gas transport segments wherein India has one of the fastest growing energy consumption rates, mitigating business deployment risk for oil and gas tankers in India in comparison with other countries. In addition, India has witnessed a decline in the fleet of other shipping companies, due to lower operational efficiencies, forming a gap that Seven Islands has been able to fill.

Seven Islands has transferred two of its Indian owned vessels to operate as a foreign-flagged vessels under the new wholly-owned subsidiary, SISIF. Operating primarily in a free economic trade zone within the United Arab Emirates, the vessels can employ both Indian and foreign crew members, in addition to receiving certain benefits comparable to Indian owned and flagged vessels, including the absence of corporate tax.

Geopolitical tensions continue to impact the crude oil market, affecting both oil supply chains and demand patterns. As the ban on Russian oil by western nations and the European Union remains intact, Russia continues to export oil to China and India at higher volumes. While Seven Islands primarily operates along the Indian coast, Arabian Gulf, and Southeast Asia, shipping oil for Indian oil companies, it indirectly benefits from the increased demand for medium-sized vessels and longer-haul routes, particularly in Asia, which has resulted in an uptick in tanker charter rates. Meanwhile, tensions in the Middle East have diverted oil suppliers to take longer routes, tightening fleet supply and creating additional demand, further contributing to higher charter rates.

Recent macroeconomic trends indicate global oil demand is slowing, with China, the long-time global leader in oil demand growth demonstrating a shift in economic outlook. China has made rapid changes to its vehicle fleet and transportation modes, with a surge in electric vehicle sales and high-speed rail replacing domestic air travel. In the near term however, petrochemical feedstock demand, new government stimulus measures in China, as well as robust air travel activity and manufacturing in the U.S. will continue to support oil demand. Seven Islands remains somewhat insulated from volatility, at least in the short term, as the majority of its revenue contracts are on time charter for six months to over two years.

Seven Islands' revenues are denominated in U.S. dollars, whereas a majority of expenses incurred are denominated in Indian rupees. Seven Islands is also exposed to fluctuations in the Indian rupee to the extent that new vessels are acquired as the asset purchases are negotiated and settled in U.S. dollars.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2024 the company held a 48.5% equity interest in Seven Islands (December 31, 2023 - 48.5%), and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was $165,763 (December 31, 2023 - $142,839).

Investment in Maxop Engineering Company Private Limited

Business Overview

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors. Maxop operates from eight manufacturing facilities located in India with total installed casting capacity of over 20,000 metric tons, and caters to customers in Asia, North America and Europe.

Key Business Drivers, Events and Risks

Maxop's key business drivers arise from the growing demand and increasing scope of industrial applications for aluminum die casting, a process which manufactures lightweight parts and provides high flexibility for complex shapes. The automotive industry is a major consumer of aluminum die-cast products as it provides an effective alternative to reduce vehicle weight in order to meet increasingly strict fuel economy standards. The die casting market is expected to benefit from significant growth in global demand for vehicle production, in large part due to the rising popularity of electric vehicles. Accordingly, the automotive parts die casting segment makes up a significant portion of Maxop's revenue profile across domestic and export sales. Maxop is also a supplier of fully machined precision components, and diversifies its revenue mix by catering to general engineering product segments in the non-automotive sector with applications such as air conditioning and food processing machine parts.

Recent market conditions have presented a challenge, with domestic and global passenger vehicle demand weakening due to an overall slowdown within the auto industry. Vehicle sales growth in India has been restrained, consistent with the slower economic growth resulting from the absence of interest rate cuts and supply chain disruptions. The electric vehicle market in particular faced recent headwinds in the U.S. and Europe, with early price reductions indicating reduced enthusiasm for electric vehicles.

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

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

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2024 the company held a 67.0% equity interest in Maxop (December 31, 2023 - 67.0%), and its internal valuation model indicated that the fair value of the company's investment in Maxop was $74,644 (December 31, 2023 - $56,674).

