FIH U gideon lens

■# Fairfax India Holdings Corporation (FIH.U / FIH-U.TO) - Gideon Lens

Run date: 2026-07-02 Asia/Singapore Current price used: $18.30 Currency: U.S. dollars unless stated otherwise Latest official period: Q1 2026 ended 2026-03-31 Final verdict: PASS

Verdict Block

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	YELLOW	Strong Fairfax record, but control/fee alignment unresolved
Moat	YELLOW	BIAL passes 2046, parent holding-company moat does not
P/E <= 15 on confident EPS at TTM + 5 calendar years	YELLOW	EPS test adapted to NAV; base IRR only 5.4%
Compounder Score	Audited 48 / 100	Diagnostic Reject; BIAL quality offset by holding-company leakage
Business Quality Score	Audited 45 / 80	Gives BIAL credit but caps quality for concentration/control
20% Return UW Score	Audited 3 / 20	Base 5.4% and bull 16.0% miss hurdle

One-line thesis (or reason to pass): Fairfax India owns a genuinely valuable BIAL-led India portfolio, but the public equity does not yet clear ER2 because management alignment, parent-level moat, and realized return after a holding-company discount remain unresolved.

Kill / trigger criteria:

- BUY trigger: price below $14.50, or at least a 24% discount to the current $19.08 BVPS, unless BVPS is restated lower.
- PASS trigger: BIAL tariff/capex economics deteriorate, defined as a new tariff/control-period outcome that reduces expected allowed returns or delays recovery enough to cut BIAL fair value by more than 15%.
- PASS trigger: any 2026 performance-fee cash or share settlement that transfers material value to Fairfax while minority holders earn weak per-share returns or the discount to BVPS widens.
- PASS trigger: BVPS remains below $19.08 for two consecutive reported quarters without a clear realized-exit or mark-to-market explanation.
- Upgrade to BUY conditions: management and moat gates improve to PASS, private BIAL value is validated by a third-party transaction or IPO path, parent discount is at least 20%-25% to conservatively stated BVPS, and the adapted base case can underwrite at least a mid-teens return without terminal multiple expansion.

Position sizing if bought: 0% today. If upgraded, cap at 2% of the equity book because BIAL concentration, Fairfax voting control, fee economics, FX, and private valuation dependence remain material.

Executive Summary

Fairfax India is best understood as a BIAL-heavy investment holding company, not as a conventional operating company. At March 31, 2026, book value per share was $19.08 and current price was $18.30, so the shares traded at only a 4.1% discount to reported BVPS. That sounds cheap only if the book value is conservative, the holding-company discount can narrow, and future BVPS growth survives fees, debt, taxes, currency, and private valuation risk.

BIAL is the reason to care. It was carried at $2.152 billion at Q1 2026, representing 61.8% of total cash and investments and roughly 84.1% of common shareholders' equity before parent-level liabilities and other holdings. BIAL has the best moat in the portfolio: Bengaluru airport location scarcity, a Government of India concession running to 2068, regulated tariff mechanics,

passenger/cargo density, high fixed-cost leverage, and airport-city optionality. In the base scenario, the BIAL appendix grows BIAL fair value to $3.312 billion by March 2031, equal to $24.68 per current Fairfax India share before parent-level deductions.

The side portfolio matters, but it is less durable. The financial/public holdings bucket, including IIFL Finance, CSB Bank, IIFL Capital, 5paisa, Fairchem, fixed income, and Government of India bonds, starts from $831.2 million at Q1 2026 after a sharp public-market drawdown. The base case grows that bucket to $1.428 billion by 2031, or $10.64 per share. The upside is real if India financial marks recover and IIFL Capital/CSB execute. The underwriting issue is that credit quality, bank profitability, capital adequacy, asset-quality metrics, and five-year holding-level fair-value histories are not disclosed in enough detail to make this a high-confidence compounder engine.

The adapted synthesis reaches base 2031 BVPS of $31.69, a 10.7% BVPS CAGR from $19.08. That is an attractive NAV result. But the public shareholder return is materially lower after applying a terminal holding-company discount. At 0.75x 2031 BVPS, the base implied price is $23.77, only a 5.4% annualized price return from $18.30. The bull case reaches $42.68 BVPS and $38.41 at 0.90x BVPS, about a 16.0% price IRR, still below the 20% underwriting hurdle.

That gap between asset value and public-equity return is the whole decision. Fairfax India may be a good asset vehicle at the right discount. It is not a BUY at a 4.1% discount to current BVPS with both qualitative gates unresolved.

What Has To Be True

For the stock to work from here, BIAL must compound in U.S. dollar fair value despite capex, tariff timing, rupee volatility, and discount-rate changes. The base BIAL case assumes 9.0% annual fair-value compounding, supported by passenger growth, international mix, T2 phase 2 timing, regulated recovery, and non-aero/airport-city monetization. If BIAL is 15% overvalued versus carrying value or if tariff/capex economics deteriorate, the thesis weakens quickly because BIAL dominates NAV.

The financial/public holdings must recover from Q1 2026 public-market weakness. IIFL Finance, CSB Bank, IIFL Capital, and 5paisa do not need a perfect bull market, but they do need evidence that public marks were cyclical rather than early signals of credit, regulatory, or capital-market pressure. The base case already gives this bucket credit for recovery, from $831.2 million to $1.428 billion. If the bucket is flat for five years, BIAL alone has to carry nearly everything.

Fairfax must also behave well as controller and advisor. The management appendix found real positives: rational buybacks below book value, credible monetizations, visible Fairfax equity at risk, detailed fair-value schedules, and disclosure of weak assets as well as winners. But Fairfax controls 95.3% of votes with 43.6% of equity and is also the administrator/advisor/fee recipient through the Fairfax ecosystem. The public minority holder is underwriting Fairfax stewardship and self-restraint.

Why Not BUY

The Management gate is YELLOW, not PASS. The investment record is credible, but the governance bargain is not clean. Advisory fees, potential performance fees, Fairfax voting control, officer/provider overlap, and private valuation dependence create a permanent minority-holder issue. This does not make the stock uninvestable at any price. It does mean the price must compensate the minority holder with a larger discount than 4.1% to reported BVPS.

The Moat gate is YELLOW, not PASS. BIAL itself has a strong 2046 case: the airport concession runs to 2068, and Bengaluru airport is a scarce physical/regulatory chokepoint. Fairfax India equity, however, is not just BIAL. It is a fee-bearing, debt-bearing, tax-bearing, FX-exposed holding company whose returns depend on future capital allocation, public marks, private valuation assumptions, exit timing, and market discount behavior.

The adapted valuation gate is YELLOW. The literal P/E test is not meaningful because reported EPS is driven by fair-value marks. The NAV adaptation says the base case can grow BVPS well, but the shareholder return after a 0.75x terminal P/BVPS multiple is only about 5.4%. A 20% annualized return would require a 2031 price of about $45.54, above the bull-case price of $38.41 at 0.90x BVPS.

What Would Change The View

The cleanest upgrade path is external validation of BIAL. A third-party transaction, IPO path, OMERS/Anchorage marker, tariff decision, or financing event that validates BIAL value and improves visibility into allowed returns would reduce the private-valuation discount. If BIAL value is validated while the stock trades at a 20%-25% discount to conservative BVPS, the valuation conversation changes.

The second upgrade path is governance/fee behavior. If Fairfax continues to repurchase shares only below conservatively stated BVPS, avoids a value-leaking performance-fee outcome, and gives stronger minority-facing disclosure around BIAL tariff assumptions, valuation sensitivity, and fee economics, the management gate can move from YELLOW toward PASS.

The third upgrade path is proof from the side portfolio. IIFL Finance asset quality, CSB banking metrics, IIFL Capital control economics, and 5paisa monetization need better evidence. A recovered public mark alone is useful, but not enough. The report needs proof that recovery is backed by risk-adjusted operating performance rather than just market beta.

