To Our Shareholders:

It is with much delight and appreciation that we write our inaugural letter to you, our valued shareholders. Fairfax India Holdings began business in early 2015 when, with your support, it raised $1.1 billion(1) by completing a public offering and a placement to cornerstone investors of 76,678,879 subordinate voting shares and an issue to Fairfax Financial of 30,000,000 multiple voting shares.

Based on Fairfax Financial's successful experience over many years of investing in India and our belief (discussed in more detail below) that India was on the verge of a long period of significant growth, the purpose of Fairfax India was to make long term investments of meaningful size in public and private equity and debt securities with a view to acquiring control or significant influence positions in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India.

The deployment of the initial funds raised into the intended investments was expected to unfold over our first couple of years. Until the funds raised were deployed, they would be kept in interest-bearing securities. It's therefore not surprising that after the first year, there's not much to say about financial results. The company had 2015 net earnings of $40.9 million ($0.42 per basic share), derived from interest income on its investment portfolio and unrealized gains on investments. Book value per share at December 31, 2015 was $9.50, marginally less than the initial book value reflecting the IPO expenses, as a result of unrealized foreign currency translation losses, partially offset by the 2015 net earnings. What is really interesting is to remind you of our background and purpose, to discuss our view of what is happening in India, and to talk about the three investments agreed during 2015 which we have completed (at an aggregate cost of approximately $370 million).

To remind you of the background of Fairfax India, we reproduce for you below the relevant portion of the Chairman's letter to shareholders in Fairfax Financial's annual report for 2014, because it describes the essence of the reasons for the creation of Fairfax India:

> In May 2014, India's political climate changed dramatically for the better with the election of Prime Minister Narendra Modi with a resounding majority. For the first time in 67 years, India has an unabashedly business friendly government. The ineffectiveness of India's previous governments is seen by the fact that Canada's economy at approximately $2 trillion with 35 million people is about the same size as India's economy with 1.2 billion people. Mr. Modi has had great success in Gujarat, a state with 65 million people which he governed as Chief Minister for 13 years (elected three times). Gujarat had real economic growth of over 10% per year during this period while bringing water and electricity and providing child education to virtually every household. We think Mr. Modi can transform India, particularly if he gets re-elected for two more terms, as we think he will. He has an excellent track record, is incorruptible and is business friendly. We expect Mr. Modi to be the Lee Kuan Yew of India!
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> Mr. Modi's election led us to rethink the investment opportunities in India and our ability to fund them. While we have $26 billion in investments at Fairfax, regulatory constraints limit our ability to invest significant amounts in India. Given our excellent long term track record investing in India, our very significant on the ground resources with Harsha Raghavan at Fairbridge, Madhavan Menon at Thomas Cook India, Ajit Isaac at Quess (the new name for IKYA), Ramesh Ramanathan at Sterling Resorts and also S. Gopalakrishnan, the long serving head of investments at ICICI Lombard, we felt it was appropriate to create a new public company, Fairfax India, to invest in India. In early 2015, Fairfax India went public, raising $1.1 billion and listing on the Toronto Stock Exchange. Fairfax provided $300 million of that capital by purchasing multiple voting shares, giving it 28.1% of the equity and 95.1% of the votes. A number of institutional investors, almost all existing long term Fairfax shareholders, invested approximately 90% of the remaining $800 million raised. We are very excited about the long term prospects for Fairfax India under the leadership of Chandran Ratnaswami as CEO and John Varnell as CFO.
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> Last year we said that Thomas Cook India would be our vehicle for further expansion in India. For the reasons mentioned above, we have now added Fairfax India as an investment vehicle in India. Thomas Cook India's resources may constrain the size of deals it can do, although we expect that deals in its area of expertise will continue to be done in that company. In determining the appropriate vehicle for any investment, we will consider all of the relevant circumstances and we will be fair, as always, in order not to disadvantage one of these vehicles.

(1) All dollar amounts in this letter are in U.S. dollars.

