

---

FAIRFAX INDIA  
HOLDINGS CORPORATION

---



**INTERIM REPORT**

For the six months ended  
June 30, 2024

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

	Notes	June 30, 2024	December 31, 2023
<b>Assets</b>			
Cash and cash equivalents	6	40,429	174,615
Bonds	5, 6	226,828	63,263
Common stocks	5, 6	3,329,132	3,581,043
Total cash and investments		<u>3,596,389</u>	<u>3,818,921</u>
Receivable for securities sold	5	71,002	—
Interest receivable		2,649	1,367
Income taxes refundable		209	220
Other assets		921	1,027
Total assets		<u>3,671,170</u>	<u>3,821,535</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities		1,128	912
Accrued interest expense	7, 11	8,611	8,611
Income taxes payable		5,190	—
Payable to related parties	11	10,115	120,858
Deferred income taxes		112,933	108,553
Borrowings	7, 11	498,088	497,827
Total liabilities		<u>636,065</u>	<u>736,761</u>
<b>Equity</b>			
Common shareholders' equity	8	2,909,012	2,958,718
Non-controlling interests		126,093	126,056
Total equity		<u>3,035,105</u>	<u>3,084,774</u>
		<u>3,671,170</u>	<u>3,821,535</u>

*See accompanying notes.*

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

	Notes	Second quarter		First six months	
		2024	2023	2024	2023
<b>Income</b>					
Interest	6	4,730	4,514	9,768	9,194
Dividends	6	489	96	7,538	8,290
Net realized gains on investments	6	101,400	43,582	218,324	47,663
Net change in unrealized gains (losses) on investments	6	183,812	195,960	(227,115)	139,658
Net foreign exchange gains (losses)	6	364	414	(12)	2,546
		<u>290,795</u>	<u>244,566</u>	<u>8,503</u>	<u>207,351</u>
<b>Expenses</b>					
Investment and advisory fees	11	10,122	9,470	19,606	18,286
Performance fee	11	—	35,614	—	21,067
General and administration expenses	12	2,108	4,333	4,644	9,662
Interest expense	7	6,381	6,381	12,761	12,761
		<u>18,611</u>	<u>55,798</u>	<u>37,011</u>	<u>61,776</u>
<b>Earnings (loss) before income taxes</b>		272,184	188,768	(28,508)	145,575
Provision for income taxes	9	18,037	23,042	10,554	31,467
<b>Net earnings (loss)</b>		<u>254,147</u>	<u>165,726</u>	<u>(39,062)</u>	<u>114,108</u>
<b>Attributable to:</b>					
Shareholders of Fairfax India		254,142	159,335	(39,362)	103,848
Non-controlling interests		5	6,391	300	10,260
		<u>254,147</u>	<u>165,726</u>	<u>(39,062)</u>	<u>114,108</u>
<b>Net earnings (loss) per share</b>		\$ 1.88	\$ 1.16	\$ (0.29)	\$ 0.75
<b>Net earnings (loss) per diluted share</b>		\$ 1.88	\$ 1.12	\$ (0.29)	\$ 0.73
<b>Shares outstanding (weighted average)</b>		135,152,447	137,181,262	135,259,190	137,687,525

*See accompanying notes.*

**Consolidated Statements of Comprehensive Income (Loss)***for the three and six months ended June 30, 2024 and 2023**(unaudited - US\$ thousands)*

	<b>Second quarter</b>		<b>First six months</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Net earnings (loss)</b>	<u>254,147</u>	<u>165,726</u>	<u>(39,062)</u>	<u>114,108</u>
<b>Other comprehensive income (loss), net of income taxes</b>				
<b>Item that may be subsequently reclassified to net earnings (loss)</b>				
Unrealized foreign currency translation gains (losses), net of income taxes of nil (2023 - nil)	<u>(633)</u>	<u>5,221</u>	<u>(6,341)</u>	<u>23,543</u>
<b>Other comprehensive income (loss), net of income taxes</b>	<u>(633)</u>	<u>5,221</u>	<u>(6,341)</u>	<u>23,543</u>
<b>Comprehensive income (loss)</b>	<u>253,514</u>	<u>170,947</u>	<u>(45,403)</u>	<u>137,651</u>
<b>Attributable to:</b>				
Shareholders of Fairfax India	253,486	164,331	(45,440)	126,398
Non-controlling interests	28	6,616	37	11,253
	<u>253,514</u>	<u>170,947</u>	<u>(45,403)</u>	<u>137,651</u>

*See accompanying notes.*

**Consolidated Statements of Changes in Equity**  
for the six months ended June 30, 2024 and 2023  
(unaudited - US\$ thousands)

	Subordinate voting shares	Multiple voting shares	Share- based payments, net	Retained earnings	Accumulated other comprehensive income (loss)	Common shareholders' equity	Non- controlling interests	Total equity
<b>Balance as of January 1, 2024</b>	1,113,147	300,000	(364)	2,175,468	(629,533)	2,958,718	126,056	3,084,774
Net earnings (loss) for the period	—	—	—	(39,362)	—	(39,362)	300	(39,062)
Other comprehensive loss:								
Unrealized foreign currency translation losses	—	—	—	—	(6,078)	(6,078)	(263)	(6,341)
Purchases for cancellation (note 8)	(2,589)	—	—	(1,032)	—	(3,621)	—	(3,621)
Purchases and amortization	—	—	(573)	—	—	(573)	—	(573)
Other	—	—	—	(72)	—	(72)	—	(72)
<b>Balance as of June 30, 2024</b>	<u>1,110,558</u>	<u>300,000</u>	<u>(937)</u>	<u>2,135,002</u>	<u>(635,611)</u>	<u>2,909,012</u>	<u>126,093</u>	<u>3,035,105</u>
<b>Balance as of January 1, 2023</b>	1,143,368	300,000	(379)	1,810,723	(611,676)	2,642,036	114,737	2,756,773
Net earnings for the period	—	—	—	103,848	—	103,848	10,260	114,108
Other comprehensive income:								
Unrealized foreign currency translation gains	—	—	—	—	22,550	22,550	993	23,543
Purchases for cancellation (note 8)	(16,539)	—	—	(3,833)	—	(20,372)	—	(20,372)
Amortization	—	—	35	—	—	35	—	35
<b>Balance as of June 30, 2023</b>	<u>1,126,829</u>	<u>300,000</u>	<u>(344)</u>	<u>1,910,738</u>	<u>(589,126)</u>	<u>2,748,097</u>	<u>125,990</u>	<u>2,874,087</u>

See accompanying notes.

**Consolidated Statements of Cash Flows**  
for the three and six months ended June 30, 2024 and 2023  
(unaudited - US\$ thousands)

	Notes	Second quarter		First six months	
		2024	2023	2024	2023
<b>Operating activities</b>					
Net earnings (loss)		254,147	165,726	(39,062)	114,108
Items not affecting cash and cash equivalents:					
Net bond premium (discount) amortization		20	(1,060)	(363)	(1,656)
Performance fee	11	—	35,614	—	21,067
Deferred income taxes	9	12,715	17,635	4,615	23,719
Amortization of share-based payment awards		48	18	78	35
Net realized gains on investments	6	(101,400)	(43,582)	(218,324)	(47,663)
Net change in unrealized (gains) losses on investments	6	(183,812)	(195,960)	227,115	(139,658)
Net foreign exchange (gains) losses	6	(364)	(414)	12	(2,546)
Net sales of short term investments		—	17,754	510	2,786
Purchases of investments		(65,224)	(105,461)	(262,813)	(105,461)
Sales of investments		80,151	75,147	264,175	97,532
Changes in operating assets and liabilities:					
Interest receivable		1,920	(808)	(1,287)	(124)
Income taxes refundable		(1)	—	10	826
Accrued interest expense		6,250	6,250	—	—
Income taxes payable		5,093	(339)	5,199	(159)
Payable to related parties – settlement of performance fees	11	—	—	(110,158)	—
Payable to related parties – other		955	649	(1,184)	97
Other		1,072	17	1,205	(236)
Cash provided by (used in) operating activities		<u>11,570</u>	<u>(28,814)</u>	<u>(130,272)</u>	<u>(37,333)</u>
<b>Financing activities</b>					
Subordinate voting shares:					
Purchases for cancellation	8	—	(18,112)	(3,621)	(20,372)
Cash used in financing activities		<u>—</u>	<u>(18,112)</u>	<u>(3,621)</u>	<u>(20,372)</u>
<b>Increase (decrease) in cash and cash equivalents</b>					
Cash and cash equivalents – beginning of period		29,410	136,913	174,615	147,448
Foreign currency translation		(551)	62	(293)	306
<b>Cash and cash equivalents – end of period</b>		<u>40,429</u>	<u>90,049</u>	<u>40,429</u>	<u>90,049</u>

See accompanying notes.

## Index to Notes to Interim Consolidated Financial Statements

1. Business Operations	7
2. Basis of Presentation	7
3. Summary of Material Accounting Policies	7
4. Critical Accounting Estimates and Judgments	8
5. Indian Investments	9
6. Cash and Investments	18
7. Borrowings	22
8. Total Equity	22
9. Income Taxes	23
10. Financial Risk Management	24
11. Related Party Transactions	26
12. General and Administration Expenses	27

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

*for the three and six months ended June 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 six months ended June 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 August 1, 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 second 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 Statements*, while carrying forward many of the requirements in IAS 1. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of earnings and to provide disclosures on management-defined performance measures in the notes to the financial statements, and also makes certain amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share*. The standard is to be applied retrospectively, with specific transition provisions, for annual reporting periods beginning on or after January 1, 2027 with earlier application permitted.