Bottom Line

Fairfax India is worth following. It is not a junk holding company, and BIAL is a genuinely scarce asset. But ER2 is designed to avoid paying near-book prices for unresolved governance, parent-level moat, and return-underwriting questions. At $18.30, the margin of safety is too thin for the evidence available today.

The right action is PASS, with a clear watchlist trigger around a larger discount to BVPS and external validation of BIAL.

Appendix A - Company Primer

Fairfax India Holdings Corporation (FIH.U) - Company Primer

Run date: 2026-07-02 Asia/Singapore Currency: USD unless stated otherwise Official ticker: FIH.U on TSX FMP ticker: FIH-U.TO Source hierarchy: `quant_foundation.md` for financial figures and `data_package.md` for qualitative context and source mapping.

1. Business Overview

Fairfax India Holdings Corporation is a Canadian-listed investment holding company created to own long-duration investments in India and India-linked businesses. It is not an operating company with a single product, sales force, factory base, software platform, or ordinary revenue line. The parent company raises and deploys permanent or semi-permanent public capital, uses Fairfax group investment infrastructure and Indian local-market relationships, and seeks to compound book value per share by owning public and private Indian businesses over long periods.

The economic customer is therefore not a consumer or enterprise buyer in the usual operating-company sense. The relevant customer-like parties are capital providers, portfolio-company sellers, regulators, lenders, and minority public shareholders. Fairfax India earns its return when the portfolio companies grow intrinsic value, pay dividends or interest, are sold above cost, or are revalued upward in the financial statements. Public holdings are marked to market. Private holdings are fair-valued using valuation techniques and transaction evidence. The public shareholder then experiences the result through book value per share, reported investment income and gains, and the market discount or premium to book value.

At March 31, 2026, the company reported total cash and investments of $3.482 billion. That total consisted of $25.6 million of cash, $24.3 million of bonds, and $3.432 billion of common stocks. Common shareholders' equity was $2.560 billion, effective common shares were 134.219 million, and book value per share was $19.08. The share price used by the quantitative foundation was $18.30, producing an all-economic-share market capitalization of $2.456 billion and a 4.1% discount to latest official book value per share. The FMP-reported market capitalization was not used for NAV math because it captured only the subordinate voting share base, not the full effective common share base.

The portfolio is highly concentrated. Bangalore International Airport, held through BIAL and the Anchorage structure, was valued at $2.152 billion at March 31, 2026. That was 61.8% of total cash and investments and 84.1% of common shareholders' equity. The next largest economic units were IIFL Finance at $290.7 million, CSB Bank at $246.7 million, IIFL Capital at $216.6 million, and Seven Islands at $167.3 million. Smaller public and private investments included Fairchem Organics, 5paisa, NCML, Maxop, Global Aluminium, Jaynix, IH Fund, bonds, and cash. Sanmar was still visible in the Q1 2026 schedule at $26.1 million because the quarter-end carrying value reflected the April 9, 2026 sale price, but after that sale Fairfax India had no continuing economic interest in Sanmar.

The simplest way to orient around the company is to treat it as a listed India investment vehicle with one dominant private infrastructure asset, a cluster of public Indian financial-services investments, a handful of private industrial and logistics holdings, modest cash and bonds, and parent-level debt. The key question is not "what is revenue growth?" The key question is whether the portfolio can compound net asset value per share fast enough, after fees, taxes, debt costs, currency effects, and dilution or buybacks, to justify the current share price and close or maintain the book-value multiple.

2. Revenue Architecture Reframed as NAV Architecture

For Fairfax India, the phrase "revenue architecture" can be misleading. The parent does not sell products to customers and then report segment revenue and operating income. Official reporting centers on total income, fair-value changes, realized gains, dividends, interest, foreign exchange, expenses, taxes, and book value per share. FMP product and revenue-segmentation endpoints were empty or not economically meaningful for this issuer. The correct replacement is an investment economic-unit schedule.

In FY2025, official total income was $608.9 million, driven primarily by $527.6 million of net unrealized investment gains, $53.5 million of net realized gains, $48.2 million of dividends, $7.5 million of interest income, and a $28.0 million foreign-exchange loss. In Q1 2026, the same structure worked in reverse: total income was negative $369.2 million, mainly because net unrealized investment losses were $345.4 million and foreign-exchange losses were $30.8 million, partly offset by dividends, interest, and realized gains. TTM total income ended March 31, 2026 was $452.5 million, but the quantitative foundation correctly warns that this is not normalized operating earning power because it includes $405.1 million of net

unrealized investment gains and $62.0 million of foreign-exchange losses.

The portfolio map at March 31, 2026 is the practical segment substitute:

Economic unit	Type	Fair value	% of cash and investments	Ownership / role
BIAL / Bangalore airport	Private infrastructure	$2,152.4m	61.8%	74.0% legal interest; 69.0% fully diluted through Anchorage / OMERS structure
IIFL Finance	Public financial services	$290.7m	8.3%	15.2% interest in retail-focused NBFC
CSB Bank	Public bank	$246.7m	7.1%	40.0% interest, with RBI dilution path to 30.0% by 2040
IIFL Capital	Public capital markets / wealth	$216.6m	6.2%	27.2% direct interest at quarter end; post-quarter control transaction announced and pending
Seven Islands	Private shipping	$167.3m	4.8%	48.5% interest in tanker shipping company
Maxop	Private industrial	$88.7m	2.5%	67.0% interest
Global Aluminium	Private industrial	$84.7m	2.4%	65.0% interest
Jaynix	Private industrial	$59.5m	1.7%	70.0% interest
NCML equity	Private agri logistics	$39.7m	1.1%	91.0% interest
Fairchem Organics	Public specialty chemicals	$33.0m	0.9%	57.2% interest after buyback
Sanmar	Sold after quarter	$26.1m	0.8%	Quarter-end value based on April 2026 sale price
5paisa	Public digital brokerage	$19.9m	0.6%	24.5% interest after rights-offer participation
Cash, bonds, IH Fund, fixed income	Liquidity / other	$80.0m	2.3%	Cash, Government of India bonds, NCML NCD / fixed income, fund interest

Geographically, the portfolio is overwhelmingly India. The data package states that at March 31, 2026, issuer-country composition of total cash and investments was 99.9% India. Fairfax India itself is headquartered in Toronto, reports in U.S. dollars, and holds investments through entities including FIH Mauritius, FIH Private, and Anchorage. Currency is therefore a live economic variable: the assets are India-facing, the reports are in USD, and rupee movements affect book value.

3. How Fairfax India Makes Money

Fairfax India makes money through five main channels.

First, it benefits from fair-value appreciation of portfolio holdings. Public investments are marked to market. Private investments such as BIAL, Seven Islands, Maxop, Global Aluminium, Jaynix, NCML, and IH Fund are fair-valued using official methods and transaction or discounted-cash-flow evidence. The largest single driver is BIAL because it represented almost two-thirds of total cash and investments at the Q1 2026 date. A small percentage change in BIAL's fair value can matter more to NAV than a much larger percentage move in a smaller public holding.

Second, it realizes gains or losses when investments are sold. FY2025 included $53.5 million of net realized gains. Recent examples in the data package include the November 2025 sale of Saurashtra for approximately $75 million and the April 2026 sale of the entire Sanmar economic interest for about $27 million. Realized exits matter because they turn fair-value marks into cash, fund new investments or obligations, and provide evidence for private-company carrying values.

Third, it receives dividends and interest. FY2025 dividends were $48.2 million and interest income was $7.5 million. Q1 2026 dividends were $5.6 million and interest income was $0.6 million. These cash yields are meaningful, but they are not large enough to define the whole business. The company is primarily a NAV compounding and investment-realization vehicle, not a high-current-yield vehicle.