Fairfax India has an investment philosophy and strategy that is very similar to that of Fairfax Financial. We employ a conservative, fundamental value-based approach to identifying and investing in high quality publicly listed and private Indian businesses. We rely primarily on Harsha Raghavan, the CEO of Fairbridge, a wholly-owned Indian subsidiary of Fairfax Financial, his Vice Presidents Sumit Maheshwari and Sarvjit Bedi, and their team to identify potential investments. S. Gopalakrishnan, the long serving head of investment at ICICI Lombard, Fairfax Financial's joint venture insurance operation in India, also assists us in identifying potential investment candidates. Our Mauritius subsidiary, FIH Mauritius Investments, and its CEO Amy Tan are also an integral part of our investment process. In Toronto, Mayur Gadhia in finance and John Tobia as legal counsel provide us with strong support in all our activities, and John Varnell as CFO and Secretary has (as he has done with other Fairfax Financial start-ups) provided strong leadership in setting up Fairfax India and getting it off to a smooth start. In addition, we have the benefit of the advice and wisdom of our independent directors, Deepak Parekh, Tony Griffiths, Chris Hodgson, Alan Horn and Punita Kumar-Sinha.

All of our investing is overseen by our portfolio manager, Hamblin Watsa Investment Counsel (the highly experienced and successful investment management subsidiary of Fairfax Financial), which has an enviable track record of investing in Indian equities starting in 2000.

While we are bottom-up investors looking to buy exceptional Indian companies at reasonable prices, since our investment thesis was predicated on the transformational impact on the Indian economy of Prime Minister Modi, we would like to review how things are tracking in India as compared to our initial expectations.

We are not in the large camp of naysayers who are disappointed because they expected miraculous changes and immediate results. We had no such expectations for an economy that was moribund from 67 years of socialism, a literally unnavigable bureaucracy and endemic corruption, but we see significant progress on many important fronts since the new government took office. Here is a list of measures already enacted by this government (our apologies that the list is so long!):

Crack-down on crony capitalism: Corruption in high places has dramatically declined and there is a crack-down on crony capitalism and the patronizing of well-connected industrialists by public sector banks (although they still have to deal with vested interest lending of the past). The tendering process of government departments and public sector companies is being made transparent and decision-making powers are being responsibly delegated.

Implementation of a biometric-based identity program (Aadhaar scheme): The Aadhaar network of biometrics-based identity now covers 970 million people or 75% of the country's population. Growth in Aadhaar coverage creates a credible base for future direct benefit transfers (DBT) of government subsidies.

Financial inclusion: Almost 200 million new bank accounts have been opened under the Jan Dhan scheme, a program launched by Prime Minister Modi to open zero balance bank accounts for all Indians who did not already have a bank account. 43.2% of these accounts are linked to Aadhaar and they are thus unique. This creates a credible base for expanding the scope of DBT in the future. Only some 32 million of these accounts have zero balances and savings accounts opened under this scheme have aggregate deposits of $4.5 billion. Out of India's 240 million households, 140 million middle and higher income households have already been mapped through another scheme called the LPG scheme, and the Jan Dhan scheme will likely cover the vast majority of the rest.

Subsidies shifting to DBT: The government has started the process of shifting all subsidy payments to a DBT framework. The liquefied petroleum gas (LPG) subsidy has already completely moved to the DBT framework and this has resulted in a substantial elimination of duplicate and fraudulent subsidy claims. Without DBT, it was suspected that 50% of the subsidies ended up in the hands of middlemen and crooked politicians. The government is doing a pilot program to move the food subsidy to DBT. Recently the government also took a decision to move the kerosene subsidy to the DBT framework. A combination of lower crude prices and deregulation of diesel and petrol prices should cut down the fuel subsidy cost from $9 billion in fiscal 2015 to an estimated $4.5 billion in fiscal 2016.

Improvement in national railway infrastructure: The government is focusing on improving railway infrastructure and proposes to invest $130 billion in this area over the next five years. Projects worth $14.5 billion have already been approved for capacity augmentation. Also, Japan has agreed to modernize 400 railway stations that the government has identified for upgrading with private investment.

Corporate tax: In its budget last year, the government announced its intent, over the next few years, to cut the corporate tax rate to 25% from 30% and to eliminate exemptions, in order to simplify the corporate tax structure and to improve the competitiveness of Indian companies. Recently, the government announced a roadmap for implementation, with the process beginning in this year's budget. This should improve the ease of doing business.

Financial turnaround of state power distribution companies (DISCOMs): The government has approved a plan to revive the chronically dysfunctional DISCOMs. The DISCOMs' collective debt is some $65 billion at rates of 14-15% per annum. The government has proposed that the states should take over 75% of DISCOM debt over the next two years and bear 50% of any future DISCOM losses. This proposal should improve the financial health of DISCOMs and, along with other measures to lower costs and improve efficiency, should help achieve the goal of 24/7 power supply.