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

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

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

In the preparation of the company's 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 six months ended June 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 second quarter of 2024 is as follows:

	Second quarter							Balance as of June 30
	2024							
	Balance as of April 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments <sup>(1)</sup>	Net unrealized foreign currency translation gains (losses)	
<b>Public Indian Investments:</b>								
Common stocks:								
IIFL Finance <sup>(2)</sup>	234,187	33,089	—	—	—	133,575	(627)	400,224
CSB Bank <sup>(3)</sup>	345,290	—	(71,298)	—	43,001	(14,280)	(82)	302,631
IIFL Securities	124,827	—	—	—	—	88,621	(189)	213,259
Fairchem Organics	98,228	—	—	—	—	14,068	(19)	112,277
5paisa	46,534	—	—	—	—	837	(5)	47,366
Other	3,039	—	—	—	—	247	1	3,287
Derivatives:								
IIFL Finance forward derivative <sup>(2)</sup>	—	—	(8,210)	—	8,210	—	—	—
<b>Total Public Indian Investments</b>	<b>852,105</b>	<b>33,089</b>	<b>(79,508)</b>	<b>—</b>	<b>51,211</b>	<b>223,068</b>	<b>(921)</b>	<b>1,079,044</b>
<b>Private Indian Investments:</b>								
Common stocks:								
BIAL	1,599,973	—	—	—	—	41	297	1,600,311
Sanmar	271,849	—	—	—	—	(1,352)	(19)	270,478
Seven Islands	149,700	—	—	—	—	7,552	30	157,282
Maxop	56,766	—	—	—	—	127	11	56,904
Jaynix	51,754	—	—	—	—	3,494	9	55,257
Saurashtra	52,659	—	—	—	—	925	12	53,596
NCML	45,025	—	—	—	—	96	(4)	45,117
IH Fund	11,342	—	—	—	—	(199)	—	11,143
NSE	56,701	—	(56,683)	—	50,229	(50,345)	98	—
Other Indian Fixed Income	31,503	—	—	113	—	—	5	31,621
<b>Total Private Indian Investments</b>	<b>2,327,272</b>	<b>—</b>	<b>(56,683)</b>	<b>113</b>	<b>50,229</b>	<b>(39,661)</b>	<b>439</b>	<b>2,281,709</b>
<b>Total Indian Investments</b>	<b>3,179,377</b>	<b>33,089</b>	<b>(136,191)</b>	<b>113</b>	<b>101,440</b>	<b>183,407</b>	<b>(482)</b>	<b>3,360,753</b>

(1) All Private Indian Investments and the remaining 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 \$50,345 related to the reversal of prior period unrealized gains upon the sale of NSE common shares. Net change in unrealized gains related to common shares of CSB Bank classified as Level 3 was \$28,642.

(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.

(3) During June 2024 the company sold 16,868,645 common shares of CSB Bank for gross proceeds of \$71,298 (6.0 billion Indian rupees). At June 30, 2024 the company recorded a receivable for securities sold of \$71,002 (gross proceeds less brokerage fees) and cash was received on July 2, 2024.

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

	Second quarter							Balance as of June 30
	2023							
	Balance as of April 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments <sup>(1)</sup>	Net unrealized foreign currency translation gains	
<b>Public Indian Investments:</b>								
Common stocks:								
IIFL Finance <sup>(2)</sup>	495,804	—	(30,512)	—	30,512	(8,935)	865	487,734
CSB Bank	230,847	—	—	—	—	39,824	496	271,167
Fairchem Organics	76,167	—	—	—	—	26,885	208	103,260
IIFL Securities	51,908	—	—	—	—	10,907	122	62,937
5paisa	26,412	—	—	—	—	8,117	65	34,594
Other	1,800	—	—	—	—	329	3	2,132
360 ONE (formerly IIFL Wealth)	37,885	—	(37,465)	—	13,070	(13,548)	58	—
<b>Total Public Indian Investments</b>	<b>920,823</b>	<b>—</b>	<b>(67,977)</b>	<b>—</b>	<b>43,582</b>	<b>63,579</b>	<b>1,817</b>	<b>961,824</b>
<b>Private Indian Investments:</b>								
Common stocks:								
BIAL	1,296,142	75,000	—	—	—	51,433	2,407	1,424,982
Sanmar	289,332	—	—	—	—	50,084	644	340,060
NSE	167,662	—	—	—	—	4,878	307	172,847
Seven Islands	97,629	—	—	—	—	17,941	212	115,782
Maxop	52,382	—	—	—	—	3,106	100	55,588
Saurashtra	51,051	—	—	—	—	1,498	94	52,643
NCML <sup>(3)</sup>	51,826	3,425	—	—	—	(4,059)	116	51,308
Jaynix	36,051	—	—	—	—	7,129	79	43,259
IH Fund	15,298	—	(471)	—	—	(218)	24	14,633
Other Indian Fixed Income	7,209	—	—	106	—	—	13	7,328
<b>Total Private Indian Investments</b>	<b>2,064,582</b>	<b>78,425</b>	<b>(471)</b>	<b>106</b>	<b>—</b>	<b>131,792</b>	<b>3,996</b>	<b>2,278,430</b>
<b>Total Indian Investments</b>	<b>2,985,405</b>	<b>78,425</b>	<b>(68,448)</b>	<b>106</b>	<b>43,582</b>	<b>195,371</b>	<b>5,813</b>	<b>3,240,254</b>

- (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 \$32,180.
- (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 second quarter of 2023 were reflected as realized gains.
- (3) 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).

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

	First six months							Balance as of June 30
	2024							
	Balance as of January 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments <sup>(1)</sup>	Net unrealized foreign currency translation gains (losses)	
<b>Public Indian Investments:</b>								
Common stocks:								
IIFL Finance <sup>(2)</sup>	412,151	33,089	—	—	—	(44,217)	(799)	400,224
CSB Bank <sup>(3)</sup>	409,335	—	(71,298)	—	43,001	(77,670)	(737)	302,631
IIFL Securities	147,437	—	—	—	—	66,249	(427)	213,259
Fairchem Organics	102,998	—	—	—	—	9,512	(233)	112,277
5paisa	52,129	—	—	—	—	(4,663)	(100)	47,366
Other	2,751	—	—	—	—	542	(6)	3,287
Derivatives:								
IIFL Finance forward derivative <sup>(2)</sup>	—	—	(8,210)	—	8,210	—	—	—
<b>Total Public Indian Investments</b>	<b>1,126,801</b>	<b>33,089</b>	<b>(79,508)</b>	<b>—</b>	<b>51,211</b>	<b>(50,247)</b>	<b>(2,302)</b>	<b>1,079,044</b>
<b>Private Indian Investments:</b>								
Common stocks:								
BIAL	1,599,988	—	—	—	—	3,663	(3,340)	1,600,311
Sanmar	302,881	—	—	—	—	(31,829)	(574)	270,478
Seven Islands	142,839	—	—	—	—	14,767	(324)	157,282
Maxop	56,674	—	—	—	—	348	(118)	56,904
Jaynix	49,277	—	—	—	—	6,094	(114)	55,257
Saurashtra	50,551	—	—	—	—	3,157	(112)	53,596
NCML	50,327	—	—	—	—	(5,114)	(96)	45,117
IH Fund	13,090	—	(884)	—	—	(1,040)	(23)	11,143
NSE	188,615	—	(188,948)	—	167,335	(167,222)	220	—
Other Indian Fixed Income	31,469	—	—	218	—	—	(66)	31,621
<b>Total Private Indian Investments</b>	<b>2,485,711</b>	<b>—</b>	<b>(189,832)</b>	<b>218</b>	<b>167,335</b>	<b>(177,176)</b>	<b>(4,547)</b>	<b>2,281,709</b>
<b>Total Indian Investments</b>	<b>3,612,512</b>	<b>33,089</b>	<b>(269,340)</b>	<b>218</b>	<b>218,546</b>	<b>(227,423)</b>	<b>(6,849)</b>	<b>3,360,753</b>

- (1) All Private Indian Investments and the remaining 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 \$167,222 related to the reversal of prior period unrealized gains upon the sale of NSE common shares. Net change in unrealized losses related to common shares of CSB Bank classified as Level 3 was \$21,331.
- (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.
- (3) During June 2024 the company sold 16,868,645 common shares of CSB Bank for gross proceeds of \$71,298 (6.0 billion Indian rupees). At June 30, 2024 the company recorded a receivable for securities sold of \$71,002 (gross proceeds less brokerage fees) and cash was received on July 2, 2024.

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

	First six months							Balance as of June 30
	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 <sup>(1)</sup>	Net unrealized foreign currency translation gains	
<b>Public Indian Investments:</b>								
Common stocks:								
IIFL Finance <sup>(2)</sup>	493,341	—	(30,512)	—	30,512	(9,758)	4,151	487,734
CSB Bank	223,268	—	—	—	—	45,911	1,988	271,167
Fairchem Organics	111,083	—	—	—	—	(8,743)	920	103,260
IIFL Securities	65,837	—	—	—	—	(3,449)	549	62,937
5paisa	28,421	—	—	—	—	5,920	253	34,594
Other	15,577	—	(13,447)	—	6,403	(6,525)	124	2,132
360 ONE (formerly IIFL Wealth)	46,730	—	(45,974)	—	16,551	(17,727)	420	—
<b>Total Public Indian Investments</b>	<b>984,257</b>	<b>—</b>	<b>(89,933)</b>	<b>—</b>	<b>53,466</b>	<b>5,629</b>	<b>8,405</b>	<b>961,824</b>
<b>Private Indian Investments:</b>								
Common stocks:								
BIAL	1,233,747	75,000	—	—	—	105,567	10,668	1,424,982
Sanmar	337,846	—	—	—	—	(642)	2,856	340,060
NSE	159,627	—	—	—	—	11,844	1,376	172,847
Seven Islands	96,910	—	—	—	—	18,014	858	115,782
Maxop	51,886	—	—	—	—	3,257	445	55,588
Saurashtra	50,707	—	—	—	—	1,504	432	52,643
NCML <sup>(3)</sup>	56,871	9,824	—	—	—	(15,872)	485	51,308
Jaynix	32,796	—	—	—	—	10,163	300	43,259
IH Fund	15,576	—	(900)	—	—	(168)	125	14,633
Other Indian Fixed Income <sup>(3)</sup>	19,585	—	(6,399)	200	(5,803)	(399)	144	7,328
<b>Total Private Indian Investments</b>	<b>2,055,551</b>	<b>84,824</b>	<b>(7,299)</b>	<b>200</b>	<b>(5,803)</b>	<b>133,268</b>	<b>17,689</b>	<b>2,278,430</b>
<b>Total Indian Investments</b>	<b>3,039,808</b>	<b>84,824</b>	<b>(97,232)</b>	<b>200</b>	<b>47,663</b>	<b>138,897</b>	<b>26,094</b>	<b>3,240,254</b>

(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 \$36,955.

(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 six 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, with the exception of the remaining common shares of CSB Bank subject to selling restrictions.

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

Public Indian Investments:	Industry	June 30, 2024		December 31, 2023	
		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 %
CSB Bank Limited ("CSB Bank") <sup>(1)</sup>	Financial services	69,394,331	40.0 %	86,262,976	49.7 %
IIFL Securities Limited ("IIFL Securities")	Financial services	84,641,445	27.5 %	84,641,445	27.5 %
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 <sup>(2)</sup>	Financial services	—	< 1.0 %	—	< 1.0 %

(1) The company is restricted from selling a certain percentage of its common shares of CSB Bank for a specified period due to restrictions imposed by the Reserve Bank of India ("RBI") and the Securities and Exchange Board of India ("SEBI"). At June 30, 2024 and December 31, 2023 the company held 69,394,331 common shares of CSB Bank that continue to be restricted 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 40.0% within 5 years, 30.0% within 10 years, and 26.0% within 15 years of the investment completion date of August 7, 2019.