Fourth, it can create per-share value through capital allocation around its own shares. FY2025 repurchases were 620,658 subordinate voting shares for $10.4 million, or $16.81 per share. Year-end FY2025 book value per share was $22.94, so those buybacks were below book value and therefore accretive if the book value was reliable. Buybacks are most powerful when the shares trade at a meaningful discount to conservative NAV and the company has enough liquidity not to starve

portfolio opportunities or debt needs.

Fifth, shareholder return depends on the market multiple to book value. At the Q1 2026 anchor, the share price used in the quant foundation was $18.30 versus official BVPS of $19.08, a 4.1% discount. At FY2025 year-end, the same $18.30 price would have represented a deeper discount to the $22.94 book value per share, but Q1 2026 fair-value and currency losses reset BVPS materially lower. A shareholder can earn a return from NAV growth, discount narrowing, or both. Conversely, NAV growth can be offset if the public market assigns a wider discount because of concentration, fees, governance, liquidity, or India/currency risk.

4. Unit Economics and Cost Structure

The parent-company unit economics are closer to an asset manager or closed-end fund than to an operating business, but there is an important difference: Fairfax India owns portfolio assets on its balance sheet, so changes in asset value flow through its own book value. The relevant "gross profit" concept is the gross change in portfolio value plus dividends, interest, and realized gains. The relevant cost structure is advisory fees, general and administrative expense, interest expense, taxes, and any performance-fee or share-count effects.

FY2025 total expenses were $79.3 million. Investment and advisory fees were $42.2 million, general and administrative expenses were $7.8 million, and interest expense was $29.4 million. Q1 2026 expenses were $19.5 million, including $10.8 million of investment and advisory fees, $1.9 million of G&A, and $6.8 million of interest expense. On a TTM basis through March 31, 2026, investment and advisory fees were $43.6 million, G&A was $8.1 million, interest expense was $29.4 million, and total expenses were $81.0 million.

This means fee and financing drag are not cosmetic. A $3.482 billion cash-and-investments base can absorb $80 million of annualized parent expense if the portfolio compounds well, but the drag becomes material in flat or down markets. The company needs the portfolio to appreciate enough to cover advisory fees, overhead, debt costs, and taxes before common shareholders see book value growth.

The tax line can also be significant. FY2025 income tax provision was $87.5 million, while Q1 2026 recorded a $24.3 million tax recovery. Deferred income taxes were $182.7 million at March 31, 2026. Taxes are especially important around realization events and private-asset exits, because a high reported fair value is not the same as after-tax distributable cash.

Debt creates another layer of fixed cost. At March 31, 2026, the company had $499.0 million carrying value of borrowings tied to $500.0 million principal 5.0% unsecured senior notes due February 26, 2028. It also had a $76.5 million payable for securities purchased, linked to the final BIAL purchase installment and supported by a letter of credit. Borrowings plus that payable equaled 22.5% of common shareholders' equity. That is not excessive for an investment holding company with liquid public equities and a large infrastructure asset, but it reduces flexibility if marks fall, rates rise, refinancing spreads widen, or private exits take longer than expected.

5. Major Economic Units

BIAL / Bangalore International Airport

BIAL is the core asset. Fairfax India held a 74.0% legal equity interest and a 69.0% fully diluted interest after giving effect to the Anchorage / OMERS structure. The Q1 2026 fair value was $2.152 billion, or 61.8% of cash and investments. BIAL operates Kempegowda International Airport Bengaluru and related airport-city opportunities. The official data package reports 2025 passengers of 43.8 million, 2025 aeronautical revenue of $237.1 million, and for the nine months ended December 31, 2025, revenue of $411.1 million, EBITDA of $292.0 million, and net earnings of $88.3 million.

BIAL matters because it combines infrastructure duration, passenger traffic growth, regulated tariff economics, non-aeronautical monetization, real estate potential, and possible IPO optionality. The DR-cleared data package expanded the operating history: passenger traffic was at an FY2022 exit run-rate of about 27.5 million, then 37.2 million in FY2023, 40.7 million in FY2024, and 43.8 million in FY2025. Aeronautical revenue was $158.6 million in FY2023, $217.9 million in FY2024, and $237.1 million in FY2025. Q1 2026 operating indicators were still positive: domestic passenger traffic was 9.5 million, up 4.8%, and international passenger traffic was 1.8 million, up 13.9%. The valuation case depends on airport traffic, tariff orders, capex execution, terminal expansion, non-aero revenue, and the ability to realize or list part of the asset at an attractive valuation.

IIFL Finance

IIFL Finance was valued at $290.7 million at March 31, 2026, or 8.3% of cash and investments. Fairfax India's interest was 15.2%. It is a retail-focused diversified non-bank financial company. The data package reports 2025 revenue of $804 million, FY2025 AUM growth of 38% to $10.9 billion, and March 31, 2026 AUM of about $11.4 billion. The public mark fell sharply in Q1 2026, with fair value down $147.5 million versus year-end 2025. The key issues are loan growth, asset quality, funding access, regulatory risk, and market valuation of Indian NBFCs.

CSB Bank

CSB Bank was valued at $246.7 million at March 31, 2026, equal to 7.1% of cash and investments. Fairfax India's interest was 40.0%, with a regulatory dilution path to 30.0% by 2040. It is an Indian full-service bank. The data package reports 2025 revenue of $320 million and December 31, 2025 gross loans and advances of $4.1 billion. The bank's SBS 2030 strategy is moving into its "Scale" phase beginning fiscal 2027, so CSB is a long-duration banking expansion rather than a near-term monetization only. The investment's economics depend on deposit franchise quality, credit costs, loan growth, net interest margins, operating leverage, and the eventual valuation at which Fairfax India reduces ownership to satisfy regulatory requirements.

IIFL Capital

IIFL Capital was valued at $216.6 million at March 31, 2026, or 6.2% of cash and investments. Fairfax India's quarter-end direct interest was 27.2%, and the data package notes a May 7, 2026 announced transaction intended to raise ownership to at least 51% through new shares, an open offer, and promoter sales if required. That transaction is a post-quarter, pending fact and should not be treated as completed in the Q1 2026 balance-sheet map. IIFL Capital includes brokerage, advisory, investment banking, and a wealth-management buildout. It reported 2025 revenue of $289 million and non-institutional AUM of about $29.0 billion at December 31, 2025. This is an important post-quarter development because it can shift Fairfax India from minority financial exposure to control or near-control exposure in a capital-markets-linked platform if completed.

Seven Islands

Seven Islands was valued at $167.3 million at March 31, 2026, or 4.8% of cash and investments. Fairfax India's interest was 48.5%. It is a private-sector tanker shipping company with 29 vessels and about 1.4 million deadweight tons at March 31, 2026. The data package reports 2025 revenue of $213 million. Seven Islands has been a strong disclosed return contributor: the Q1 2026 schedule showed $83.8 million of cash consideration, $167.3 million of fair value, $70.4 million of cumulative interest and dividends, and a 16.8% annualized return. Its economics depend on fleet utilization, charter rates, vessel age, fuel and maintenance costs, and shipping-cycle risk.

Fairchem, 5paisa, NCML, Maxop, Global Aluminium, Jaynix, and Other Smaller Holdings

Fairchem Organics was valued at $33.0 million after its January 2026 buyback increased Fairfax India's ownership to 57.2%. 5paisa was valued at $19.9 million and had 23.4 million app users/downloads and more than 5.2 million customers at March 31, 2026; Fairfax India participated in a rights offer for about $12.3 million and maintained a 24.5% interest. NCML equity was valued at $39.7 million, far below the $188.3 million cash consideration disclosed in the Q1 2026 return table, and all seven silo projects were operational by March 31, 2026. Maxop, Global Aluminium, and Jaynix were private industrial holdings valued at $88.7 million, $84.7 million, and $59.5 million, respectively. These smaller holdings will not determine the thesis alone, but they matter because weak private assets can consume management attention and strong smaller assets can fund incremental NAV growth.