Auction of coal mines: A total of 31 coal mines have been auctioned so far, including 13 mines that are currently non-producing where production should start in the next 12 months. Another 36 mines have been allotted to public sector companies and 130 non-producing mines are expected to be auctioned or allocated over the next year. This could add, over time, 300-350 million tons to the current annual coal production of about 500 million tons.

Other mineral mines are also to be auctioned: The government will henceforth conduct open auctions for all new mining concessions for bauxite, iron ore, limestone and manganese ore. This should boost India's mining output in the coming years and reduce its dependence on imports. States have identified 108 new and unexplored mineral blocks that can be auctioned in fiscal 2016 and the auction process has commenced.

Higher foreign direct investment (FDI) in insurance, defence and railway infrastructure: The government has increased FDI limits in the insurance, defence and railway sectors. Further, it has allowed composite FDI and foreign portfolio investments (FPI) caps in most sectors, giving companies flexibility in deciding the composition of foreign investment they seek to attract. FDI of $1.8 billion has been announced in the insurance sector due to the increase in FDI limits. India was recently the top ranking destination for FDI, ahead of China and the U.S., with $31 billion of inflows in the first half of 2015.

Bankruptcy code: India does not have a proper bankruptcy code to deal with the issue of business distress. The multiple laws in this area, coupled with delays in the judicial process, have resulted in inordinate delays in resolving business distress. The government promised a world-class bankruptcy code in last year's budget, and a draft code has been introduced in Parliament.

Smart cities: The government has unveiled a list of 98 cities in which to promote integrated planning for urban India. Under this scheme, the government intends to improve the quality of urban life and drive economic growth by focusing on the availability of water, electricity, public transport, sanitation, healthcare and education. The central government would provide $15 million annually for five years to each of the named cities and any remaining amount required would be financed by the state governments.

Metro rail (commuter infrastructure): 12 new metro rail projects with a total length of 460 kilometres (km) and a cost of $25 billion are under various stages of approvals and funding arrangements. This is in addition to the 270 km of metro rail already in operation, and 280 km under construction. Projects worth $11 billion exhibit high visibility, since all approvals and funding have been finalized for these projects; the balance should be ready for awards over the next 18 months. Civil contractors, rolling stock suppliers, and transmission and distribution (T&D) equipment manufacturers would be key beneficiaries.

Progress on dedicated freight corridors (DFCs): $12 billion of work on Western and Eastern DFCs commenced in late 2013, and work orders of $3 billion have already been placed. Ongoing work consists of civil, electrical and mechanical jobs for tracks and bridges. With commissioning planned by December 2019, awards of more orders worth at least $3 billion are expected in 2016. Funding for the $6 billion Western corridor has been finalized with the Japanese International Cooperation Agency. Funding for the Eastern corridor has been partially arranged with the World Bank and 90% of land acquisition is complete.

Archaic labour and other laws amended: Legislation to amend the Factories Act, 1948, the Apprentices Act, 1961, and the Labour Laws Act, 1988 have been passed, with the aim of easing bureaucratic interference for manufacturers. The government also intends to further ease labour laws but needs to negotiate and agree changes with labour unions and the opposition parties. Meanwhile it has also given the flexibility to states to amend labour laws to promote industrial growth. States like Rajasthan, Madhya Pradesh and Gujarat have already taken the initiative to amend labour laws and Maharashtra is also likely to change labour laws to encourage manufacturing.

Elimination of obsolete laws: The government has passed legislation repealing 125 statutes. A committee set up by the government to identify obsolete laws has identified 1,741 acts to be repealed. The process of repealing is in progress and the government is seeking views from relevant ministries to eliminate the laws.

Make In India: In September 2014 the government launched the ''Make In India'' initiative to promote manufacturing in India. With the intent of enhancing workforce skills and generating employment in manufacturing intensive sectors, the program focuses on 25 sectors including automobiles, chemicals, textiles, pharmaceuticals and electronics. The government has liberalized norms for foreign investment in these sectors, with most being open to 100% foreign investment.

Invest India: With dynamic leadership, this national investment promotion and facilitation agency (which is a joint venture among the Government of India, the Federation of Indian Chambers of Commerce and Industry (FICCI) and state governments of India) has been rejuvenated. The agency's team is made up of successful professionals with prior experience working at major global consulting firms and corporate houses in India, all of whom have post-graduate degrees from prestigious foreign and Indian institutions in disciplines such as engineering, economics and business management. The agency's mission is ''promoting foreign investments in India in a focused, comprehensive and structured manner while acting as the first reference point to provide quality input and support services to foreign investors.''