Investment in Jaynix Engineering Private Limited

Business Overview

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

Key Business Drivers, Events and Risks

Jaynix's key business drivers relate to its ability to grow its customer base and product offerings in North America and Europe while maintaining the high quality of its products. Jaynix leverages its low-cost manufacturing operations across three manufacturing plants in India to cater to markets in North America and Europe, and has in-house capabilities to design products and scale its manufacturing production capacities. To support growing demand, Jaynix is in the process of constructing new facilities to increase production capacity in India, and developing new products to expand its product line. Jaynix continues to evaluate other opportunities for growth, including the expansion of its manufacturing presence to North America and the purchase of sheet metal machinery to meet customer demand for complete product assemblies.

Jaynix is able to maintain its competitive advantage as the requirement for specific certifications presents a barrier to entry for other competitors wishing to enter the North American and European markets, while Jaynix's management has operational expertise in obtaining and maintaining these certifications. Overall growth in demand, which slowed in fiscal year 2024 primarily due to the U.S. housing market, has shown signs of recovery. This recovery has been additionally boosted by increased demand from customers to develop new products and from higher than usual demand from the data centre industry. Jaynix has been able to maintain stable product margins despite volatile commodity prices, as raw material costs (including aluminum, which is the primary raw material used by Jaynix) are passed through to the customer.

In September 2024, the U.S. Department of Commerce announced its final determination of anti-dumping duties on aluminum extrusions from several countries, including India. The enactment of the duties is pending affirmative determinations from the International Trade Commission, which is expected to take place in the fourth quarter of 2024. Although certain of Jaynix's suppliers are included in the list of Indian companies subject to the new duties, these changes are not expected to have a significant impact on the demand from Jaynix's customers in the U.S.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2024 the company held a 70.0% equity interest in Jaynix (December 31, 2023 - 70.0%), and its internal valuation model indicated that the fair value of the company's investment in Jaynix was $58,280 (December 31, 2023 - $49,277).

Investment in Saurashtra Freight Private Limited

Business Overview

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

Key Business Drivers, Events and Risks

Saurashtra measures the operating performance of its CFS business based on the utilization of its standard twenty-foot (shipping container) equivalent units ("TEUs") relative to total installed capacity, and total import and export container traffic in the market. In the third quarter of 2024, Saurashtra handled 36,892 TEUs (2023 - 39,415 TEUs) compared to quarterly installed capacity of 57,900 TEUs, implying a capacity utilization of approximately 64% (2023 - 68%). Saurashtra is the second largest CFS at the Mundra port in terms of total throughput, imports and exports, achieving a 13% total market share for the quarter ended September 30, 2024. The CFS industry is highly fragmented with 14 CFS at Mundra port. Many of these CFS are inefficient and operating below capacity, providing Saurashtra with the opportunity to benefit from industry consolidation.

Ongoing geopolitical events continue to cause global supply routes to be diverted from the Suez Canal, resulting in operational challenges for shipping businesses that operate out of major Indian ports. Specifically, inconsistent vessel schedules and port congestion have disrupted import and export container traffic, leading to reduced TEU utilization in the short term. Despite these challenges, the forecasted demand and growth of container traffic at India's major ports remains strong. The new CFS that Saurashtra has undertaken to operate is expected to commence operations during the fourth quarter of 2024, subject to regulatory approvals.

The above noted supply chain disruptions have also caused a shortage of capacity for the container shipping industry resulting in increased slot costs, however, ocean freight rates have rebounded in the near term, allowing for improved financial results from Fairfreight Lines. Fairfreight Lines is also able to sustain its profitability through cost optimization and flexible inventory allocation. Saurashtra continues to actively pursue additional volume and increase capacity through offering comprehensive packages to shipping lines and evaluating expansion projects in its existing businesses and the wider logistics industry.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2024 the company held a 51.0% equity interest in Saurashtra (December 31, 2023 - 51.0%) and its internal valuation model indicated that the fair value of the company's investment in Saurashtra was $56,392 (December 31, 2023 - $50,551).

In the third quarter and first nine months of 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Saurashtra of $548 and $1,528 (2023 - $2,477 both periods).

Investment in National Commodities Management Services Limited

Business Overview

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is a leading integrated agriculture value chain solutions company, and offers end-to-end solutions in grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence.