6. Balance Sheet, Liquidity, and Capital Allocation

At March 31, 2026, Fairfax India had $25.6 million of cash, $24.3 million of bonds, $3.432 billion of common stocks, and $3.482 billion of total cash and investments. Total assets were $3.486 billion. Liabilities included $499.0 million of borrowings, $182.7 million of deferred taxes, and the $76.5 million payable for securities purchased. Common shareholders' equity was $2.560 billion, non-controlling interests were $153.3 million, and total equity was $2.714 billion.

The company also had an undrawn $245.0 million revolver commitment, stepping down to $220.0 million on October 1, 2026 and maturing November 13, 2028. The $76.5 million letter of credit for the final BIAL purchase installment reduced remaining revolver capacity to $168.5 million. Including cash and marketable securities of $28.8 million cited in the official release, stated near-term liquidity was $197.3 million before considering any monetization of public equities.

Capital allocation is active. FY2025 included $200.1 million of investment purchases, $191.1 million of investment sales, and $10.4 million of buybacks. The DR-cleared Q1 2026 cash-flow correction is that investment purchases were $0.0 million and

investment sales were $37.8 million, with Government of India bond sales used to fund the 5paisa rights offer and operating requirements. The biggest recent investment action was the additional 10.0% BIAL equity acquisition from Siemens for $255.0 million, completed in February 2025, with the final $76.5 million installment still payable. Recent sales include Saurashtra in November 2025 and Sanmar in April 2026. Pending or recent capital needs include the 5paisa rights offer and the announced IIFL Capital ownership increase.

The main capital-allocation tension is straightforward: Fairfax India must preserve enough liquidity for the 2028 debt maturity, the BIAL payable, support of portfolio companies, and opportunistic transactions, while also repurchasing shares if the market price trades materially below intrinsic book value. Buybacks at a wide discount can be attractive, but only if they do not force asset sales at poor prices or increase refinancing risk.

7. Recent Trend and Why Q1 2026 Matters

FY2025 looked strong on the surface. Book value per share rose to $22.94 from $20.96 at FY2024, total cash and investments rose to $4.045 billion, and net earnings attributable to shareholders were $410.5 million. But Q1 2026 sharply reset the base. BVPS fell to $19.08, common shareholders' equity fell to $2.560 billion, and net loss attributable to Fairfax India shareholders was $370.8 million. The main drivers were public-market mark-to-market losses and rupee translation losses, not a simple deterioration in parent operating revenue.

The largest Q1 2026 fair-value declines were in the public financials basket and Sanmar. IIFL Finance fell by $147.5 million versus year-end 2025, CSB Bank by $106.8 million, IIFL Capital by $125.0 million, and Sanmar by $75.5 million as the carrying value moved to the April sale price. BIAL's carrying value fell only $35.0 million, while its operating passenger indicators remained positive. Seven Islands increased by $4.9 million. This split is useful: the quarter was a severe mark-to-market and currency event, not uniform evidence that every underlying asset weakened.

For the ER2 framework, Q1 2026 also changes the forward base. The forward horizon is TTM ended March 31, 2026 plus five calendar years, or March 31, 2031. The quantitative foundation's forecast substrate starts with BVPS of $19.08 and illustrates 2031 BVPS of $22.12 at 3% CAGR, $26.77 at 7% CAGR, and $32.16 at 11% CAGR before applying any terminal discount or premium to book. The synthesis should not anchor on reported TTM EPS of $1.87 because that figure contains large fair-value gains and FX losses; it is an accounting bridge, not normalized owner earnings.

8. What a Reader Should Watch

The first watch item is BIAL value realization. BIAL is so large that airport traffic, tariffs, expansion execution, non-aeronautical monetization, airport-city progress, leverage at the asset, and any IPO or partial-sale valuation dominate the parent outcome. A favorable BIAL event can change the whole NAV story. A disappointing BIAL valuation or regulatory tariff outcome can overwhelm better news from smaller holdings.

The second watch item is the public Indian financials basket. IIFL Finance, CSB Bank, IIFL Capital, and 5paisa are marked through public markets and were major Q1 2026 detractors. Their operating metrics may be better than the quarter's marks, but shareholder NAV still feels the public-market move immediately. The announced IIFL Capital control transaction also increases the need to understand capital-market cyclicality and integration risk.

The third watch item is holding-company liquidity through 2028. The $500.0 million senior notes mature in February 2028, the revolver matures in November 2028, and the BIAL installment remains payable. Liquidity was adequate at March 31, 2026, but the parent has limited cash relative to the debt maturity and relies on revolver capacity, public equity liquidity, exits, or refinancing.

The fourth watch item is fee and tax drag. Advisory fees, performance fees, G&A, interest expense, and taxes can turn portfolio gross returns into lower per-share book value growth. FY2025 investment and advisory fees were $42.2 million and TTM total expenses were $81.0 million. The portfolio must compound well enough to clear this drag.

The fifth watch item is discount-to-book behavior. Fairfax India can be fundamentally right on Indian asset value and still deliver a mediocre public-shareholder return if the market keeps the shares at a persistent discount. Conversely, discount narrowing can materially enhance returns when NAV is growing. The current 4.1% discount to latest BVPS is not a deep closed-end-fund discount after the Q1 reset, so the underwriting cannot rely only on re-rating.

9. Primer Takeaway

Fairfax India is a concentrated India NAV-compounding vehicle, not a conventional operating company. Its largest asset is BIAL, followed by Indian financial-services holdings and a smaller set of private industrial, logistics, shipping, and digital

brokerage exposures. The parent makes money through fair-value appreciation, realized exits, dividends, interest, accretive buybacks, and discount-to-book dynamics. It loses value through adverse marks, rupee depreciation, weak exits, fees, taxes, debt costs, and persistent public-market discounts.

The right downstream model should therefore ask whether Fairfax India can grow book value per share from the Q1 2026 base of $19.08 to a sufficiently attractive 2031 value, while maintaining liquidity, refinancing debt, managing fee drag, and proving BIAL's private valuation. The normal operating-company questions still matter at the investee level, but the parent-level verdict should be framed around NAV growth, realization quality, balance-sheet resilience, and public-shareholder access to that value.

Appendix M - Management Assessment

Fairfax India Holdings Corporation - Management Assessment

Run date: 2026-07-02 Asia/Singapore. Company: Fairfax India Holdings Corporation. Official ticker: FIH.U on TSX. FMP ticker: FIH-U.TO. Currency: USD unless stated otherwise.

Source base and framing

This assessment uses the local ER2 data package and quantitative foundation as the controlling numerical base, plus the official 2025 annual report, Q1 2026 interim report, 2026 management proxy circular, 2026 board-governance materials, and official 2026 press releases. Fairfax India is not a normal operating company with product-line managers and operating segments. It is an externally connected investment holding company whose effective management system is Fairfax Financial, Hamblin Watsa, Fairbridge in India, Fairfax India officers, the board, and the portfolio-company boards where Fairfax India has representation. Therefore the management gate is primarily a capital allocation, alignment, fee, control, disclosure, and valuation-transparency gate.

The most important conclusion is that the investment team has a real record, but minority holders do not own a conventionally governed public company. Fairfax Financial controls 95.3% of votes while holding 43.6% of equity at March 31, 2026; Fairfax also receives the advisory fee and can receive performance fees in cash or shares at the end of calculation periods. That structure does not automatically make the investment uninvestable, because Fairfax has meaningful capital at risk, the company discloses the economics, and buybacks below book value have been rational. But it prevents a clean PASS under the Gideon management standard. A minority holder is underwriting Fairfax's stewardship and self-restraint, not an independent management team accountable to dispersed shareholders.