(2) At June 30, 2024 and December 31, 2023 Other Public Indian Investments comprised of an investment of less than 1.0% equity interest in the financial services sector.

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

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. Since then, the RBI has completed a special audit and IIFL Finance has asserted that it has rectified all deficiencies identified in RBI's inspection and is now awaiting RBI's review of the results of their special audit and further action to lift the ban on gold loan lending.

On April 17, 2024 IIFL Finance announced a rights offering to existing shareholders, whereby shareholders of record on April 23, 2024 were given the right to participate in a common share issuance on 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%.

### *Subsequent to June 30, 2024*

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

## 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 second quarters and first six 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).

The transaction implied a fair value for 100% of BIAL at approximately \$2.5 billion (approximately 208.0 billion Indian rupees), which continues to be supported by the discounted cash flow analysis described below.

At June 30, 2024 the company estimated the fair value of its investment in BIAL using a discounted cash flow analysis for its three business units based on multi-year free cash flow forecasts with assumed after-tax discount rates ranging from 12.9% to 16.7% and a long term growth rate of 3.5% (December 31, 2023 - 12.4% to 16.9%, and 3.5%, respectively). At June 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared in the second quarter of 2023 for two of BIAL's business units and fourth quarter of 2022 for one business unit (December 31, 2023 - second quarter of 2023 for two business units and fourth quarter of 2022 for one business unit) 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***

There have been no changes in the second quarter and first six months to the free cash flow forecasts provided by BIAL's management in 2023.

At June 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 \$1,600,311 (December 31, 2023 - \$1,599,988).

At June 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 suspension 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 87.9% of the fair value of Sanmar at June 30, 2024 (December 31, 2023 - 74.0%).

At June 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 12.3% and a long term growth rate of 3.0% (December 31, 2023 - 11.0% and 3.0%, respectively); and (ii) the unadjusted bid price of Chemplast's common shares. At June 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information for Sanmar Egypt prepared in the second 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 in the second quarter of 2024 primarily to reflect: (i) lower revenues and contribution margins from PVC products over the forecast period; and (ii) higher working capital outflows in fiscal year 2027 reflecting reduced credit terms due to the improved availability of the U.S. dollar in Egypt.

At June 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 \$270,478 (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.

At June 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 with an assumed after-tax discount rate of 17.0% and a long term growth rate of 3.0% (December 31, 2023 - 15.7% and 3.0%, respectively). At June 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information for Seven Islands prepared in the first 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 flows were revised by Seven Islands' management in the first quarter of 2024 primarily to reflect: (i) decreased average age of vessels over the forecast period through sale of older vessels and purchase of younger vessels; (ii) increased deadweight capacity over the forecast period through acquisitions; and (iii) higher EBITDA margins over the forecast period supported by higher charter rates. The increase in fair value during the second quarter of 2024 was primarily due to a decrease in net debt as a result of strong operating performance and free cash flow generation.

At June 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 \$157,282 (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 June 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 14.1% and a long term growth rate of 4.0% (December 31, 2023 - 14.2% and 4.0%, respectively). At June 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information for Maxop prepared in the fourth quarter of 2023 (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*

There have been no changes in the second quarter and first six months of 2024 to the free cash flow forecasts provided by Maxop's management in 2023.

At June 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 \$56,904 (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 June 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 28.0% and a long term growth rate of 1.5% (December 31, 2023 - 28.3% and 1.5% respectively). At June 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information for Jaynix 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 flows were revised by Jaynix's management in the second quarter of 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 June 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 \$55,257 (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 June 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 with assumed after-tax discount rates ranging from 16.7% to 18.7% 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 June 30, 2024 free cash flow forecasts were based on EBITDA estimates derived from financial information for Saurashtra's two business units prepared in the first 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 flows were revised by Saurashtra's management in the first quarter of 2024 primarily to reflect: (i) EBITDA relating to its agreement to become the operator of a new CFS at Kandla Port; (ii) higher EBITDA forecasts arising from improved operating efficiencies resulting in increased storage and transportation revenue at its existing CFS; and (iii) a downward revision to EBITDA forecasts at Fairfreight Lines due to higher-than-expected decline in ocean freight rates, combined with a subdued outlook for the container shipping industry.

At June 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 \$53,596 (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 June 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 13.9% to 14.0% 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 June 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 flows were revised by NCML's management in the second quarter of 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 June 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 \$45,117 (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 June 30, 2024 the fair value of the company's investment in the NCML NCD of \$23,984 (including a deferred loss of \$3,335) (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 second quarter and first six months of 2024 the company received distributions of nil and \$884 (2023 - \$471 and \$900) from IH Fund.

At June 30, 2024 the company estimated the fair value of its investment in IH Fund of \$11,143 (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 second quarter and first six months of 2024, the company sold its remaining equity interest in NSE for gross proceeds of \$56,683 (4.7 billion Indian rupees) and \$188,948 (15.7 billion Indian rupees), resulting in realized gains of \$50,229 and \$167,335, respectively. Gross proceeds of \$15,039 (1.3 billion Indian rupees) related to NSE shares sold to IIFL Securities, an associate of the company.

## 6. Cash and Investments

### Fair Value Disclosures

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

	June 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	40,429	—	—	40,429	3,371	174,615	—	—	174,615	14,530
Bonds:										
Government of India <sup>(1)</sup>	—	195,207	—	195,207	16,278	—	31,794	—	31,794	2,646
Other Indian Fixed Income <sup>(2)</sup>	—	—	31,621	31,621	2,637	—	—	31,469	31,469	2,619
	—	195,207	31,621	226,828	18,915	—	31,794	31,469	63,263	5,265
Common stocks:										
IIFL Finance	400,224	—	—	400,224	33,374	412,151	—	—	412,151	34,297
CSB Bank <sup>(3)</sup>	—	—	302,631	302,631	25,236	84,735	—	324,600	409,335	34,062
IIFL Securities	213,259	—	—	213,259	17,783	147,437	—	—	147,437	12,269
Fairchem Organics	112,277	—	—	112,277	9,363	102,998	—	—	102,998	8,571
5paisa	47,366	—	—	47,366	3,950	52,129	—	—	52,129	4,338
Other	3,287	—	—	3,287	274	2,751	—	—	2,751	229
BIAL	—	—	1,600,311	1,600,311	133,446	—	—	1,599,988	1,599,988	133,141
Sanmar <sup>(4)</sup>	—	—	270,478	270,478	22,554	—	—	302,881	302,881	25,204
Seven Islands	—	—	157,282	157,282	13,115	—	—	142,839	142,839	11,886
Maxop	—	—	56,904	56,904	4,745	—	—	56,674	56,674	4,716
Jaynix	—	—	55,257	55,257	4,608	—	—	49,277	49,277	4,101
Saurashtra	—	—	53,596	53,596	4,469	—	—	50,551	50,551	4,206
NCML	—	—	45,117	45,117	3,762	—	—	50,327	50,327	4,188
IH Fund	—	—	11,143	11,143	929	—	—	13,090	13,090	1,089
NSE	—	—	—	—	—	—	—	188,615	188,615	15,695
	776,413	—	2,552,719	3,329,132	277,608	802,201	—	2,778,842	3,581,043	297,992
Total cash and investments	816,842	195,207	2,584,340	3,596,389	299,894	976,816	31,794	2,810,311	3,818,921	317,787
	22.7 %	5.4 %	71.9 %	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 June 30, 2024 and December 31, 2023.

(2) At June 30, 2024, Other Indian Fixed Income included a deferred loss of \$3,335 related to the NCML NCD (December 31, 2023 - \$3,631).

(3) The company is restricted from selling its remaining common shares of CSB Bank for a specified period up to August 7, 2024 due to restrictions imposed by the RBI and SEBI, and has applied a discount for lack of marketability (a significant unobservable valuation input) to the quoted price for the remaining restricted common shares of CSB Bank held by the company at June 30, 2024 and December 31, 2023.

(4) The fair value of Chemplast, a publicly traded subsidiary of Sanmar, represented 87.9% of the company's investment in Sanmar at June 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 six months of 2024 and 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 six months of 2024 and 2023 is as follows:

Indian rupees (in millions)	First six months												
	2024						2023						
	Balance as of January 1	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments	Balance as of June 30	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 June 30
Common stocks:													
BIAL	133,141	—	—	—	305	133,446	102,068	6,153	—	—	—	8,679	116,900
CSB Bank	27,011	—	—	—	(1,775)	25,236	14,453	—	—	—	—	3,038	17,491
Sanmar	25,204	—	—	—	(2,650)	22,554	27,950	—	—	—	—	(53)	27,897
Seven Islands	11,886	—	—	—	1,229	13,115	8,017	—	—	—	—	1,481	9,498
Maxop	4,716	—	—	—	29	4,745	4,293	—	—	—	—	267	4,560
Jaynix	4,101	—	—	—	507	4,608	2,713	—	—	—	—	836	3,549
Saurashtra	4,206	—	—	—	263	4,469	4,195	—	—	—	—	124	4,319
NCML	4,188	—	—	—	(426)	3,762	4,705	809	—	—	—	(1,305)	4,209
IH Fund	1,089	(74)	—	—	(86)	929	1,289	—	(75)	—	—	(14)	1,200
NSE	15,695	(15,726)	—	13,927	(13,896)	—	13,206	—	—	—	—	974	14,180
Other Indian Fixed Income	2,619	—	18	—	—	2,637	1,621	—	(526)	16	(477)	(33)	601
<b>Total</b>	<b>233,856</b>	<b>(15,800)</b>	<b>18</b>	<b>13,927</b>	<b>(16,500)</b>	<b>215,501</b>	<b>184,510</b>	<b>6,962</b>	<b>(601)</b>	<b>16</b>	<b>(477)</b>	<b>13,994</b>	<b>204,404</b>