Key Business Drivers, Events and Risks

NCML's key business drivers relate to its ability to achieve long term modernization of its grain storage facilities, the expansion of its commodity management solutions line of business with adjacent services, and the successful construction of silo projects under the concession agreements with the Food Corporation of India ("FCI"). At September 30, 2024, five of NCML's silo projects were operational, and two remaining silo projects are in advanced stages of construction with expected completion in 2024. Between 2020 and 2023 NCML and FCI agreed to terminate nine out of the sixteen original silo projects due to inability to procure suitable land and other construction-related challenges.

The impact of ongoing geopolitical conflicts and unfavourable weather conditions have contributed to elevated food price inflation. In an effort to safeguard and strengthen domestic food security, the Indian government implemented export restrictions on certain agricultural crops and imposed stock limits on wheat for wholesalers, retailers and processors. The above factors have generally led to lower commodity deposits into storage facilities. However, NCML has closely monitored market demand in order to optimize its leased warehousing capacity and utilization, resulting in improved operating margins.

NCML's overall business growth continues to be constrained by funding limitations. As a result, NCML has focused on strengthening its liquidity. On September 18, 2023, NCML agreed to settle $36.1 million (3.0 billion Indian rupees) of outstanding external debt for $11.5 million (1.0 billion Indian rupees). NCML recorded a gain on the settlement of the external debt, which was fully offset by the impairment of certain assets. Additional capital may also be released through the sale of excess land parcels and warehouse assets, and the scaling down of businesses with less favourable risk-reward characteristics.

Valuation and Interim Consolidated Financial Statement Impact

NCML Common Shares

On March 31, 2023 the company converted its investment in 12.5% unsecured compulsorily convertible debentures originally issued by NCML in 2019 ("NCML CCD") into NCML common shares with a fair value of $6,399 (525.8 million Indian rupees). As a result, the company recorded a realized loss on the NCML CCD of $5,803. In May 2023, NCML issued additional common shares to the company to settle accrued interest related to the NCML CCD, which the company recorded at a fair value of $3,425 (283.2 million Indian rupees). As a result of the above transactions, the company's equity interest in NCML increased from 89.5% to 91.0%.

At September 30, 2024 the company held a 91.0% equity interest in NCML (December 31, 2023 - 91.0%), and its internal valuation model indicated that the fair value of the company's equity investment in NCML was $45,156 (December 31, 2023 - $50,327).

NCML Non-convertible Debentures

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

At September 30, 2024 the fair value of the company's investment in the NCML NCD was $23,866 (including a deferred loss of $3,174) (December 31, 2023 - $24,034, including a deferred loss of $3,631), and is presented within Other Indian Fixed Income in the table disclosed earlier in the Summary of Indian Investments section.

Investment in India Housing Fund

Business Overview

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

At September 30, 2024 IH Fund had invested approximately $105 million at period end exchange rates (8.8 billion Indian rupees) in 6 real estate sector investments.

Key Business Drivers, Events and Risks

The Indian real estate sector is a key growth driver of the country's economy and one of the largest employment generators in India. This sector is expected to expand to $5.8 trillion by 2047 and contribute 15.5% of the country's GDP from an existing share of 7.3%. Foreign investments have also seen a significant increase in the first half of 2024, making it the third most preferred global destination for land and development site investments, and demonstrating a rising interest in the sector as an investment opportunity.

Valuation and Interim Consolidated Financial Statement Impact

At September 30, 2024 the company estimated the fair value of its investment in IH Fund was $9,977 (December 31, 2023 - $13,090).

During the third quarter and first nine months of 2024 the company received distributions of $735 and $1,619 (2023 - $768 and $1,668) from IH Fund, and in the third quarter and first nine months of 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IH Fund of $473 and $1,184 (2023 - $354 and $1,058).

Investment in National Stock Exchange of India Limited

At December 31, 2023 the company held a 1.0% equity interest in National Stock Exchange of India Limited ("NSE") with an estimated fair value of $188,615. During the first nine months of 2024, the company sold its equity interest in NSE for gross proceeds of $188,948 (15.7 billion Indian rupees), resulting in realized gains of $167,335. Gross proceeds of $15,039 (1.3 billion Indian rupees) related to NSE shares sold to IIFL Securities, an associate of the company.