1. Who is running the company

The chief executive officer is Gopalakrishnan Soundarajan. He signed the 2025 annual financial certification as CEO and is listed as a director in the April 2026 voting results. Chandran Ratnaswami was the prior CEO and was appointed Executive Vice Chairman effective July 1, 2024, according to the 2026 circular's compensation footnotes. This is not a clean founder-to-outsider transition; it is a continuity handoff inside the Fairfax ecosystem. Soundarajan owns the current public-company execution but not the full historical investment record from 2015. The major underwriting architecture still points back to Prem Watsa, Chandran Ratnaswami, Fairbridge, Hamblin Watsa, and Fairfax's investment culture.

The chief financial officer is Debbie Chalkley, effective March 10, 2025. The 2024 annual report described the transition from Amy Sherk, who moved to Fairfax Financial but remained a Fairfax India executive officer as vice president, and described Chalkley as having more than two decades of experience, including more than 13 years in the Fairfax group. That is positive for continuity and financial-control familiarity, but it reinforces that the finance function is embedded in the Fairfax network.

The operating and investment ecosystem includes Fairbridge Capital Private Limited, a wholly owned Indian sub-advisor of Fairfax Financial. The 2025 annual report credits Fairbridge CEO Sumit Maheshwari, Director Anish Thurthi, Principal Sheetal Sancheti, Vice President Hariharan Sundaresan, and analysts Jinesh Rambhia, Ramin Irani, and Chinar Mathur with sourcing and reviewing Fairfax India's investments. FIH Mauritius Investments Ltd, led by CEO Amy Tan and supported by Vice President Vishal Mungur and an independent board, is also described as integral to the investment process. Deepak Parekh remains a named trusted advisor.

The board elected in April 2026 consisted of Christopher Hodgson, Sharmila Karve, Jason Kenney, Sumit Maheshwari, R. William McFarland, Satish Rai, Chandran Ratnaswami, Gopalakrishnan Soundarajan, Lauren Templeton, Benjamin Watsa, and Prem Watsa. The annual report identifies independent directors as Chris Hodgson, Satish Rai, Sharmila Karve, Bill McFarland, Jason Kenney, and Lauren Templeton. The Audit Committee members are McFarland, Hodgson, and Templeton, all described in the circular as independent and financially literate. The Governance, Compensation and Nominating Committee members are Hodgson, McFarland, and Rai, all described as independent. The committee structure is credible on paper. The limiting fact is not absence of independent directors; it is Fairfax's voting control and the related-party economic architecture around the vehicle.

2. Tenure and track record

The historical record is mixed but better than average for an India-focused listed holding company. Official BVPS increased from $19.65 in FY2021 to $22.94 in FY2025, while the post-IPO / inception track record in the data package reports approximately 7.9% to 8.3% BVPS CAGR depending on the starting definition. That is respectable in USD terms for Indian private/public assets, but below the Gideon ideal of compounding capital at more than 20% for decades. Q1 2026 then cut BVPS to $19.08 after public-stock mark-to-market losses and rupee translation losses. This matters because reported success is highly path-dependent: Fairfax India can look cheap or expensive depending on where public marks and private valuation assumptions sit at the measurement date.

Three capital-allocation decisions define the current management record. First, BIAL has become the controlling bet. At March 31, 2026 it was $2.152 billion of fair value, 61.8% of cash and investments and 84.1% of common shareholders' equity. Fairfax India increased exposure by completing the additional 10% BIAL acquisition from Siemens in February 2025 for $255 million, with a $76.5 million final installment still payable in Q3 2026. The asset is strategically coherent: monopoly airport infrastructure tied to Bengaluru traffic, regulated aeronautical returns, non-aero monetization, and land development. The concentration is also extreme, so the management grade depends heavily on whether valuation, AERA tariff assumptions, expansion execution, and eventual liquidity are handled conservatively.

Second, management has shown willingness to monetize and recycle capital. Saurashtra was sold in November 2025 for about $75 million; Sanmar was sold after Q1 2026 for about $27 million, ending a weak investment that had been marked down sharply. The annual report's monetized investment table shows total monetized cash consideration of $784.0 million, fair value/proceeds of $1.694 billion, net change of $909.6 million, cumulative income of $92.1 million, and a 19.0% annualized return. That is the strongest evidence for the Fairfax/Fairbridge underwriting machine.

Third, the mistakes are visible. NCML shows a -14.5% annualized return in the Q1 2026 investment-return table, Fairchem is near flat at 0.9%, 5paisa is 2.4%, and Sanmar exited at a low value. Management has not hidden these in the investment schedule, and the sale of Sanmar is a credible cleanup action. But the portfolio still has enough low-return tail assets that the record is not a clean superior-stewardship case.

3. Capital allocation behavior

The capital allocation pattern is internally consistent with Fairfax India's stated objective: long-term capital appreciation while preserving capital through Indian public and private securities. Parent capex and R&D are not relevant. Investment purchases were $353.6 million in FY2024, $200.1 million in FY2025, and included the BIAL add-on, Sanmar, GOI bonds, Global Aluminium, IIFL Finance, and Fairchem. Investment sales were $385.9 million in FY2024 and $191.1 million in FY2025, including NSE, Saurashtra, GOI bonds, CSB partial sales, and other public investments.

Share repurchases have been a management positive. In FY2025 Fairfax India repurchased 620,658 subordinate voting shares for $10.4 million, or $16.81 per share, while year-end BVPS was $22.94. The data package correctly flags those purchases as accretive if book value is reliable. The company has repurchased 23.2 million shares since inception at an average $13.09, which management argues more than offsets the 8.2 million shares issued to Fairfax for the first two performance-fee calculation periods. That is a fair defense as far as per-share math goes, but it is not a full governance cure. A controller being paid in shares at discounts to book and then using company buybacks to offset dilution is not the same as a fee structure designed from the start around outside minority holders.

Leverage discipline is adequate but should be watched. At March 31, 2026, borrowings of $499.0 million plus the $76.5 million BIAL payable were 22.5% of common shareholders' equity. Cash and marketable securities plus available revolver capacity were $197.3 million. The 5.0% senior notes mature in February 2028 and the revolver matures in November 2028. This is not excessive leverage for a holding company with liquid public investments and BIAL value, but the liquidity cushion is not large relative to the debt, the BIAL payable, advisory fees, and potential performance-fee cash needs. The DBRS BBB rating and positive outlook are useful external support, not a substitute for internal liquidity discipline.

4. Compensation and fee alignment

The core management concern is the Investment Advisory Agreement. Fairfax and Hamblin Watsa provide administration and investment advisory services. The advisory fee is 0.5% of undeployed capital and 1.5% of common shareholders' equity less undeployed capital, payable quarterly. In FY2025 the advisory fee was $42.155 million, and in Q1 2026 it was $10.803 million. That is a meaningful annual drag against a $2.56 billion Q1 2026 common equity base and must be earned through above-average NAV compounding.

The performance fee is more important. It is 20% of the increase in BVPS above a non-compounded 5% annual hurdle, calculated over three-year periods and reduced for prior performance fees. In March 2024 Fairfax India paid Fairfax a $110.2 million performance fee in cash for the third calculation period. For the fourth calculation period ending December 31, 2026, any fee may be paid in cash or, at Fairfax's option, subordinate voting shares priced by the 10-day VWAP. No performance fee was accrued at December 31, 2025 or March 31, 2026, but the structure remains live.