Involvement of states to improve business environment: Given the federal structure of governance, states also need to be involved in improving the business environment. The central government, with assistance from the World Bank, has ranked states on the ease of doing business. As noted above Rajasthan, Madhya Pradesh, Gujarat and Maharashtra have focussed on labour law amendments; as well, Maharashtra has also simplified procedures to start a business.

National agriculture market: The government has proposed to set up an online trading portal where farmers could sell their produce to buyers anywhere in India. It has allocated $30 million over the next three years to cover 585 regulated markets across the country. This should integrate agriculture markets across India and eliminate the requirement of multiple licences and fees. The integrated market should help improve the supply chain, reduce wastage and provide better pricing to farmers.

Populist decisions avoided: The government has avoided taking populist decisions and instead has tried to cut expenditure by eliminating wasteful subsidies, as follows:

1) It has taken several decisions to reduce the fuel subsidy, and recently announced elimination of the LPG subsidy to households earning more than $15,000 per year.

2) It has announced modest minimum support price (MSP) increases, which in turn has helped contain food inflation.

3) It has focused on executing existing projects to decongest severely congested rail networks rather than announcing new trains and projects. It has also raised passenger fares and freight charges to increase rail revenue.

4) To improve the efficiency and work culture of the bureaucracy, it has launched a biometric-based attendance system that should help cut absenteeism and improve the punctuality of bureaucrats and government officials across the country.

As the government works tirelessly to slash red tape, generate massive job creation through a fast-growing economy and attract increased foreign and infrastructure investment, the Governor of the Reserve Bank of India (RBI), Dr. Raghuram Rajan, has been a crusader for a more competitive and efficient banking system in India. The RBI has granted 23 new banking licences in the last two years, has been instrumental in promoting the new bankruptcy code which is now before Parliament and has introduced measures to reform public sector banks. Since Dr. Rajan took office in September 2013, CPI inflation has decreased from 10.5% to 5.6% and the wholesale price index (WPI) has gone from 7.1% to minus 0.7%.

As always with massive change, there are some obstacles. The politically motivated opposition, which controls the upper house of Parliament, has managed to thwart legislation for the implementation of a national GST and for land acquisition reform. The government has not been forceful in pursuing reforms to the public sector banks. Opposition arises from entrenched vested interests (ironically, the desirable reduction of subsidy-funded consumption growth and crony capitalism-driven investment by the "advantaged" corporate houses results in a short-term drag on the economy). But overall, India is in the throes of making monumental transformational changes for the better.

Before we turn to the investments we have made, a word about the investment of our cash pending its use for purchasing investments. Rather than leave that cash earning virtually no interest in U.S. government securities, we invested the majority of it in rupee-denominated Indian government bonds or bonds of AAA-rated Indian corporations or corporations controlled by the Indian government, yielding better than 8% per annum. We felt the return justified the interest rate and exchange risk. However, the 2015 weakening of the rupee to the U.S. dollar caused unrealized foreign currency losses on our Indian cash and investments which are included as part of the comprehensive income statement.

Now we are pleased to report to you on the investments we have made in India.

National Collateral Management Services Limited (NCML)

In April of 2015, we met Sanjay Kaul, the CEO of NCML, and we were very impressed. Eight years ago, after 28 years in the prestigious Indian Administrative Service (IAS), where his last role was in the agriculture ministry, Sanjay transitioned to the private sector as the CEO of NCML. Since his arrival, Sanjay has shepherded NCML to its current position as the leading private sector agricultural commodities storage company in India.

NCML is a ten year old company now preparing to expand to take advantage of the significant market potential in India's under-developed agricultural storage industry. NCML operates in the agriculture value chain by offering end-to-end solutions in grain procurement, testing, storage and collateral management. As a result of recently announced fiscal and non-fiscal changes in agriculture and food policy, private companies like NCML are enhancing their range of services provided to Indian farmers, traders, food processors, banks, the government and other businesses connected to the agriculture supply chain. This is expected to significantly improve efficiencies to help India achieve its stated national objective of greater food security.

NCML has more than 1.3 million tons of storage capacity across 794 warehouses in 18 states. It has a network of six regional offices, more than 176 touch points at agricultural produce markets and thousands of farmers and traders to facilitate procurement of commodities. With assets under management of $1.4 billion, NCML commands over a 50% share of the collateral management business in India, offering custodial services to more than 50 banks for the management of collateralized commodities based on which banks advance post-harvest loans to the farmers or dealers owning commodities.