The changes in fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy in the company's presentation currency of U.S. dollars are disclosed in note 5. For all Indian Investments classified as Level 3 in the fair value hierarchy, net change in unrealized gains (losses) on investments related to investments held at the end of the reporting periods, except for the net change in unrealized losses on investments of 13,896 million Indian rupees in the first six months of 2024 and 33 million Indian rupees in the first six months of 2023 related to the reversals of prior period unrealized gains on sales of NSE common shares and conversion of the NCML CCD, 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 June 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 <sup>(1)</sup>	Hypothetical \$ change effect on net earnings <sup>(1)(2)</sup>
<b>Common stocks:</b>						
BIAL	1,600,311	Discounted cash flow	After-tax discount rate	12.9% to 16.7%	(337,899) / 427,548	(293,127) / 370,898
			Long term growth rate	3.5%	26,142 / (24,789)	22,678 / (21,505)
CSB Bank <sup>(3)</sup>	302,631	Bid price, net of discount	Discount for lack of marketability	3.9%	(1,007) / 1,007	(874) / 874
Sanmar <sup>(4)</sup>	270,478	Discounted cash flow	After-tax discount rate	12.3%	(34,446) / 42,592	(29,882) / 36,949
			Long term growth rate	3.0%	6,472 / (6,132)	5,614 / (5,320)
Seven Islands	157,282	Discounted cash flow	After-tax discount rate	17.0%	(11,455) / 13,142	(9,937) / 11,400
			Long term growth rate	3.0%	1,657 / (1,600)	1,437 / (1,388)
Maxop	56,904	Discounted cash flow	After-tax discount rate	14.1%	(7,355) / 8,985	(6,380) / 7,794
			Long term growth rate	4.0%	1,541 / (1,468)	1,337 / (1,273)
Jaynix	55,257	Discounted cash flow	After-tax discount rate	28.0%	(2,381) / 2,585	(2,066) / 2,242
			Long term growth rate	1.5%	263 / (258)	228 / (224)
Saurashtra	53,596	Discounted cash flow	After-tax discount rate	16.7% to 18.7%	(3,625) / 4,235	(3,145) / 3,674
			Long term growth rate	4.0% to 5.0%	674 / (648)	585 / (562)
NCML <sup>(5)</sup>	45,117	Discounted cash flow	After-tax discount rate	13.9% to 14.0%	(7,573) / 9,294	(6,570) / 8,062
			Long term growth rate	2.4% to 5.0%	1,122 / (1,063)	973 / (922)

- (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), long term growth rates (25 basis points) and discount for lack of marketability (changes of 250 basis points to underlying historical share price volatility), 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 and discount for lack of marketability 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) A discount for lack of marketability is applied to the quoted price of common shares that the company is restricted from selling for a specified period, and is determined using an industry accepted option pricing model that incorporates unobservable long-dated historical share price volatility. A higher (lower) historical share price volatility generally results in a higher (lower) option value and a lower (higher) fair value of the common shares.
- (4) 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 \$23,776, and an increase or decrease in net earnings of \$20,626.
- (5) 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 due after 1 year through 5 years primarily reflects the reinvestment of proceeds from the sales of NSE common shares into Government of India bonds. At June 30, 2024 and December 31, 2023 there were no bonds containing call or put features.

	June 30, 2024		December 31, 2023	
	Amortized cost	Fair value	Amortized cost	Fair value
Due in 1 year or less	7,637	7,637	—	—
Due after 1 year through 5 years	219,255	219,191	63,636	63,263
	226,892	226,828	63,636	63,263

## Investment Income

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

### Interest and dividends

	Second quarter		First six months	
	2024	2023	2024	2023
Interest:				
Cash and cash equivalents	485	1,394	1,005	3,024
Short term investments	—	1,032	353	1,611
Bonds	4,245	2,088	8,410	4,559
	<u>4,730</u>	<u>4,514</u>	<u>9,768</u>	<u>9,194</u>
Dividends: Common stocks	489	96	7,538	8,290

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

	Second quarter					
	2024			2023		
	Net realized gains (losses)	Net change in unrealized gains	Net gains	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)
<b>Net gains (losses) on investments:</b>						
Short term investments	—	—	—	—	(1)	(1)
Bonds	(40)	405	365	—	590	590
Common stocks	93,230 <sup>(1)</sup>	183,407 <sup>(1)</sup>	276,637	43,582 <sup>(1)</sup>	195,371 <sup>(1)</sup>	238,953
Derivatives	8,210 <sup>(1)</sup>	—	8,210	—	—	—
	<u>101,400</u>	<u>183,812</u>	<u>285,212</u>	<u>43,582</u>	<u>195,960</u>	<u>239,542</u>
<b>Net foreign exchange gains (losses) on:</b>						
Cash and cash equivalents	44	—	44	(186)	—	(186)
Short term investments	—	—	—	(564)	405	(159)
Borrowings	—	92	92	—	885	885
Other	228	—	228	(126)	—	(126)
	<u>272</u>	<u>92</u>	<u>364</u>	<u>(876)</u>	<u>1,290</u>	<u>414</u>

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

	First six months					
	2024			2023		
	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)
<b>Net gains (losses) on investments:</b>						
Short term investments	15	—	15	—	(1)	(1)
Bonds	(237)	308	71	(5,803) <sup>(1)</sup>	363	(5,440)
Common stocks	210,336 <sup>(1)</sup>	(227,423) <sup>(1)</sup>	(17,087)	53,466 <sup>(1)</sup>	139,296 <sup>(1)</sup>	192,762
Derivatives	8,210 <sup>(1)</sup>	—	8,210	—	—	—
	<u>218,324</u>	<u>(227,115)</u>	<u>(8,791)</u>	<u>47,663</u>	<u>139,658</u>	<u>187,321</u>
<b>Net foreign exchange gains (losses) on:</b>						
Cash and cash equivalents	61	—	61	(824)	—	(824)
Short term investments	—	—	—	47	(621)	(574)
Borrowings	—	(1,045)	(1,045)	—	4,191	4,191
Other	972	—	972	(247)	—	(247)
	<u>1,033</u>	<u>(1,045)</u>	<u>(12)</u>	<u>(1,024)</u>	<u>3,570</u>	<u>2,546</u>

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

## 7. Borrowings

	June 30, 2024			December 31, 2023		
	Principal	Carrying value <sup>(1)</sup>	Fair value <sup>(2)</sup>	Principal	Carrying value <sup>(1)</sup>	Fair value <sup>(2)</sup>
Unsecured Senior Notes:						
5.0% Unsecured Senior Notes due February 26, 2028	500,000	498,088	456,050	500,000	497,827	452,250

(1) Principal net of unamortized issue costs.

(2) Fair value of the Unsecured Senior Notes at June 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 June 30, 2024 and December 31, 2023 the Revolving Credit Facility was undrawn and remained available.

### Interest Expense

In the second quarter and first six months of 2024 interest expense of \$6,381 and \$12,761 (2023 - \$6,381 and \$12,761) was comprised of stated interest and amortization of issuance costs. During the second quarter and first six months of 2024 the company paid interest of nil and \$12,500 (2023 - nil and \$12,500) on its borrowings.

At June 30, 2024 the company recognized accrued interest expense of \$8,611 (December 31, 2023 - \$8,611) within the consolidated balance sheets.

## 8. Total Equity

### Common shareholders' equity

#### Common Stock

The number of shares outstanding was as follows:

	First six months	
	2024	2023
Subordinate voting shares – January 1	105,398,509	108,270,900
Purchases for cancellation	(246,062)	(1,571,929)
Subordinate voting shares – June 30	105,152,447	106,698,971
Multiple voting shares – beginning and end of period	30,000,000	30,000,000
Common shares effectively outstanding – June 30	135,152,447	136,698,971

#### 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 six months of 2024, under the terms of its normal course issuer bid, the company purchased for cancellation 246,062 subordinate voting shares (2023 - 1,571,929) for a net cost of \$3,621 (2023 - \$20,372), of which \$1,032 was charged to retained earnings (2023 - \$3,833).

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.

## Non-controlling interests

At June 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 \$5 and \$300 during the second quarter and first six months of 2024 (2023 - \$6,391 and \$10,260) 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 June 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 six months ended June 30 were comprised as follows:

	Second quarter		First six months	
	2024	2023	2024	2023
Current income tax:				
Current year expense	5,322	5,393	5,929	7,734
Adjustment to prior years' income taxes	—	14	10	14
	<u>5,322</u>	<u>5,407</u>	<u>5,939</u>	<u>7,748</u>
Deferred income tax:				
Origination and reversal of temporary differences	12,715	17,635	4,615	23,719
Provision for income taxes	<u>18,037</u>	<u>23,042</u>	<u>10,554</u>	<u>31,467</u>

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. The company's investment in BIAL is held by Anchorage and FIH Mauritius. Investment gains earned at Anchorage are subject to a higher tax rate compared to FIH Mauritius.

Reconciliation of the provision for (recovery of) 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 six months ended June 30 are presented in the following table:

	Second quarter		First six months	
	2024	2023	2024	2023
Canadian statutory income tax rate	26.5 %	26.5 %	26.5 %	26.5 %
Provision for (recovery of) income taxes at the Canadian statutory income tax rate	72,128	50,023	(7,555)	38,577
Tax rate differential on (income earned) losses incurred outside of Canada	(57,701)	(37,954)	11,583	(18,799)
Provision relating to prior years	—	14	10	14
Increase in unrecorded tax benefit of losses and temporary differences	3,049	11,869	4,514	12,850
Foreign exchange effect	552	(912)	1,991	(1,178)
Other including permanent differences	9	2	11	3
Provision for income taxes	<u>18,037</u>	<u>23,042</u>	<u>10,554</u>	<u>31,467</u>

The tax rate differential on income earned outside of Canada of \$57,701 in the second quarter of 2024 and tax rate differential on losses incurred outside of Canada of \$11,583 in the first six months of 2024 (2023 - tax differential on income earned outside of Canada of \$37,954 and \$18,799) principally reflected the impact of net investment income and losses taxed in Mauritius and India at lower rates.

At June 30, 2024 deferred tax assets of \$117,767 in Canada and \$8,262 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 June 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 June 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 June 30, 2024 compared to December 31, 2023.

The company's exposure to interest rate risk increased in the first six months of 2024, principally reflecting the reinvestment of proceeds from the sales of NSE 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.

	June 30, 2024			December 31, 2023		
	Fair value of fixed income portfolio	Hypothetical \$ change effect on net earnings <sup>(1)</sup>	Hypothetical % change in fair value	Fair value of fixed income portfolio	Hypothetical \$ change effect on net earnings <sup>(1)</sup>	Hypothetical % change in fair value
<b>Change in interest rates</b>						
200 basis point increase	215,261	(8,684)	(5.1)%	60,649	(2,119)	(4.1)%
100 basis point increase	220,940	(4,421)	(2.6)%	61,932	(1,080)	(2.1)%
No change	226,828	—	—	63,263	—	—
100 basis point decrease	232,923	4,577	2.7 %	64,643	1,121	2.2 %
200 basis point decrease	239,245	9,326	5.5 %	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 \$3,329,132 at June 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 June 30, 2024 to be a hypothetical increase or decrease in net earnings of \$187,127 (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 June 30, 2024 compared to December 31, 2023.

#### *Cash and Cash Equivalents*

At June 30, 2024 the company's cash and cash equivalents of \$40,429 (December 31, 2023 - \$174,615) were primarily held in major financial institutions.