Named-executive compensation is unusual because, while the Investment Advisory Agreement is in effect, compensation for the CEO, CFO, corporate secretary, executive vice chairman, vice presidents, and vice president of corporate affairs is borne by Fairfax. This lowers direct Fairfax India G&A and avoids some public-company pay bloat, but it also means the key officers' economic employer is the controller/advisor. The proxy says annual bonuses are discretionary and that there are no corporate or individual performance goals or objectives set or evaluated. Long-term incentive comes through options on Fairfax India or Fairfax subordinate voting shares, expected to be held. Hedging is prohibited. The absence of formulaic ROIC or FCF targets is tolerable for a holding company, but it leaves minority holders with limited visibility into how the board judges management beyond long-term BVPS growth and Fairfax's culture.

5. Disclosure quality and candor

The company does not appear to run regular stand-alone quarterly earnings calls, and no last-eight-quarter transcript set was available in the local source package. I therefore cannot score real-time question handling or analyst pushback behavior. That limitation is itself a disclosure constraint for a public holding company whose largest assets are private or partially private.

The written disclosure is better than the call-disclosure profile. The data package shows detailed fair-value schedules, ownership percentages, cash consideration, fair value, cumulative dividends/interest, and annualized return by investment. The company discloses weak investments such as NCML and Fairchem alongside winners such as NSE, Privi, IIFL Capital, Seven Islands, Jaynix, and BIAL. It also discloses the absence of a performance-fee accrual, the terms of the fee agreement, related-party note holdings, and the voting-control risk. The 2025 annual report explicitly notes that private Indian investments are not valued by independent valuation experts; management determines fair value using valuation techniques and may use independent valuation firms. The auditor treated BIAL valuation as a key audit matter. That is transparent enough to analyze, but it leaves valuation judgment concentrated inside the Fairfax-controlled system.

Guidance discipline is not a conventional quarterly guidance story. Management commentary is long-horizon and asset-specific rather than quarter-specific. The Q1 2026 release described the mark-to-market loss as volatility around assets expected to perform over the long term. That is a reasonable framing for an investment vehicle, but it can become a shield if poor capital allocation is repeatedly explained as temporary marks. The right test is not whether management beats quarterly EPS, but whether five-year BVPS, realized exits, and private valuation marks converge with cash realizations.

6. Strategic coherence

The strategy is coherent: permanent capital, Fairfax/Fairbridge India sourcing, decentralized partnership with investee managers, and focus on India-linked public/private investments. The largest position, BIAL, fits that strategy. So do IIFL Finance, IIFL Capital, CSB Bank, Seven Islands, Maxop, Global Aluminium, Jaynix, and selected fixed-income investments. The company has board representation at key investees: seven of fourteen BIAL board members at December 31, 2025, two of eleven at CSB Bank, one of nine at IIFL Finance, two of five at NCML, and representation across several private holdings. This gives Fairfax India influence without necessarily requiring full control.

The weak point is not strategic incoherence. The weak point is that the strategy's success is inseparable from Fairfax's judgment and access. The 2025 annual report identifies reliance on key personnel, particularly Prem Watsa, Chandran Ratnaswami, and Gopalakrishnan Soundarajan, as a risk. Fairbridge is praised as the sourcing engine. That dependence is acceptable only if shareholders are comfortable underwriting a manager-led permanent-capital vehicle with limited minority influence.

7. Governance flags

Governance is the gating issue. Fairfax owns all 30.0 million multiple voting shares, each carrying 50 votes, and controls/directionally owns 28.504 million subordinate voting shares. At March 31, 2026 this represented 95.3% of voting interest and 43.6% of equity. The proxy says subordinate voting shares represent only 6.5% of total votes attached to all outstanding voting shares. Fairfax can substantially influence company affairs, affect shareholder votes, and may prevent fundamental transactions. The annual report itself warns that this can reduce liquidity, create a trading discount, and discourage change-of-control transactions where minority holders might otherwise receive a premium.

There are some protections. The coattail agreement gives subordinate holders protections if Fairfax sells multiple voting shares, and amendments to the coattail agreement require approvals excluding Fairfax votes. The board has independent audit and governance/compensation committees, written guidelines, a code of conduct, whistleblower policy, and independent-director committee composition. There were no restatements or material internal-control weaknesses identified in the sources reviewed; management certified disclosure controls and internal control over financial reporting as effective at year-end 2025.

Still, the related-party structure is material. Fairfax is parent, administrator, portfolio advisor through Hamblin Watsa, fee recipient, controller, provider of officers, and holder of $58.4 million principal amount of the senior notes on the same terms as other participants. None of those facts alone is disqualifying. Together they create a permanent conflict architecture that independent directors can monitor but not fully neutralize.

8. Peer comparison

Fairfax India should be compared with permanent-capital investment vehicles and externally managed asset-owning companies, not operating-company CEOs. Against Fairfax Financial itself, the India vehicle borrows an investment culture with a long record, but minority holders receive a structurally weaker governance bargain: they do not control the manager, they pay advisory and performance fees to the controller, and they have limited ability to force a discount-closing action.

Against Brookfield-style listed vehicles, Fairfax India has a simpler asset base and clearer India thesis, but weaker fee comfort from the minority perspective because the public company is tightly voting-controlled by the fee recipient and has a concentrated private-value anchor in BIAL. Brookfield vehicles also raise fee/alignment questions, but they often benefit from broader asset diversification and deeper capital-market playbooks.

Against Indian promoter-controlled financial/investment companies, Fairfax India looks better on written disclosure and capital-market discipline. The annual report's investment-return tables, fair-value schedules, and buyback math are more useful than typical promoter narratives. But the governance score still cannot exceed YELLOW because minority voting power is structurally minimal.

9. Verdict on the management gate

Management gate: YELLOW.

This is not a PASS because the controller, advisor, fee recipient, and provider of key officers are effectively the same Fairfax ecosystem, while Fairfax controls 95.3% of votes with 43.6% of equity. The advisory fee, potential performance fee, and option to settle future performance fees in subordinate shares create unresolved minority-holder risk. The fair-value-heavy asset base, especially BIAL, also requires substantial trust in management valuation judgment and board oversight.

This is not a FAIL today because the investment record has real winners and monetizations, the company has bought back shares below book value, the fee/control structure is disclosed rather than hidden, Fairfax has meaningful equity capital at risk, and independent committees exist with credible members. The company has also exited mistakes rather than carrying every weak asset indefinitely.

Conditions to upgrade to PASS: (1) continued BVPS growth from the Q1 2026 reset with realized exits or third-party marks validating private values, especially BIAL; (2) no 2026 performance-fee outcome that transfers material value to Fairfax while minority holders experience weak per-share returns or a persistent discount; (3) sustained buybacks only below conservatively stated BVPS, with clear disclosure that repurchases are per-share accretive; and (4) stronger minority-facing disclosure around private valuation assumptions, BIAL tariff/IPO milestones, and fee sensitivity. Conditions to downgrade to FAIL: a large cash or share performance fee after mediocre minority returns, related-party transactions that shift economics toward Fairfax, leverage used to defend fees or asset marks, or repeated private valuation resets that reveal prior BVPS was overstated.

Appendix W - Moat and 2046 Durability

Fairfax India Holdings Corporation - Moat and 2046 Durability

Run date: 2026-07-02 Asia/Singapore. Company fiscal year end: December 31. Latest official period used by the quant foundation and data package: Q1 2026 ended March 31, 2026. Currency: U.S. dollars unless stated otherwise.

Source limitation: the available segment appendices for BIAL and financial/public holdings were still placeholders when this appendix was written. I therefore used the data package, quantitative foundation, and narrow checks of the local official annual/interim text. The moat conclusions should be refreshed if full appendix_B files later add segment-level competitive analysis.

1. Moat taxonomy applied

Fairfax India's moat must be separated into two layers. The first is the holding company: a Canadian-listed investment vehicle with a Fairfax-affiliated India sourcing network, permanent-ish listed capital, no operating product, and economics measured through NAV/book value per share. The second is the investee layer, where BIAL, CSB Bank, IIFL Finance, IIFL Capital, Seven Islands, NCML, and industrial holdings may each have different competitive positions. The holding company does not automatically inherit every investee moat. It owns claims on those assets, bears fees, debt, taxes, currency translation, control and minority constraints, and trades at a market discount or premium to book value.