Investment in Global Aluminium Private Limited

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

Subsequent to September 30, 2024, on October 11, 2024 Fairfax India completed the acquisition of an effective 65.0% equity interest in Global Aluminium for $83 million (7.0 billion Indian rupees). The company retained approximately $8 million (700.0 million Indian rupees) of the total purchase consideration, which will be paid to Global Aluminium upon its completion of certain post-closing obligations. The transaction requires Global Aluminium to merge with its wholly-owned subsidiary, which is expected to be completed in the first six months of 2025.

Results of Operations

Fairfax India's consolidated statements of earnings (loss) for the three and nine months ended September 30 are shown in the following table:

	Third quarter		First nine months	
	2024	2023	2024	2023
Income				
Interest	5,687	4,128	15,455	13,322
Dividends	1,639	8,333	9,177	16,623
Net realized gains (losses) on investments	330	(218)	218,654	47,445
Net change in unrealized gains (losses) on investments	83,390	177,463	(143,725)	317,121
Net foreign exchange losses	(2,322)	(4,581)	(2,334)	(2,035)
	88,724	185,125	97,227	392,476
Expenses				
Investment and advisory fees	10,384	10,376	29,990	28,662
Performance fee	—	20,469	—	41,536
General and administration expenses	1,698	1,126	6,342	10,788
Interest expense	6,380	6,380	19,141	19,141
	18,462	38,351	55,473	100,127
Earnings before income taxes	70,262	146,774	41,754	292,349
Provision for income taxes	32,950	13,789	43,504	45,256
Net earnings (loss)	37,312	132,985	(1,750)	247,093
Attributable to:				
Shareholders of Fairfax India	33,971	132,954	(5,391)	236,802
Non-controlling interests	3,341	31	3,641	10,291
	37,312	132,985	(1,750)	247,093
Net earnings (loss) per share	$ 0.25	$ 0.97	$ (0.04)	$ 1.73
Net earnings (loss) per diluted share	$ 0.25	$ 0.93	$ (0.04)	$ 1.65

The key components of results of operations for the third quarter and first nine months of 2024 (with comparisons to the third quarter and first nine months of 2023, except as otherwise noted) included the following:

Net change in unrealized gains on investments of $83,390 in the third quarter of 2024 and net change in unrealized losses on investments of $143,725 in the first nine months of 2024 (2023 - net change in unrealized gains on investments of $177,463 and $317,121) were principally driven by changes in market prices of Public Indian Investments and fair values of Private Indian Investments determined using industry accepted valuation techniques and models, in addition to reversals of prior period unrealized gains upon sales. For more information on Indian Investments, see the Indian Investments section of this MD&A. For further analysis of the changes in fair value of Indian Investments for the third quarters and first nine months of 2024 and 2023, refer to note 5 (Indian Investments) to the interim consolidated financial statements for the three and nine months ended September 30, 2024.

Net realized gains on investments of $330 in the third quarter of 2024 related to sales of common shares of Other Public Indian Investments. Net realized gains on investments of $218,654 in the first nine months of 2024 also included realized gains from sales of common shares of NSE and CSB Bank, as well as the settlement of the IIFL Finance forward derivative upon completion of the IIFL Finance Rights Offer. Net realized losses on investments of $218 in the third quarter 2023 related to sales of Government of India bonds. Net realized gains on investments of $47,445 and in the first nine months of 2023 primarily related to realized gains from sales of IIFL Finance, 360 ONE (formerly IIFL Wealth) and Other Public Indian Investments, partially offset by a realized loss related to the conversion of the NCML CCD.

Interest income of $5,687 and $15,455 increased from $4,128 and $13,322 principally as a result of increased interest from Government of India bonds and Other Indian Fixed Income, partially offset by lower interest from short term government treasury bills.