#### *Investments in Debt Instruments*

At June 30, 2024 the company's debt instruments were all considered to be subject to credit risk with a fair value of \$226,828 (December 31, 2023 - \$63,263), representing 6.3% (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:

	June 30, 2024		December 31, 2023	
	Fair value	Rating	Fair value	Rating
Government of India bonds <sup>(1)</sup>	195,207	Baa3/BBB-	31,794	Baa3/BBB-
Other Indian Fixed Income	31,621	Not rated	31,469	Not rated
Total bonds	<u>226,828</u>		<u>63,263</u>	

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

The company's exposure to credit risk from its investments in fixed income securities increased at June 30, 2024 compared to December 31, 2023, principally reflecting the reinvestment of proceeds from the sales of NSE 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 June 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 June 30, 2024 compared to December 31, 2023.

The undeployed cash and investments at June 30, 2024 provide adequate liquidity to meet the company's known significant commitments over the next twelve months, which are principally comprised of 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 June 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 June 30, 2024, in addition to cash and cash equivalents of \$40,429, the company held common shares of Public Indian Investments, which carry no selling restrictions, with a fair value of \$776,413, Government of India bonds with a fair value of \$195,207, and a receivable for securities sold of \$71,002 comprised of net proceeds from the sale of investments in CSB Bank, which was received by the company on July 2, 2024. 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 June 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 June 30, 2024 represented 99.1% (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 June 30, 2024 and December 31, 2023 are summarized by the issuer's primary industry sector in the table below:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Infrastructure	1,600,311	1,599,988
Financial services	985,547	1,232,943
Commercial and industrial	564,017	586,191
Ports and shipping	210,878	193,390
	<u>3,360,753</u>	<u>3,612,512</u>

At June 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 \$3,533,193 at June 30, 2024 from \$3,582,601 at December 31, 2023, principally reflecting a decrease in common shareholders' equity.

Common shareholders' equity decreased to \$2,909,012 at June 30, 2024 from \$2,958,718 at December 31, 2023 primarily reflecting a net loss attributable to shareholders of \$39,362, unrealized foreign currency translation losses attributable to shareholders of \$6,078 and purchases of subordinate voting shares for cancellation of \$3,621 during the first six 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:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Performance fee	—	110,158
Investment and advisory fees	10,115	10,700
	<u>10,115</u>	<u>120,858</u>

### **Investment Advisory Agreement**

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

### *Performance Fee*

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

The period from January 1, 2024 to December 31, 2026 (the "fourth calculation period") is the next consecutive three-year period for which a performance fee, if applicable, will be accrued. Under the Investment Advisory Agreement, if a performance fee is payable for the 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 June 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 second quarter and first six months of 2024 (2023 - a performance fee of \$35,614 and \$21,067).

### *Investment and Advisory Fees*

The investment and advisory fees recorded in the consolidated statements of earnings (loss) for the second quarter and first six months of 2024 were \$10,122 and \$19,606 (2023 - \$9,470 and \$18,286).

### *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:

	June 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
	<u>59,406</u>	<u>59,406</u>

Interest expense recorded in the consolidated statements of earnings (loss) for the second quarter and first six months of 2024 included \$730 and \$1,460 related to amounts due to related parties (2023 - \$730 and \$1,460). Refer to note 7 for further details on the Unsecured Senior Notes.

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

At June 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 June 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 six months ended June 30 were comprised as follows:

	<u>Second quarter</u>		<u>First six months</u>	
	2024	2023	2024	2023
Audit, legal, tax, and professional fees <sup>(1)</sup>	539	3,377	1,102	6,982
Salaries and employee benefit expenses	247	197	707	513
Administrative expenses	463	437	841	912
Other	859	322	1,994	1,255
	<u>2,108</u>	<u>4,333</u>	<u>4,644</u>	<u>9,662</u>

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

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

Notes to Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Business Developments	29
Overview	29
Book Value per Share	29
Summary of Indian Investments	29
Operating Environment	31
Business Objectives	32
Investment Objective	32
Investment Restrictions	32
Indian Investments	32
Public Indian Investments	32
Private Indian Investments	38
Results of Operations	45
Consolidated Balance Sheet Summary	46
Financial Risk Management	47
Capital Resources and Management	47
Liquidity	48
Contractual Obligations	48
Other	49
Quarterly Data	49
Forward-Looking Statements	50
Glossary of Non-GAAP and Other Financial Measures	51

## Management's Discussion and Analysis of Financial Condition and Results of Operations (as of August 1, 2024)

(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 six months ended June 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 June 30, 2024 was \$2,909,012 (December 31, 2023 - \$2,958,718). The book value per share at June 30, 2024 was \$21.52 compared to \$21.85 at December 31, 2023, representing a decrease in the first six months of 2024 of 1.5%, principally reflecting a net loss attributable to shareholders of Fairfax India of \$39,362 (primarily attributed to investment and advisory fees, interest expense, a provision for income taxes and net losses on investments, partially offset by interest and dividend income) and unrealized foreign currency translation losses attributable to shareholders of \$6,078. In addition, the company purchased for cancellation 246,062 subordinate voting shares during the first six 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.

	June 30, 2024	December 31, 2023
Common shareholders' equity	2,909,012	2,958,718
Number of common shares effectively outstanding	135,152,447	135,398,509
Book value per share	\$21.52	\$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 six months ended June 30, 2024. Full descriptions of the Indian Investments committed to, acquired and sold in the first six 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:

June 30, 2024							
Existing Indian Investments:	Initial investment date	Ownership %	Cash consideration <sup>(1)</sup>	Fair value	Net change	Cumulative interest and dividends <sup>(2)</sup>	Compounded annualized return <sup>(3)</sup>
<b>Public Indian Investments:</b>							
Common stocks:							
IIFL Finance <sup>(4)</sup>	December 2015	15.2 %	101,118	400,224	299,106	18,716	22.9 % *
IIFL Securities <sup>(4)</sup>	December 2015	27.5 %	51,055	213,259	162,204	16,993	21.0 % *
Spaisa <sup>(4)</sup>	December 2015	24.6 %	16,603	47,366	30,763	—	18.9 % *
Fairchem Organics <sup>(5)</sup>	February 2016	52.8 %	29,741	112,277	82,536	2,108	23.0 %
CSB Bank	October 2018	40.0 %	136,348	302,631	166,283	—	16.1 %
Other	May 2022	< 1.0 %	3,386	3,287	(99)	28	(1.0)%
			<u>338,251</u>	<u>1,079,044</u>	<u>740,793</u>	<u>37,845</u>	<u>20.7 %</u>
<b>Private Indian Investments:</b>							
Common stocks:							
NCML	August 2015	91.0 %	188,288	45,117	(143,171)	823	(16.0)%
Sanmar	April 2016	42.9 %	199,039	270,478	71,439	—	7.0 %
Saurashtra	February 2017	51.0 %	30,018	53,596	23,578	11,373	11.3 %
BIAL	March 2017	64.0 %	902,982	1,600,311	697,329	2,241	10.7 %
IH Fund <sup>(6)</sup>	January 2019	—	12,326	11,143	(1,183)	5,460	5.1 %
Seven Islands	March 2019	48.5 %	83,846	157,282	73,436	6,054	13.8 %
Maxop	November 2021	67.0 %	51,448	56,904	5,456	—	4.6 %
Jaynix	February 2022	70.0 %	32,504	55,257	22,753	—	24.9 %
Other Indian Fixed Income	November 2021	—	31,408	31,621	213	1,134	3.9 %
			<u>1,531,859</u>	<u>2,281,709</u>	<u>749,850</u>	<u>27,085</u>	<u>7.6 %</u>
<b>Total existing Indian Investments</b>			<u>1,870,110</u>	<u>3,360,753</u>	<u>1,490,643</u>	<u>64,930</u>	<u>11.1 %</u>
<b>Monetized Indian Investments:</b>							
Partially monetized <sup>(7)</sup> :							
CSB Bank	October 2018	June 2024	33,144	71,298	38,154	—	15.5 %
IIFL Finance <sup>(4)</sup>	December 2015	December 2023	35,711	177,324	141,613	7,467	24.9 % *
Fairchem Organics <sup>(5)</sup>	February 2016	February 2022	7,787	45,585	37,798	86	49.7 %
			<u>76,642</u>	<u>294,207</u>	<u>217,565</u>	<u>7,553</u>	<u>25.5 %</u>
Fully monetized:							
NSE	July 2016	April 2024	26,783	188,948	162,165	15,048	32.8 %
360 ONE (formerly IIFL Wealth) <sup>(4)</sup>	December 2015	May 2023	107,044	243,465	136,421	40,492	16.7 % *
Other	March 2018	January 2023	178,762	282,564	103,802	9,298	28.0 %
Privi Speciality <sup>(5)</sup>	August 2016	April 2021	54,975	164,895	109,920	1,985	27.1 %
Sanmar Bonds <sup>(8)</sup>	April 2016	December 2019	299,000	433,873	134,873	—	11.0 %
			<u>666,564</u>	<u>1,313,745</u>	<u>647,181</u>	<u>66,823</u>	<u>18.3 %</u>
<b>Total monetized Indian Investments</b>			<u>743,206</u>	<u>1,607,952</u>	<u>864,746</u>	<u>74,376</u>	<u>19.4 %</u>
* Aggregate: IIFL Finance, IIFL Securities, Spaisa and 360 ONE (formerly IIFL Wealth)							20.8 %

- (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, Spaisa, 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 (July 2024) published by the International Monetary Fund ("IMF"), global growth is expected to remain steady at 3.2% in 2024 and 3.3% 2025, relatively consistent compared to estimates in April 2024. Global activity and world trade improved at the start of the year, with first quarter growth emerging higher than predicted for many countries due to trade spurred by strong exports from Asia, particularly in the technology sector. Global inflation is expected to continue to decline in 2024 and 2025, supported by cooling labour markets and falling energy prices, although inflation in emerging and developing economies is expected to decline at a slower rate than in advanced economies. However, near term risks to the inflation outlook include the lack of progress linked to trade tensions and price pressures resulting from geopolitical conflicts. Prolonged elevated inflation may impede planned monetary policy easing, in addition to elevated interest rates affecting financial stability.

### ***Indian Economy***

According to the latest estimates from the Indian government, after achieving growth of 8.2% in fiscal year 2024, the country's GDP growth is estimated to be between 6.5% and 7.0% for fiscal year 2025, making India one of the fastest growing economies in the world. In its July 2024 report, the IMF estimated India's GDP will expand by 7.0% in fiscal year 2025, which is an upward revision from its April 2024 estimate of 6.8%, reflecting a strong performance from the past year and improved prospects for private consumption.

