

# Fairfax India Holdings Corporation

*News Release*

*TSX Stock Symbol: FIH.U*

**TORONTO, September 17, 2018**

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## **FAIRFAX INDIA ANNOUNCES AN AGREEMENT WITH SANMAR CHEMICALS GROUP**

*(Note: All dollar amounts in this news release are expressed in U.S. dollars, except as otherwise noted).*

Fairfax India Holdings Corporation (“Fairfax India”) (TSX: FIH.U) in 2016 completed an investment in Sanmar Chemicals Group (“Sanmar”), comprised of \$300 million (INR 19.9 billion) principal amount of bonds maturing on April 22, 2023 and common shares (representing a 30% equity interest). Fairfax India is pleased to announce that it has entered into an agreement with Sanmar pursuant to which Sanmar will settle the \$300 million (INR 19.9 billion) of bonds for consideration equal at the date of cancellation to the bonds’ principal amount plus an effective annual interest rate of 13.0%, which at March 31, 2019 would be approximately \$388 million (approximately INR 28.2 billion) (this and all further U.S. dollar amounts in this release are calculated at current exchange rates). Fairfax India will invest approximately half the consideration into common shares of Sanmar, increasing Fairfax India’s equity interest in Sanmar to approximately 43%. The transaction is subject to customary closing conditions and third party consents, and is expected to be completed in the first half of 2019.

As a result of this agreed transaction and positive operational developments at Sanmar, in the third quarter of 2018 Fairfax India will record investment gains of approximately \$252 million (INR 18.3 billion), comprised of approximately \$190 million (INR 13.8 billion) from common shares and approximately \$62 million (INR 4.5 billion) from bonds, an increase in book value per share of approximately \$1.62. The investment gain from the common shares of Sanmar is primarily supported by the continuing strong demand for PVC and related products in India, Europe, the Middle East and North Africa that Sanmar will benefit from through the completion of new capital projects in India (Chemplast Sanmar), and the successful recent coming online of its increased capacities in Egypt (TCI Sanmar).

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.

For further information, contact:

John Varnell, Vice President, Corporate Affairs  
(416) 367-4755