Dividends of $1,639 in the third quarter of 2024 decreased from $8,333 in the third quarter of 2023 primarily due to the sales of NSE and lower dividends from Saurashtra. Dividend income of $9,177 in the first nine months of 2024 decreased from $16,623 in the first nine months of 2023 primarily due to sales of NSE, IIFL Finance and 360 ONE, in addition to lower dividends from Saurashtra.

Total expenses of $18,462 and $55,473 decreased from $38,351 and $100,127 in the third quarter and first nine months of 2023, primarily due to the impact of no performance fee accrual recorded in the current period given the decrease in book value per share.

Provision for income taxes of $32,950 and $43,504 in the third quarter and first nine months of 2024 (2023 - $13,789 and $45,256) primarily reflected deferred income taxes as a result of net unrealized gains on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017, the impact of changes to Indian capital gains tax rates with effect from July 23, 2024, current taxes recognized as a result of Indian capital gains tax on sales, and withholding taxes on interest and dividends received. Refer to note 9 (Income Taxes) to the interim consolidated financial statements for the three and nine months ended September 30, 2024.

Consolidated Balance Sheet Summary

The company's consolidated balance sheet at September 30, 2024 (with comparisons to December 31, 2023, except as otherwise noted) was primarily comprised of the following:

Total Assets

Total assets at September 30, 2024 of $3,714,287 (December 31, 2023 - $3,821,535) were principally comprised as follows:

Cash and cash equivalents decreased to $23,614 at September 30, 2024 from $174,615 at December 31, 2023 principally due to the settlement of the performance fee payable for the third calculation period, net purchases of short term investments and Government of India bonds, investment and advisory fees, and payment of interest on the Unsecured Senior Notes, partially offset by net sales of investments in common stocks and the receipt of dividend and interest income.

Short term investments of $62,446 at September 30, 2024 (December 31, 2023 - nil) were comprised of short term investments in Indian treasury bills.

Bonds and Common stocks - The company is actively seeking investment opportunities in India and will continue to redirect capital from its cash and cash equivalents, short term investments, and Government of India bonds into Indian Investments as and when those opportunities are identified. For more information about recent Indian Investments, see the Indian Investments section of this MD&A. For more information on the company's total cash and investments holdings of $3,707,189 at September 30, 2024 (December 31, 2023 - $3,818,921) see note 6 (Cash and Investments) to the interim consolidated financial statements for the three and nine months ended September 30, 2024.

Interest and dividends receivable of $6,080 at September 30, 2024 (December 31, 2023 - $1,367) was principally comprised of interest accrued on the company's investments in Government of India bonds and Other Indian Fixed Income.

Total Liabilities and Equity

Total liabilities at September 30, 2024 of $657,065 (December 31, 2023 - $736,761) were principally comprised as follows:

Accrued interest expense of $2,361 at September 30, 2024 (December 31, 2023 - $8,611) was comprised of accrued interest expense for the Unsecured Senior Notes, which are due in semi-annual installments.

Payable to related parties decreased to $10,345 at September 30, 2024 from $120,858 at December 31, 2023 primarily due to the settlement of the performance fee payable of $110,158 to Fairfax for the third calculation period ended December 31, 2023.

Deferred income taxes increased to $144,738 at September 30, 2024 from $108,553 at December 31, 2023 primarily as a result of deferred taxes recognized due to net unrealized gains on the company's investments in IIFL Securities, BIAL, Seven Islands and Maxop, in addition to the impact of changes to Indian capital gains tax rates enacted during the third quarter of 2024, partially offset by the reversal of previously recognized deferred taxes related to the company's investment in CSB Bank as a result of sales and unrealized losses during the period.

Borrowings increased to $498,218 at September 30, 2024 from $497,827 at December 31, 2023 as a result of the amortization of issuance costs related to the Unsecured Senior Notes.

Total equity at September 30, 2024 of $3,057,222 (December 31, 2023 - $3,084,774) was comprised of common shareholders' equity of $2,928,425 (December 31, 2023 - $2,958,718) and non-controlling interests of $128,797 (December 31, 2023 - $126,056). Refer to note 8 (Total Equity) to the interim consolidated financial statements for the three and nine months ended September 30, 2024 for further details.