Network effects are limited at the Fairfax India parent level. The parent may benefit from the Fairfax brand, local relationship networks, and recurring access to promoter, regulator, and private-market counterparties, but the evidence is mostly capital-allocation history rather than a self-reinforcing user network. At the investee level, BIAL has network-adjacent airport economics because airlines, passengers, cargo operators, hotels, MRO providers, tenants, and ground-transport links coordinate around the same airport campus. That is not a software network effect, but it is a physical cluster effect: as Bengaluru's air gateway grows, commercial activity around the airport becomes more valuable, which can support non-aero revenue, cargo, airport city leasing, and route density.

Switching costs are also investee-specific. Fairfax India's shareholders can sell the listed shares daily, so the parent has no customer lock-in. BIAL has high switching friction because airlines cannot simply replace Bengaluru airport capacity with a comparable nearby airport without damaging route economics and passenger convenience. Cargo shippers, retailers, lounges, MRO facilities, hotels, and corporate tenants that build around the airport campus also face location-specific switching costs. Financial holdings have weaker switching costs: CSB deposit relationships, IIFL Finance branch/customer relationships, and IIFL Capital wealth relationships have some persistence, but Indian financial services are competitive and digital alternatives reduce friction.

Scale economies are real at BIAL and mixed elsewhere. BIAL's regulated asset base, terminal capacity, runway, cargo facilities, land bank, and operating infrastructure create high fixed-cost leverage as traffic grows. The annual report says capacity expanded from 20 million passengers when Fairfax India first invested to 50 million after the second runway and T2 phase 1, with current plans to reach about 80 million passengers by 2029 and beyond 90 million by 2033. That is a scale moat if traffic materializes and tariff orders allow returns on invested capital. At the parent, scale is ambiguous: $3.482 billion of cash and investments at Q1 2026 is meaningful for private Indian deals but not so large that the fee structure obviously creates operating leverage for public shareholders.

Brand is moderate. Fairfax's reputation and Prem Watsa/Gopalakrishnan Soundarajan ecosystem may help originate private opportunities, negotiate with promoters, and attract partners such as OMERS in Anchorage. But reputation is not the same as a protectable profit pool. At the investee layer, BIAL has brand value as Bengaluru's airport and T2 has won service and design recognition, but airports win mainly through location, concession rights, capacity, service quality, and tariff frameworks, not consumer brand alone. The financial holdings have recognizable brands, but brand is competed by banks, fintechs, brokerages, and wealth managers.

Regulatory and concession moat is the strongest category. BIAL has exclusive rights under a Government of India concession until 2068 to develop, finance, construct, maintain, operate, and manage Kempegowda International Airport Bengaluru. Aero tariffs are set in five-year control periods by AERA to provide regulated return on equity deployed in the regulatory asset base, with under- or over-recovery adjusted in later control periods. This creates a durable but regulated profit pool. It is not unbounded pricing power; it is a long-lived franchise with allowed-return mechanics and political/regulatory constraints. CSB Bank also has a valuable banking license, but Fairfax India must dilute its CSB ownership to 30% within 10 years and 26%

within 15 years from the August 2019 investment completion date, which weakens holding-company durability.

IP/patents are not material. This is not an IP compounder. Some investees use technology, AI, biometric passenger processes, digital lending, trading platforms, and analytics, but none of the core Fairfax India thesis rests on proprietary patent economics. High-trust procurement is present in pieces: BIAL must satisfy regulators, airlines, security authorities, passengers, lenders, and concession counterparties; CSB and IIFL must satisfy depositors, borrowers, regulators, and funding markets; Seven Islands must satisfy charterers and safety regulators. This trust matters, but only BIAL's trust position is backed by a long concession and location scarcity.

2. Per-segment moat

BIAL / Bangalore International Airport is the central moat asset. At Q1 2026, BIAL was valued at $2.152 billion, 61.8% of total cash and investments and about 84.1% of common shareholders' equity before parent liabilities and other holdings. Fairfax India held 74.0% legally and 69.0% fully diluted. The moat is specific: exclusive airport concession through 2068, Bengaluru location, high fixed-asset barriers, regulated tariff mechanics, passenger/cargo route density, and 460 acres of airport-adjacent land for airport city monetization. Durability is plausibly 20 years because 2046 is still 22 years before concession expiry. It would break if AERA materially lowers allowed returns, if airport expansion is delayed or over-budget, if traffic growth disappoints for a long period, if a competing Bengaluru-area airport receives favorable policy support, or if the airport city fails to monetize land. Earliest signals are weak fourth-control-period tariff outcomes, declining passenger growth versus Indian aviation peers, capex overruns, falling non-aero spend per passenger, and higher BIAL discount rates in Fairfax India's valuation disclosures.

Financial and public holdings are more cyclical and less moated. IIFL Finance has distribution scale, over 4,800 branches, collateral-backed retail lending, and an $11.4 billion AUM base at March 31, 2026, but NBFC lending is credit-cycle exposed and regulator-sensitive. CSB Bank has a banking license, a long operating history, 862 branches and 832 ATMs, deposits, and a 2030 scale plan, but the moat is not yet proven as a high-return national franchise and Fairfax India's ownership must fall over time. IIFL Capital has a brokerage, investment banking, institutional research, distribution, and wealth-management franchise with more than 3,100 external wealth managers and over 100 branches, but capital-market volumes, wealth flows, and pricing are competitive. 5paisa is the most digitally exposed and least protected: it has over 23 million app downloads/users and more than 5.2 million customers, yet discount brokerage and self-directed trading economics are vulnerable to pricing, regulation, churn, and platform competition. These assets may compound, but their moats are not as structural as BIAL.

Industrial, shipping, logistics, and agriculture holdings are a mixed basket. Seven Islands has fleet scale as the second largest private-sector tanker shipping company in India, with 29 vessels and 1.4 million DWT, and the annual report indicates strong returns, but tanker shipping can be cyclical and asset-value driven. Maxop, Global Aluminium, and Jaynix have founder/operator capabilities, OEM relationships, export exposure, and manufacturing know-how, but they face customer concentration, commodity input, tariff, and cycle risks. NCML owns storage, testing, collateral management, weather intelligence, silos, and broad agricultural reach; however, its investment return is deeply negative and the annual report itself describes turnaround work after internal and external issues. Fairchem is a specialty/oleochemical manufacturer, but the holding is small and volatile. These assets add optionality, not a clean holding-company moat.

The blended portfolio moat is weaker than BIAL alone. BIAL is large enough that Fairfax India can credibly be analyzed as a BIAL-controlled investment company with a financial-services sidecar. That helps durability. But the equity holder receives BIAL through a levered, fee-bearing, tax-bearing, currency-exposed holding company with public marks, minority/non-controlling interests through Anchorage, an IPO long-stop with OMERS mechanics, and a market discount/premium to NAV. A clean BIAL PASS does not mechanically produce a Fairfax India PASS.

3. Margin persistence evidence

Fairfax India is not an operating company with stable consolidated operating margins. The data package explicitly states that ordinary FMP revenue and segment endpoints are not controlling, and the quant foundation uses book value per share, investment fair values, income, gains/losses, liquidity, fees, debt, and NAV as the right substrate. This means margin persistence must be translated into NAV compounding and investee-level return evidence.

At the parent level, book value per share was $19.65 in FY2021, $19.11 in FY2022, $21.85 in FY2023, $20.96 in FY2024, $22.94 in FY2025, and $19.08 at Q1 2026. The annual report track record gives inception-to-2025 BVPS compounding around 7.9% to 8.3%, depending on the starting convention. That is respectable for an India-focused investment vehicle but far below the Gideon 20% compounder ideal. Q1 2026 also shows how reported book value can fall sharply: net loss

attributable to Fairfax India shareholders was $370.8 million, driven by unrealized losses on public stocks and rupee translation losses.