Some of you will remember that Fairfax Financial is the largest shareholder in AFGRI, Africa's largest warehouse management company, with over 90 years of history and extensive operations across 14 African nations. In addition to our own due diligence work on NCML prior to investing in it, we availed of AFGRI's expertise in providing post-harvest financing to small farmers, as well as in modern warehouse management techniques such as the maintenance of produce using silos. Chris Venter, the CEO of AFGRI, after his team spent two weeks helping us perform due diligence on NCML, wrote: "After spending time with NCML management, visiting its infrastructure as well as meeting with its competitors, we do believe it is a great investment opportunity supported by good management and a strong growth strategy." AFGRI may work with NCML in some areas and also may assist NCML in implementing its strategy in India.

There were several reasons why we believed that NCML was an excellent investment opportunity:

a) **Massive market potential:** India's agricultural commodity storage requirement is approximately 118 million tons. Of this, 80% is controlled by government agencies and 15% by unorganized players such as private warehouse owners and farmers themselves. Private sector companies account for only 5% of the total capacity. NCML is the largest private sector warehouse and collateral management company in India but currently has only a minuscule share.

b) **Deregulation under the new Modi government will favour established private sector commodities management companies:** For decades, procurement of rice, wheat and several other staple items has been undertaken by a government subsidiary called the Food Corporation of India. These items are then distributed to ration shops under the Public Distribution Systems scheme. Given that corruption, inefficiencies, wastage and theft had reached epic proportions, the new Modi government formed the Shanta Kumar committee to review this area, and that committee has recommended moving towards an outsourced model which will favour private sector players.

c) **Impressive infrastructure:** NCML has impressive infrastructure that includes warehouses with excellent facilities, processes and practices at multiple locations and a food testing laboratory in Hyderabad.

d) **Top notch management team:** Sanjay has been with NCML for eight years as CEO. He has maintained a stable team (the 13 next most senior executives have all been in their roles for at least five years). NCML understands the business extremely well and has robust processes to manage risk.

e) **Limited competition and high barriers to entry:** There are only three other large private warehouse and collateral management companies in India. As NCML is the largest and the only one which combines storage capabilities with a testing laboratory, we think that NCML will be at the forefront of India's journey from the current bag storage of grain to silo storage, as practised in most major agriculture markets in the world.

We invested $148.7 million to acquire an 88% interest in NCML, of which $30.7 million was a capital infusion into the company to fund growth plans while the remaining $118 million was used to purchase shares from existing shareholders.

IIFL Holdings Limited (IIFL)

IIFL came to us as a known commodity! Fairfax Financial has been a satisfied shareholder of the company (originally called India Infoline) since 2010, has had a board representative since 2012 and currently owns a direct equity interest of 9% and an indirect economic interest through participatory notes (P Notes) of 5%.

Fairfax Financial first came to know of IIFL in 2005 in using the services of its newly formed institutional broking business created by H. Nemkumar and Bharat Parajia. That broking company soon established an outstanding research team and outstanding service and quickly became one of the leaders in institutional broking in India. Its client list included major foreign investors and mutual funds from around the world. Through using IIFL's services, Fairfax Financial came to know Nirmal Jain, the dynamic entrepreneur who founded the company and who as CEO had guided it from being a provider of equity research to becoming as well a low cost retail stock broker and later a distributor of financial (mainly insurance) products. Through this entire evolution, Nirmal was supported by his business partner, Managing Director R. Venkatraman.

By the time Fairfax Financial became a shareholder, IIFL had become a diversified financial services holding company with subsidiaries in non-banking finance company (NBFC) business, wealth management, retail and institutional stock broking, investment banking and financial products distribution.

Today IIFL serves over three million customers from 2,500 business locations in 850 cities and towns in India. It also has an international presence, with offices in New York, Singapore, Dubai, Geneva, Hong Kong, London and Mauritius. In addition to the founding team, IIFL has a highly qualified, experienced and committed management team.