Financial Risk Management

The primary goals of the company's financial risk management program are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheets from events that have the potential to materially impair its financial strength. There were no significant changes in the types of the company's risk exposures or the process used by the company for managing those risk exposures at September 30, 2024 compared to those identified at December 31, 2023 and disclosed in the company's 2023 Annual Report, other than as outlined in note 10 (Financial Risk Management) to the interim consolidated financial statements for the three and nine months ended September 30, 2024.

Capital Resources and Management

For a detailed analysis, refer to note 10 (Financial Risk Management, under the heading Capital Management) to the interim consolidated financial statements for the three and nine months ended September 30, 2024.

Liquidity

For a detailed discussion on short term and long term liquidity requirements and sources of liquidity, refer to note 10 (Financial Risk Management, under the heading Liquidity Risk) to the interim consolidated financial statements for the three and nine months ended September 30, 2024.

Highlights in the first nine months of 2024 (with comparisons to the first nine months of 2023) of major components of the statements of cash flows are presented in the following table:

	First nine months	
	2024	**2023**
Operating activities		
Cash used in operating activities excluding the impact of net sales (purchases) of investments	(157,355)	(44,032)
Net sales (purchases) of short term investments	(61,962)	14,761
Purchases of investments	(266,439)	(131,595)
Sales of investments	339,677	138,857
Cash used in operating activities	(146,079)	(22,009)
Financing activities		
Purchases of subordinate voting shares for cancellation	(3,621)	(33,876)
Cash used in financing activities	(3,621)	(33,876)
Decrease in cash and cash equivalents during the period	(149,700)	(55,885)

"Cash used in operating activities excluding the impact of net sales (purchases) of investments" provides a measure of cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of purchases and sales of investments. Cash used in operating activities excluding the impact of net sales (purchases) of investments of $157,355 in the first nine months of 2024 increased from $44,032 in the first nine months of 2023 primarily reflecting the settlement of performance fees relating to the third calculation period and decreased cash received from dividend and interest income, partially offset by lower general and administration expenses and income tax payments.

Net purchases of short term investments of $61,962 in the first nine months of 2024 principally related to net purchases of Indian treasury bills, compared to the net sales of $14,761 in U.S. and Indian treasury bills in the first nine months of 2023.

Purchases of investments of $266,439 in the first nine months of 2024 related to purchases of Government of India bonds and IIFL Finance common shares. Purchase of investments of $131,595 in the first nine months of 2023 primarily related to purchases of BIAL common shares and Government of India bonds.

Sales of investments of $339,677 in the first nine months of 2024 primarily related to sales of remaining common shares of NSE and Other Public Indian Investments, partial sales of common shares of CSB Bank, and sales of Government of India bonds. Sales of investments of $138,857 in the first nine months of 2023 primarily related to partial sales of common shares of IIFL Finance and remaining common shares of 360 ONE and certain Other Public Indian Investments, in addition to sales of Government of India bonds.

Purchases of subordinate voting shares for cancellation of $3,621 in the first nine months of 2024 (2023 - $33,876) related to the company's purchases for cancellation of 246,062 subordinate voting shares under the terms of the normal course issuer bid (2023 - 2,609,481).

Contractual Obligations

The company's contractual obligations principally relate to its borrowings, fees due to Fairfax under the terms of the Investment Advisory Agreement, and its investment in Global Aluminium as discussed above in the Indian Investments section. Refer to note 7 (Borrowings) and note 11 (Related Party Transactions) to the interim consolidated financial statements for the three and nine months ended September 30, 2024 for further details.