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 proposes a simplified tax regime where the long term capital gains rate is to be increased to 12.5% from 10.0% currently. The company does not expect that once enacted, the increase in the long term capital gains rate will significantly impact its consolidated financial statements, based on its preliminary assessment and understanding of the proposed changes.

The Reserve Bank of India ("RBI") maintained the benchmark rate at 6.50% at its most recent monetary policy meeting in June 2024, for the eighth consecutive meeting. The RBI further reaffirmed its commitment to remain focused on the withdrawal of its accommodative policy, to ensure inflation remains within the target, while still supporting growth. Future rate cuts will depend on the evolving geopolitical environment and its impact on global commodity prices and inflation.

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

Global equity markets demonstrated growth during the second quarter of 2024, largely driven by the U.S. market and relatively positive investor sentiment as some global central banks began lowering interest rates. 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



second quarter of 2024, driven by strong inflows from foreign investors, robust corporate earnings and positive economic data. The U.S. dollar S&P BSE Sensex increased by 7.4% and 9.2% in the second quarter and first six months of 2024. The Indian rupee weakened slightly against the U.S. dollar, reflecting depreciation of 0.2% in the first six months of 2024.

Consistent with Indian equity markets, the fair values of the company's Indian Investments demonstrated a strong performance in the second quarter of 2024.

The company's Indian Investments may 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 second quarter and first six months of 2024 to the company's investment restrictions. At June 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, with the exception of the remaining common shares of CSB Bank subject to selling restrictions.

The changes in fair value of the company's Public Indian Investments for the second quarters and first six 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 June 30, 2024 IIFL Finance had over 4,770 branches across India, making it one of the largest retail focused non-banking finance companies.

At March 31, 2024 IIFL Finance had assets under management ("AUM") of approximately \$9.5 billion (790 billion Indian rupees) (December 31, 2023 - approximately \$9.3 billion (774 billion Indian rupees)) comprised of home loans (35%), gold loans (30%), microfinance (17%), loans against property (11%), digital loans (5%), 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"). Since then, the RBI has completed a special audit and IIFL Finance has asserted that it has rectified all deficiencies identified in RBI's inspection and is now awaiting RBI's review of the results of their special audit and further action to lift the ban on gold loan lending.

On April 17, 2024 IIFL Finance announced a rights offering to existing shareholders, whereby shareholders of record on April 23, 2024 were given the right to participate in a common share issuance on 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.

In response to the RBI Order, the company and Fairfax estimated that IIFL Finance may require up to \$200 million in liquidity support, which the company and Fairfax agreed to provide on terms to be mutually agreed and subject to applicable laws and regulatory approvals. 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. At this time, IIFL Finance does not require further liquidity support from the company or Fairfax.

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

At June 30, 2024 the fair value of the company's investment in IIFL Finance was \$400,224 (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 13.1% from 595.00 Indian rupees per share at December 31, 2023 to 517.00 Indian rupees per share at June 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 second quarter and first six 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 March 31, 2024 and 2023.

### **Balance Sheets**

*(unaudited - US\$ thousands)*

	<b>March 31, 2024<sup>(1)</sup></b>	<b>March 31, 2023<sup>(1)(2)</sup></b>
Financial assets	7,309,056	6,262,964
Non-financial assets	175,272	186,438
Financial liabilities	5,998,714	5,145,086
Non-financial liabilities	40,041	62,915
Total equity	1,445,573	1,241,401

(1) The net assets of IIFL Finance were translated at March 31, 2024 at \$1 U.S. dollar = 83.40 Indian rupees and at March 31, 2023 at \$1 U.S. dollar = 82.18 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

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

Financial assets increased principally reflecting increased loan advances. Non-financial assets decreased primarily due to a decrease in prepaid expenses and current tax assets. Financial liabilities increased principally reflecting net proceeds from borrowings and increased payables related to loan assignment and securitization. Non-financial liabilities decreased primarily due to decreased advances from customers and current tax liabilities.

Summarized below are IIFL Finance's statements of earnings for the years ended March 31, 2024 and 2023.

### **Statements of Earnings**

*(unaudited - US\$ thousands)*

	<b>Year ended March 31, 2024<sup>(1)</sup></b>	<b>Year ended March 31, 2023<sup>(1)(2)</sup></b>
Revenue	1,267,096	1,051,891
Earnings before income taxes	310,649	263,059
Net earnings	238,457	200,178

(1) Amounts for the years ended March 31, 2024 and 2023 were translated using the average exchange rates of \$1 U.S. dollar = 82.79 Indian rupees and \$1 U.S. dollar = 80.31 Indian rupees prevailing during those periods.

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

IIFL Finance's revenue increased primarily reflecting an increase in interest income consistent with the higher AUM balance, and higher total portfolio yields. Earnings before income taxes and net earnings increased primarily due to the increased interest income as noted above, partially offset by increased finance costs consistent with higher interest rates, increased employee benefit expenses attributed to the continued expansion of IIFL Finance's digital and physical footprint, higher fair value and impairment losses related to financial instruments, and higher taxes.

## **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 794 branches and 757 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. Additionally, CSB Bank aims to open 60 to 75 additional branches in fiscal year 2025.

Banks in India are highly regulated by the RBI including specific regulations on shareholder voting rights, shareholdings and board representation. On November 29, 2023, the dilution schedule was amended, requiring the company to bring down its shareholding in CSB Bank to 40.0% within 5 years, 30.0% within 10 years, and 26.0% within 15 years from the investment completion date of August 7, 2019.

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

In accordance with the RBI dilution schedule, during the second quarter and first six months of 2024 the company sold 16,868,645 common shares of CSB Bank for gross proceeds of \$71,298, resulting in realized gains of \$43,001.

At June 30, 2024 the fair value of the company's investment in CSB Bank was \$302,631 (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 is restricted from selling its remaining 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 June 30, 2024 and December 31, 2023 the company held 69,394,331 common shares of CSB Bank that continue to be restricted until August 7, 2024.

CSB Bank's share price decreased by 9.4% from 418.00 Indian rupees per share at December 31, 2023 to 378.60 Indian rupees per share at June 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 March 31, 2024 and 2023.

#### **Balance Sheets**

*(unaudited - US\$ thousands)*

	<b>March 31, 2024<sup>(1)</sup></b>	<b>March 31, 2023<sup>(1)(2)</sup></b>
Financial assets	4,225,027	3,484,638
Non-financial assets	117,215	86,481
Financial liabilities	3,833,163	3,128,708
Non-financial liabilities	62,547	46,479
Shareholders' equity	446,532	395,932

(1) The net assets of CSB Bank were translated at March 31, 2024 at \$1 U.S. dollar = 83.40 Indian rupees and at March 31, 2023 at \$1 U.S. dollar = 82.18 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

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

Financial assets increased primarily due to increased loans and advances to customers and higher cash flows from operating activities. Non-financial assets increased primarily due to higher property, plant and equipment and leasehold assets consistent with the increased number of CSB Bank branches, and increased other advances. Financial liabilities increased primarily due to increased deposits from customers and banks, 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 years ended March 31, 2024 and 2023.

#### **Statements of Earnings**

*(unaudited - US\$ thousands)*

	<b>Year ended March 31, 2024<sup>(1)</sup></b>	<b>Year ended March 31, 2023<sup>(1)</sup></b>
Revenue	250,920	209,532
Earnings before income taxes	78,185	99,025
Net earnings	57,423	73,939

(1) Amounts for the years ended March 31, 2024 and 2023 were translated using the average exchange rates of \$1 U.S. dollar = 82.79 Indian rupees and \$1 U.S. dollar = 80.31 Indian rupees prevailing during those periods.

Revenue increased primarily as a result of higher net interest income attributable to increased advances, largely driven by the gold portfolio, in addition to increased deposits. Earnings before income taxes and net earnings decreased primarily due to increased employee and other expenses consistent with higher headcount and number of branches, in addition to increased impairment losses on financial assets, partially offset by increased revenue discussed above.

## **Investment in IIFL Securities Limited**

### ***Business Overview***

IIFL Securities Limited ("IIFL Securities") is a publicly traded independent full-service retail and institutional brokerage, along with being a leading investment advisory firm providing diversified financial services and products such as financial planning, equity, commodities and currency broking (both cash and derivatives), depository participant services, investment banking, portfolio management as well as distribution of mutual funds, bonds and other products. 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 5,700 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 strong block placement capabilities, continuing to invest in technological upgrades, 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 March 31, 2024 IIFL Securities' non-institutional business segment had AUM of approximately \$22.6 billion (1,883 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 270 stocks in more than 20 sectors, accounting for over 73% of India's market capitalization. The investment banking business delivered its highest revenues ever in fiscal year 2024, and continues to have a robust deal pipeline.

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

At June 30, 2024 the fair value of the company's investment in IIFL Securities was \$213,259 (December 31, 2023 - \$147,437) comprised of 84,641,445 common shares representing a 27.5% equity interest (December 31, 2023 - 27.5%). IIFL Securities' share price increased by 44.9% from 144.95 Indian rupees per share at December 31, 2023 to 210.10 Indian rupees per share at June 30, 2024.

In the second quarter and first six 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 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' growth strategies include: (i) the installation of additional equipment and improving processing capacity to increase production for its new product; (ii) reducing customer concentration by acquiring new customers for existing applications and creating new applications for its products, in addition to expanding its customer base to other geographic markets; and (iii) the development of additional oleochemical products through pilot testing new raw materials.

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

At June 30, 2024 the fair value of the company's investment in Fairchem Organics was \$112,277 (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 increased by 9.2% from 1,246.00 Indian rupees per share at December 31, 2023 to 1,361.10 Indian rupees per share at June 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, recently 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 June 30, 2024 the 5paisa mobile application has reached over 19.6 million downloads and its total customer base exceeded 4.4 million. During the second quarter of 2024, approximately 90% 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 June 30, 2024 the fair value of the company's investment in 5paisa was \$47,366 (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 8.9% from 565.55 Indian rupees per share at December 31, 2023 to 514.95 Indian rupees per share at June 30, 2024.

#### **Investment in Other Public Indian Investments**

At June 30, 2024 the fair value of the company's investment in Other Public Indian Investments was \$3,287 (December 31, 2023 - \$2,751) and represents less than 1.0% equity interest in a public Indian company in the financial services sector.

In the second quarter and first six 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 - nil both periods).

*Subsequent to June 30, 2024*

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

### **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 second quarters and first six 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 17.3 million and international passenger traffic of 2.5 million in the first six months of 2024, representing year over year growth of 3.8% and 18.5%, 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 19.4% year over year, driven by the strong Indian domestic retail market and a surge in demand for international air cargo as a result of recent geopolitical events impacting the ocean freight industry. BIAL handled the highest market share of perishable cargo in India for the fourth consecutive year in fiscal year 2024.