A brief description of each of IIFL's businesses follows:

a) **NBFC business:** This is a business that makes loans to a well-diversified mix of customer segments, including capital markets, commercial vehicles, corporate, gold, home mortgage, property and medical equipment loans. Over the last four years, the loan book has grown at 30% per year to $2.3 billion, while income has grown at 38% per year to $394 million. Gross and net non-performing assets are 1.6% and 0.8% respectively of total assets. The business enjoys a net interest margin of about 7% and a return on equity of about 15%. The cost to income ratio has dropped to about 40% from 65% four years ago.

b) **Wealth management:** This is the fastest growing business in IIFL. This division was a pioneer in launching alternate investment funds across equity, real estate and high yield debt. The division's strong growth is driven by all of its varied business segments – distribution services, asset management, advisory and wealth structuring solutions. It has created a niche by providing unique solutions for its clients in the areas of succession planning, asset protection and administration services. Over the last four years, assets under management have grown at 46% per year to $11.1 billion, income has grown at 61% per year to $72.2 million and profit after tax has grown at 92% per year to $17.5 million. In October 2015 General

Atlantic, a U.S. private equity fund, agreed to buy a 22% interest in IIFL's wealth management business for approximately $173 million, thus valuing just this business at some $800 million.

c) **Agency business:** This category is a collection of retail and institutional stock broking and advising, financial products distribution, mutual fund management and investment banking. The broking business, which is well known for its high quality and innovative research covering over 500 Indian stocks, is a leader in its field, with internet broking accounting for 48% of its retail trade, compared to an industry average in India of 11%. The distribution business is the leading non-bank distributor of life insurance products in India and among the top four in the distribution of mutual funds. The investment banking arm is a growing enterprise, having led or participated in several IPOs, with several others in the pipeline.

For its fiscal year ended March 31, 2015, IIFL had total revenue of $576 million (up 29% from the previous year), profit after tax of $70 million (up 61%), total assets of $3.1 billion (up 33%) and shareholders' equity of $409 million (up 19%), resulting in a return on equity of 19%.

In December 2015, pursuant to an open offer at rupees 195 ($2.93) per share, we purchased 22% of the IIFL shares outstanding for a total consideration of $202 million. The price of rupees 195 per share represented a trailing price/earnings ratio of 12.9 times, a price to book ratio of 2.0 times and a dividend yield of 1.5%.

Adi Finechem Limited (Adi)

In 2010 Nahoosh Jariwala and three childhood friends and their families were holidaying together at a tiger reserve in Central India. Nahoosh and his older cousin Rajan had founded Adi in 1985 and listed it on the Bombay Stock Exchange in 1995. While Nahoosh had big dreams for the business, Rajan was not so keen, so while still on the holiday Nahoosh's three friends decided they would buy out Rajan and support Nahoosh's aggressive growth plans. Over the following five years until we came to hear of Adi, Nahoosh had exponentially grown Adi's manufacturing capacity from 8,000 to 45,000 metric tons per annum.

Adi is an oleo chemicals company. Oleo chemicals are, broadly, chemicals that are derived from plant or animal fat, which can be used for making both edible products and non-edible products. In recent years the production of oleo chemicals has been moving from the U.S., Europe and Japan to Asian countries because of the local availability of key raw materials.

Adi occupies a unique niche in this large global playing field. It has developed an in-house technology that uses machinery manufactured by leading European companies to convert waste generated during the production of soy, sunflower, corn and cotton oil into valuable chemicals. Those chemicals include acids that go into non-edible products like soap, detergents, personal care products and paints, and other products that are used in the manufacture of health foods and vitamin E. The company's customers include major multinational companies including BASF, Archer Daniels Midland, Cargill, Advanced Organic Materials, IFFCO Chemicals and Asian Paints.

Adi operates out of a single plant in Ahmedabad, the largest city in Gujarat, the home state of Prime Minister Modi. It has the largest processing capacity for natural soft oil-based fatty acids in India. Over the last ten years, Adi's sales have grown at 23% per year to $27 million, and profit after tax has grown at 30% per year to $2.3 million.

On February 8, 2016 we purchased 45% of Adi from the three friends of Nahoosh and other shareholders at rupees 212 ($3.12) per share for a total consideration of $19 million. The price of rupees 212 per share represented a trailing price/earnings ratio of 33.9 times, a price to book ratio of 5.0 times and a dividend yield of 1.2%.

So it has been a productive first year for Fairfax India and we are excited about our initial investments. We are now looking forward to seeing you at our first annual meeting, which will be held on April 14, 2016 at 2:00 p.m. (Toronto time) at Roy Thomson Hall in Toronto. You will have the opportunity to meet with Sanjay Kaul, Nirmal Jain and Nahoosh Jariwala, the excellent leaders of NCML, IIFL and Adi. We are truly appreciative of your support as shareholders, and we do hope to see you on April 14.

March 11, 2016

Chandran Ratnaswami	V. Prem Watsa
Chief Executive Officer	*Chairman*