Other

Quarterly Data (unaudited)

US$ thousands, except per share amounts	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Income (loss)	88,724	290,795	(282,292)	206,380	185,125	244,566	(37,215)	119,560
Expenses	18,462	18,611	18,400	46,833	38,351	55,798	5,978	30,996
Provision for (recovery of) income taxes	32,950	18,037	(7,483)	22,794	13,789	23,042	8,425	(3,996)
Net earnings (loss)	37,312	254,147	(293,209)	136,753	132,985	165,726	(51,618)	92,560
Net earnings (loss) attributable to shareholders	33,971	254,142	(293,504)	134,968	132,954	159,335	(55,487)	92,574
Net earnings (loss) per share	$ 0.25	$ 1.88	$ (2.17)	$ 1.00	$ 0.97	$ 1.16	$ (0.40)	$ 0.67
Net earnings (loss) per diluted share	$ 0.25	$ 1.88	$ (2.17)	$ 1.00	$ 0.93	$ 1.12	$ (0.40)	$ 0.65

Indian rupees and in millions, except per share amounts (1)	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Income (loss)	7,403	24,151	(23,443)	17,133	15,281	20,108	(3,061)	9,528
Expenses	1,547	1,553	1,528	3,890	3,169	4,587	492	2,447
Provision for (recovery of) income taxes	2,751	1,500	(621)	1,893	1,141	1,894	693	(304)
Net earnings (loss)	3,105	21,098	(24,350)	11,350	10,972	13,627	(4,245)	7,385
Net earnings (loss) attributable to shareholders	2,827	21,098	(24,374)	11,200	10,968	13,101	(4,564)	7,386
Net earnings (loss) per share	20.92	156.11	(180.06)	82.68	80.37	95.50	(33.02)	53.34
Net earnings (loss) per diluted share	20.92	156.11	(180.06)	82.68	76.82	92.40	(33.02)	52.07

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

Forward-Looking Statements

This interim report may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or an Indian Investment's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the company, an Indian Investment, or the Indian market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”.

Forward-looking statements are based on our opinions and estimates as of the date of this interim report, and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors: oil price risk; geographic concentration of investments; foreign currency fluctuation; volatility of the Indian securities markets; investments may be made in foreign private businesses where information is unreliable or unavailable; valuation methodologies involve subjective judgments; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; disruption of the company's information technology systems; lawsuits; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; weather risk; taxation risks; emerging markets; MLI; economic risk; trading price of subordinate voting shares relative to book value per share risk; and economic disruptions from the after-effects of the COVID-19 pandemic and the conflicts in Ukraine and the Middle East. Additional risks and uncertainties are described in the company's annual information form dated March 8, 2024 which is available on SEDAR+ at www.sedarplus.ca and on the company's website at www.fairfaxindia.ca. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.

Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.

Glossary of Non-GAAP and Other Financial Measures

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

Supplementary Financial Measures

Book value per share – The company considers book value per share a key performance measure in evaluating its objective of long term capital appreciation, while preserving capital. This measure is also closely monitored as it is used to calculate the performance fee, if any, to Fairfax. This measure is calculated by the company as common shareholders' equity divided by the number of common shares outstanding. Those amounts are presented in the consolidated balance sheet and note 8 (Total Equity under the heading Common Stock) respectively within the interim consolidated financial statements for the three and nine months ended September 30, 2024.

Cumulative interest and dividends – The company uses this measure to monitor cash flows generated from interest and dividend income for each Indian Investment. This measure is calculated by the company as the sum of interest and dividend income recorded and received over the period of the company's investment.

Compounded annualized return – The company uses this measure to assess the performance of its investments. This measure represents the U.S. dollar annualized internal rate of return and is calculated for each of the company's existing and monetized Indian Investments, taking into account (i) the timing of cash flows (including cash consideration of purchases, cash proceeds on sales, cumulative interest and dividends received, and return of capital distributions) over the period of the company's investment, and (ii) the fair value at the end of the reporting period for existing Indian Investments.

Non-GAAP Financial Measures

Cash used in operating activities excluding the impact of net sales (purchases) of investments – The company uses this measure to monitor the cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of purchases and sales of investments. This measure is a component of cash provided by (used in) operating activities as presented in the consolidated statement of cash flows within the interim consolidated financial statements for the three and nine months ended September 30, 2024.

Cash and marketable securities – The company uses this measure to monitor short term liquidity risk. This measure is calculated by the company as the sum of cash, cash equivalents, short term investments, Government of India bonds and Other Public Indian Investments. Those amounts are presented in note 6 (Cash and Investments) within the interim consolidated financial statements for the three and nine months ended September 30, 2024.

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