Plans to expand the capacity of the airport remain underway and include the construction of an additional terminal building ("Terminal 2") in two phases by fiscal year 2029, a third terminal building ("Terminal 3") by fiscal year 2034, and real estate development of monetizable leasehold land. Phase 1 of Terminal 2 was inaugurated by Prime Minister Narendra Modi on November 11, 2022. Domestic operations commenced on January 15, 2023 and international operations commenced on September 12, 2023.

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, 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. BIAL has commissioned a traffic study to evaluate the impact of the agreement on its airport operations concurrently with its real estate master plan.

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

On May 9, 2023 Fairfax India entered into an agreement with Siemens Project Ventures GmbH ("Siemens"), 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).

The transaction implied a fair value for 100% of BIAL at approximately \$2.5 billion (approximately 208.0 billion Indian rupees).

At June 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 \$1,600,311 (December 31, 2023 - \$1,599,988), which approximates the equity valuation of BIAL implied by the Siemens transaction above.

At June 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 six months ended June 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 March 31, 2024 and 2023.

#### **Balance Sheets**

*(unaudited - US\$ thousands)*

	<b>March 31, 2024<sup>(1)</sup></b>	<b>March 31, 2023<sup>(1)(2)</sup></b>
Current assets	349,078	269,851
Non-current assets	1,549,462	1,539,318
Current liabilities	197,943	143,522
Non-current liabilities	1,390,798	1,342,366
Shareholders' equity	309,799	323,281

(1) *The net assets of BIAL were translated at March 31, 2024 at \$1 U.S. dollar = 83.40 Indian rupees and at March 31, 2023 at \$1 U.S. dollar = 82.18 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.*

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

Current assets increased primarily reflecting the investment of surplus cash from operations and proceeds from borrowings into short term fixed deposits. Non-current assets increased primarily due to investments in longer term fixed deposits, partially offset by decreased deferred tax assets. Current liabilities increased primarily due to increased current maturities of borrowings and other payables. Non-current liabilities increased primarily as a result of additional borrowings drawn to fund BIAL's expansion projects.

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

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

*(unaudited - US\$ thousands)*

	<b>Year ended March 31, 2024<sup>(1)</sup></b>	<b>Year ended March 31, 2023<sup>(1)</sup></b>
Revenue	332,076	229,709
EBITDA	214,153	141,559
Net earnings (loss)	(8,407)	60,419

(1) *Amounts for the years ended March 31, 2024 and 2023 were translated using the average exchange rates of \$1 U.S. dollar = 82.79 Indian rupees and \$1 U.S. dollar = 80.31 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, 2023 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, marketing and administrative expenses in connection with higher business volumes and the launch of Terminal 2. Net loss for the year ended March 31, 2024 compared to net earnings in the prior year was primarily due to increased depreciation and interest expense, consistent with the commencement of operations of Terminal 2 in late 2023. In addition, net earnings in the prior year included the impact of a deferred tax recovery related to the recognition of deferred tax assets arising from loss carryforwards.

### **Investment in Sanmar Chemicals Group**

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

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



Sanmar's principal lines of business consist of: (i) Chemplast Sanmar Limited ("Chemplast"), the largest specialty paste PVC manufacturer in India, 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 has been impacted by weak demand recovery in China, and while there has been some recovery in prices year over year, PVC continues to trade below the peaks seen in prior years. To further support PVC prices, in June 2024 the Indian government imposed an anti-dumping duty on imports of specialty paste PVC from several countries for a period of six months.

Currently, Sanmar Egypt is focusing on exporting PVC to global markets in the short term as a result of the currency depreciation of the Egyptian pound. The Egyptian pound is expected to stabilize following the recent unification of the central bank exchange rate with market rates, which will help reduce uncertainties and support private and foreign investment in Egypt.

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

At June 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 \$270,478 (December 31, 2023 - \$302,881).

The fair value of Chemplast, a publicly traded subsidiary of Sanmar, comprised 87.9% of the company's investment in Sanmar at June 30, 2024 (December 31, 2023 - 74.0%). The share price of Chemplast increased by 6.3% from 499.60 Indian rupees per share at December 31, 2023 to 531.05 Indian rupees per share at June 30, 2024.

### ***Sanmar's Summarized Financial Information***

Sanmar's fiscal year ends on March 31. Summarized below are Sanmar's balance sheets at March 31, 2024 and 2023.

#### **Balance Sheets**

*(unaudited - US\$ thousands)*

	<b>March 31, 2024<sup>(1)</sup></b>	<b>March 31, 2023<sup>(1)</sup></b>
Current assets	341,465	381,091
Non-current assets	2,102,971	1,693,998
Current liabilities	642,523	576,449
Non-current liabilities	1,123,600	961,701
Total equity	678,313	536,939

*(1) The net assets of Sanmar were translated at March 31, 2024 at \$1 U.S. dollar = 83.40 Indian rupees and at March 31, 2023 at \$1 U.S. dollar = 82.18 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.*

Current assets decreased primarily due to use of cash toward purchases of property, plant, and equipment as a result of capital expansion projects. Non-current assets increased primarily due to the revaluation of property, plant, and equipment at Sanmar Egypt. Current liabilities increased primarily due to increased trade payables as a result of longer credit terms related to raw material purchases, and increased current maturities of borrowings. Non-current liabilities increased primarily due to higher deferred tax liabilities related to property, plant, and equipment, in addition to net proceeds from borrowings to fund expansion projects at Chemplast.

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

### Statements of Earnings (Loss)

(unaudited - US\$ thousands)

	Year ended March 31, 2024 <sup>(1)</sup>	Year ended March 31, 2023 <sup>(1)</sup>
Revenue	936,232	1,239,473
EBITDA <sup>(2)</sup>	56,769	200,496
Net earnings (loss)	(159,920)	74,166

(1) Amounts for the years ended March 31, 2024 and 2023 were translated using the average exchange rates of \$1 U.S. dollar = 82.79 Indian rupees and \$1 U.S. dollar = 80.31 Indian rupees prevailing during those periods.

(2) EBITDA excludes the impact of exceptional items.

Revenue decreased primarily due to a significant drop in prices of PVC, caustic soda, and other chemicals, partially offset by higher sales volumes on certain finished products. In addition, the Egyptian government has revised export incentives applicable to Sanmar Egypt's products to 9% for PVC and 10% for caustic soda and calcium chloride for the one year period from July 2022 to June 2023 from 14% and 15% respectively. This has resulted in the reversal of certain export incentives accrued at previous rates. The decrease in EBITDA primarily reflected the decline in revenue noted above, partially offset by decreased power costs and other expenses from the devaluation of the Egyptian pound. Net loss for the year ended March 31, 2024 compared to net earnings in the prior year additionally reflected increased cost of borrowing and increased deferred taxes related to property, plant and equipment.

### 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. At June 30, 2024 Seven Islands owned 26 vessels, including 2 gas carriers, with a total deadweight capacity of approximately 1.3 million metric tons. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels.

#### 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 intends to transfer one of its Indian owned vessels to operate as a foreign-flagged vessel under a new wholly-owned subsidiary, Seven Islands Shipping International, expected to operate primarily in a free economic trade zone within the United Arab Emirates. The vessel 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.

Aside from geopolitical events, macroeconomic trends indicate global oil demand will be impacted by muted economic growth, production cuts, and increasing vehicle electrification. However, demand from China, one of the global leaders in oil demand growth, is expected to remain firm in the near term. 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 June 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 \$157,282 (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.

Business growth continues to be supported by resilient domestic demand in India, increased volume with major global customers and new contract nominations. However, the impact of inflation, supply chain disruptions and the potential implementation of new trade tariffs may increase operating expenses and dampen the outlook for future export growth. Maxop's key initiatives include securing more contracts from prominent customers, 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 global supply chain issues as noted above, 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 June 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 \$56,904 (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 a new facility 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 addition 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 slowdown in the U.S. housing market, has shown signs of recovery along with increasing demand from customers to develop new products. 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.

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

At June 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 \$55,257 (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 second quarter of 2024, Saurashtra handled 32,305 TEUs (2023 - 34,022 TEUs) compared to quarterly installed capacity of 57,900 TEUs, implying a capacity utilization of approximately 56% (2023 - 59%). 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 June 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.

Recent geopolitical events have resulted in global supply routes being diverted from the Suez Canal, which has caused 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 current 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 third 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, while ocean freight rates have not increased to the same degree. Despite these conditions, Fairfreight Lines has been 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 June 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 \$53,596 (December 31, 2023 - \$50,551).

In the second quarter and first six months of 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in Saurashtra of \$489 and \$980 (2023 - nil 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 the silos under the concession agreements with the Food Corporation of India ("FCI"). At June 30, 2024, four of NCML's silo projects were operational, and three 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.

Storage demand and warehousing revenue regained momentum during the second quarter of 2024, primarily due to significant inflows from the spring harvest season. However, recent geopolitical events 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.

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 June 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 \$45,117 (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 June 30, 2024 the fair value of the company's investment in the NCML NCD was \$23,984 (including a deferred loss of \$3,335) (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 June 30, 2024 IH Fund had invested approximately \$128 million at period end exchange rates (10.7 billion Indian rupees) in 7 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 contribute approximately 13% to the country's GDP by 2025 and reach \$1 trillion by 2030.

## Valuation and Interim Consolidated Financial Statement Impact

At June 30, 2024 the company estimated the fair value of its investment in IH Fund was \$11,143 (December 31, 2023 - \$13,090).

During the second quarter and first six months of 2024 the company received distributions of nil and \$884 (2023 - \$471 and \$900) from IH Fund, and in the second quarter and first six months of 2024 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IH Fund of nil and \$711 (2023 - \$92 and \$704).

### Subsequent to June 30, 2024

On July 22, 2024, the company received distributions from IH Fund of approximately \$0.6 million (51.1 million Indian rupees) and dividends of approximately \$0.4 million (35.9 million Indian rupees).

## 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 second quarter and first six months of 2024, the company sold its remaining equity interest in NSE for gross proceeds of \$56,683 (4.7 billion Indian rupees) and \$188,948 (15.7 billion Indian rupees), resulting in realized gains of \$50,229 and \$167,335, respectively. Gross proceeds of \$15,039 (1.3 billion Indian rupees) related to NSE shares sold to IIFL Securities, an associate of the company.

## Results of Operations

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

	Second quarter		First six months	
	2024	2023	2024	2023
<b>Income</b>				
Interest	4,730	4,514	9,768	9,194
Dividends	489	96	7,538	8,290
Net realized gains on investments	101,400	43,582	218,324	47,663
Net change in unrealized gains (losses) on investments	183,812	195,960	(227,115)	139,658
Net foreign exchange gains (losses)	364	414	(12)	2,546
	<u>290,795</u>	<u>244,566</u>	<u>8,503</u>	<u>207,351</u>
<b>Expenses</b>				
Investment and advisory fees	10,122	9,470	19,606	18,286
Performance fee	—	35,614	—	21,067
General and administration expenses	2,108	4,333	4,644	9,662
Interest expense	6,381	6,381	12,761	12,761
	<u>18,611</u>	<u>55,798</u>	<u>37,011</u>	<u>61,776</u>
<b>Earnings (loss) before income taxes</b>	272,184	188,768	(28,508)	145,575
Provision for income taxes	18,037	23,042	10,554	31,467
<b>Net earnings (loss)</b>	<u>254,147</u>	<u>165,726</u>	<u>(39,062)</u>	<u>114,108</u>
<b>Attributable to:</b>				
Shareholders of Fairfax India	254,142	159,335	(39,362)	103,848
Non-controlling interests	5	6,391	300	10,260
	<u>254,147</u>	<u>165,726</u>	<u>(39,062)</u>	<u>114,108</u>
<b>Net earnings (loss) per share</b>	\$ 1.88	\$ 1.16	\$ (0.29)	\$ 0.75
<b>Net earnings (loss) per diluted share</b>	\$ 1.88	\$ 1.12	\$ (0.29)	\$ 0.73

The company reported net earnings attributable to shareholders of \$254,142 (net earnings of \$1.88 per basic and diluted share) and a net loss of \$39,362 (net loss of \$0.29 per basic and diluted share) in the second quarter and first six months of 2024 compared to net earnings attributable to shareholders of \$159,335 (net earnings of \$1.16 per basic share and \$1.12 per diluted share) and \$103,848 (net earnings of \$0.75 per basic share and \$0.73 per diluted share) in the second quarter and first six months of 2023.

The quarter-over-quarter increase in net earnings attributable to shareholders primarily reflected higher net gains on investments and no performance fee accrual in the current period.

The year-over-year decrease in net earnings attributable to shareholders primarily reflected the net losses on investments compared to net gains in the prior period, partially offset by no performance fee accrual in the current period and a lower provision for income taxes.

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

**Net change in unrealized gains on investments** of \$183,812 in the second quarter of 2024 and net change in unrealized losses on investments of \$227,115 in the first six months of 2024 (2023 - net change in unrealized gains on investments of \$195,960 and \$139,658) 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 second quarters and first six months of 2024 and 2023, refer to note 5 (Indian Investments) to the interim consolidated financial statements for the three and six months ended June 30, 2024.

**Net realized gains on investments** of \$101,400 in the second quarter of 2024 principally related to sales of common shares of NSE and CSB Bank, and settlement of the IIFL Finance forward derivative upon completion of the IIFL Finance Rights Offer. Net realized gains on investments of \$218,324 in the first six months of 2024 included additional realized gains from sales of NSE. Net realized gains on investments of \$43,582 and \$47,663 and in the second quarter and first six months of 2023 principally arose 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 \$4,730 and \$9,768 increased from \$4,514 and \$9,194 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 \$489 in the second quarter of 2024 increased from \$96 in the second quarter of 2023 primarily due to dividends from Saurashtra. Dividend income of \$7,538 in the first six months of 2024 decreased from \$8,290 in the first six months of 2023 primarily due to sales of IIFL Finance and 360 ONE.

**Total expenses** of \$18,611 and \$37,011 decreased from \$55,798 and \$61,776 in the second quarter and first six months of 2023, primarily because there was no performance fee accrual recorded in the current period given the decrease in book value per share.

**Provision for income taxes** of \$18,037 and \$10,554 in the second quarter and first six months of 2024 (2023 - \$23,042 and \$31,467) primarily reflected current taxes recognized as a result of Indian capital gains tax on sales, withholding taxes on interest and dividends received and 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. Refer to note 9 (Income Taxes) to the interim consolidated financial statements for the three and six months ended June 30, 2024.

### **Consolidated Balance Sheet Summary**

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

#### **Total Assets**

Total assets at June 30, 2024 of \$3,671,170 (December 31, 2023 - \$3,821,535) were principally comprised as follows:

**Cash and cash equivalents** decreased to \$40,429 at June 30, 2024 from \$174,615 at December 31, 2023 principally due to the settlement of the performance fee payable for the third calculation period, investment and advisory fees, payment of interest on the Unsecured Senior Notes, and purchases of subordinate voting shares for cancellation, partially offset by the receipt of dividend and interest income and net sales of investments.

**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 \$3,596,389 at June 30, 2024 (December 31, 2023 - \$3,818,921) see note 6 (Cash and Investments) to the interim consolidated financial statements for the three and six months ended June 30, 2024.

**Receivable for securities sold** of \$71,002 at June 30, 2024 (December 31, 2023 - nil) was comprised of net proceeds from the sale of CSB Bank common shares, which were received by the company on July 2, 2024.

## **Total Liabilities and Equity**

Total liabilities at June 30, 2024 of \$636,065 (December 31, 2023 - \$736,761) were principally comprised as follows:

**Accrued interest expense** of \$8,611 at June 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.

**Income taxes payable** of \$5,190 at June 30, 2024 (December 31, 2023 - nil) was primarily comprised of Indian capital gains tax payable related to the sale of CSB Bank common shares, and other corporate taxes payable.

**Payable to related parties** decreased to \$10,115 at June 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 \$112,933 at June 30, 2024 from \$108,553 at December 31, 2023 primarily as a result of deferred taxes recognized resulting from net unrealized gains on the company's investments in IIFL Securities, IIFL Finance, Seven Islands, and Fairchem Organics, partially offset by the reversal of previously recognized deferred taxes upon the partial sale of CSB Bank during the period.

**Borrowings** increased to \$498,088 at June 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 June 30, 2024 of \$3,035,105 (December 31, 2023 - \$3,084,774) was comprised of common shareholders' equity of \$2,909,012 (December 31, 2023 - \$2,958,718) and non-controlling interests of \$126,093 (December 31, 2023 - \$126,056). Refer to note 8 (Total Equity) to the interim consolidated financial statements for the three and six months ended June 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 June 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 six months ended June 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 six months ended June 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 six months ended June 30, 2024.

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

	First six months	
	2024	2023
<b>Operating activities</b>		
Cash used in operating activities excluding the impact of net sales (purchases) of investments	(132,144)	(32,190)
Net sales of short term investments	510	2,786
Purchases of investments	(262,813)	(105,461)
Sales of investments	264,175	97,532
Cash used in operating activities	<u>(130,272)</u>	<u>(37,333)</u>
<b>Financing activities</b>		
Purchases of subordinate voting shares for cancellation	<u>(3,621)</u>	<u>(20,372)</u>
Cash used in financing activities	<u>(3,621)</u>	<u>(20,372)</u>
<b>Decrease in cash and cash equivalents during the period</b>	<u>(133,893)</u>	<u>(57,705)</u>

"Cash used in operating activities excluding the impact of net sales (purchases) of investments" provides a measure of cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of purchases and sales of investments. Cash used in operating activities excluding the impact of net sales (purchases) of investments of \$132,144 in the first six months of 2024 increased from \$32,190 in the first six 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 income tax payments and general and administration expenses.

Net sales of short term investments of \$510 and \$2,786 in the first six months of 2024 and 2023 principally related net sales of government treasury bills.

Purchases of investments of \$262,813 in the first six months of 2024 related to purchases of Government of India bonds and IIFL Finance common shares. Purchase of investments of \$105,461 in the first six months of 2023 primarily related to purchases of BIAL common shares and Government of India bonds.

Sales of investments of \$264,175 in the first six months of 2024 primarily related to proceeds received from sales of NSE and Government of India bonds. Net proceeds receivable of \$71,002 at June 30, 2024 relating to the sale of investments in CSB Bank were received by the company on July 2, 2024. Sales of investments of \$97,532 in the first six months of 2023 primarily related to partial sales of common shares of IIFL Finance and remaining common shares of 360 ONE.

Purchases of subordinate voting shares for cancellation of \$3,621 in the first six months of 2024 (2023 - \$20,372) related to the company's purchases for cancellation of 246,062 subordinate voting shares under the terms of the normal course issuer bid (2023 - 1,571,929).

## Contractual Obligations

The company's contractual obligations principally relate to its borrowings, and fees due to Fairfax under the terms of the Investment Advisory Agreement. Refer to note 7 (Borrowings) and note 11 (Related Party Transactions) to the interim consolidated financial statements for the three and six months ended June 30, 2024 for further details.

## Other

### Quarterly Data (unaudited)

<i>US\$ thousands, except per share amounts</i>	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Income (loss)	290,795	(282,292)	206,380	185,125	244,566	(37,215)	119,560	148,771
Expenses	18,611	18,400	46,833	38,351	55,798	5,978	30,996	24,865
Provision for (recovery of) income taxes	18,037	(7,483)	22,794	13,789	23,042	8,425	(3,996)	11,206
Net earnings (loss)	254,147	(293,209)	136,753	132,985	165,726	(51,618)	92,560	112,700
Net earnings (loss) attributable to shareholders	254,142	(293,504)	134,968	132,954	159,335	(55,487)	92,574	112,613
Net earnings (loss) per share	\$ 1.88	\$ (2.17)	\$ 1.00	\$ 0.97	\$ 1.16	\$ (0.40)	\$ 0.67	\$ 0.81
Net earnings (loss) per diluted share	\$ 1.88	\$ (2.17)	\$ 1.00	\$ 0.93	\$ 1.12	\$ (0.40)	\$ 0.65	\$ 0.79
<i>Indian rupees and in millions, except per share amounts <sup>(1)</sup></i>	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Income (loss)	24,151	(23,443)	17,133	15,281	20,108	(3,061)	9,528	11,479
Expenses	1,553	1,528	3,890	3,169	4,587	492	2,447	1,908
Provision for (recovery of) income taxes	1,500	(621)	1,893	1,141	1,894	693	(304)	864
Net earnings (loss)	21,098	(24,350)	11,350	10,972	13,627	(4,245)	7,385	8,707
Net earnings (loss) attributable to shareholders	21,098	(24,374)	11,200	10,968	13,101	(4,564)	7,386	8,700
Net earnings (loss) per share	156.11	(180.06)	82.68	80.37	95.50	(33.02)	53.34	62.67
Net earnings (loss) per diluted share	156.11	(180.06)	82.68	76.82	92.40	(33.02)	52.07	61.11

(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](http://www.sedarplus.ca) and on the company's website at [www.fairfaxindia.ca](http://www.fairfaxindia.ca). These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.

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

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

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

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

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

---

FAIRFAX INDIA  
HOLDINGS CORPORATION

---