At the investee level, the evidence is stronger but uneven. The annual report's valuation/return table showed BIAL with a high 2025 return on equity and a 3-year average ROE, Seven Islands with strong returns, IIFL Capital and CSB with strong reported returns, and IIFL Finance with solid returns. But current Q1 2026 public fair values fell materially: IIFL Finance dropped from $438.1 million at FY2025 to $290.7 million, CSB Bank from $353.6 million to $246.7 million, and IIFL Capital from $341.6 million to $216.6 million. That volatility is not a moat disproof by itself, but it shows that Fairfax India's book value is exposed to equity-market and financial-cycle marks.

BIAL's operating evidence is the best moat evidence. In 2025 it had $532 million of revenue in the annual report, $237.1 million of aero revenue, non-aero revenue and other operating income of $295.1 million, 43.8 million passengers, international passengers up 28.7%, and cargo volume of 521,000 metric tons. The data package notes nine months to December 31, 2025 revenue of $411.1 million, EBITDA of $292.0 million, and net earnings of $88.3 million. Those figures suggest very high EBITDA conversion at the airport level. But Fairfax India does not disclose a long clean BIAL margin series in the data package, so the margin-persistence claim is strong directionally but incomplete numerically.

4. AI disruption stress test

AI disruption is indirect. Fairfax India is a capital allocator and owner, not a workflow software vendor. An AI model cannot replace the right to operate Bengaluru's airport, the physical location, the runway, the terminal, the security perimeter, the AERA tariff mechanism, or the airport land bank. AI may improve passenger processing, baggage, security screening, predictive maintenance, pricing analytics, retail targeting, cargo flow, and airport operations. BIAL already appears to use AI/digital tools in passenger processes. That makes BIAL more likely to be an AI adopter than an AI casualty. The protected economics are physical chokepoint economics plus regulatory/concession economics.

The financial holdings have more workflow exposure. Brokerage research, advisory workflow, customer support, loan underwriting, fraud detection, collections, branch operations, document processing, and wealth-management service can all be improved or competed down by AI-native entrants. IIFL Capital's execution/research/investment-banking workflow is especially exposed because AI can lower the cost of research production, client analytics, document drafting, and sales coverage. 5paisa is exposed because self-directed brokerage platforms are already digital and price-transparent; AI agents may reduce differentiation and shift value to larger platforms, banks, exchanges, or distribution ecosystems. IIFL Finance and CSB are protected more by funding, license, underwriting discipline, branches, collateral networks, and trust than by any proprietary workflow.

Manufacturing and logistics holdings are less directly exposed. AI can improve production planning, quality inspection, predictive maintenance, routing, weather/commodity intelligence, and credit scoring, but it does not erase the need for vessels, warehouses, silos, specialized parts, OEM qualification, or local operating execution. The risk is not AI replacement; it is that AI-enabled competitors lower cost or improve service faster. NCML's weather and commodity intelligence may be partly replicable, but its physical storage network and Food Corporation of India silo concessions are harder to replicate.

The segment most exposed to AI and digital competition is 5paisa, followed by IIFL Capital's research/broking/advisory workflows. The segment most protected is BIAL. For the holding company, AI does not dissolve the moat, but it also does not create one. The durability question remains capital allocation, BIAL concession economics, India financial-cycle returns, regulatory treatment, and whether Fairfax India can turn sourcing relationships into per-share NAV growth after fees and taxes.

5. The 2046 test

Today is July 2, 2026. Twenty years forward is July 2, 2046. A credible 2046 description for Fairfax India is this: Fairfax India is still a listed holding company owning a controlling or large economic interest in the Bengaluru airport infrastructure platform, plus a rotating book of Indian financial-services, logistics, manufacturing, and infrastructure investments. The company does not "sell" a product to customers at the parent level; it sells public shareholders access to a curated India private/public portfolio, with the largest cash-generating asset being an airport concession whose customers are airlines, passengers, cargo operators, retailers, tenants, hotels, logistics providers, and airport-city users. BIAL still operates Kempegowda International Airport under a concession expiring in 2068, so 2046 sits well inside the contractual horizon. By then, T2 phase 2 and T3 should have long since been completed if management's current plan is executed, and the airport campus should generate a more diversified mix of aero tariffs, retail, cargo, lounges, real estate, MRO, hotel, and business-park income.

The 2046 operating-margin direction is probably mixed. BIAL could have stable to higher cash margins if traffic density, non-aero revenue, cargo, and airport city monetization scale faster than operating costs. However, regulated aero returns and periodic true-ups cap the upside, while large capex cycles and debt funding can depress free cash flow. At Fairfax India parent level, there is no conventional operating margin; the relevant metric is BVPS/NAV growth after fees, interest, taxes, FX, and discount-to-book. The company can still make money in 2046 if BIAL remains a scarce, regulated, high-throughput aviation and real-estate platform and if Fairfax India redeploys capital into Indian businesses at attractive returns without leaking too much value through holding-company costs and poor exits.

That passes the BIAL 2046 test, but the parent-company 2046 test is only yellow. The specific enduring profit pool is BIAL, not Fairfax India's generic ability to find good Indian investments. The parent has evidence of sourcing and relationship access: BIAL control, additional Siemens purchases, Anchorage/OMERS structure, CSB, IIFL complex exposure, Seven Islands, and private industrial deals. But the public shareholder's 20-year compounding depends on future capital allocation decisions that are not protected by a legal concession. Historical BVPS CAGR around 8% is not enough to prove a 20-year high-return compounder at the equity level.

The 2046 bear case is straightforward. AERA tariff orders are less generous than expected, BIAL expansion costs overrun, passenger traffic grows but equity returns are absorbed by capex and debt, airport-city monetization is slower than the annual report suggests, and the Anchorage IPO/OMERS structure introduces dilution or a less favorable valuation. At the same time, IIFL Finance, CSB, IIFL Capital, and 5paisa cycle through credit, capital-market, and regulatory setbacks; CSB ownership dilution lowers exposure to any upside; parent fees and interest expense consume NAV; rupee weakness erodes U.S.-dollar returns; and the public shares continue to trade at a NAV discount. In that world, Fairfax India survives and owns decent assets, but public shareholders do not earn high compounder returns.

The bear case is plausible enough to block a clean PASS. It is not the base case because BIAL's concession and location are unusually durable, and BIAL is large enough to dominate the asset base. But it is not remote, because the parent-level return path requires several non-moat variables: fair tariff treatment, disciplined leverage/refinancing, good private-market exit timing, continued Indian macro growth, and capital allocation that beats fees and taxes.

6. Competitive threat inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
AERA / concession economics reset	Tariff orders allow lower returns, delay true-ups, or push more non-aero revenue into subsidy calculations	BIAL, Fairfax India NAV	Weak fourth-control-period order, lower allowed ROE, tariff delay, BIAL valuation discount-rate increase	Medium
India financial-services cycle	Credit losses, funding stress, deposit competition, lower brokerage volumes, or stricter regulation compress returns	IIFL Finance, CSB Bank, IIFL Capital, 5paisa	Rising NPLs/provisions, AUM slowdown, branch productivity decline, capital raise, falling ADTO/client activity	High
Holding-company value leakage	Fees, taxes, debt refinancing, FX, NAV discount, OMERS/Anchorage mechanics, or poor exits absorb investee value	Fairfax India parent equity	BVPS growth below investee value growth, widening discount to BVPS, refinancing at higher cost, performance-fee accrual	Medium-high
Competing airport/infrastructure policy	New capacity, rail substitution, or unfavorable airport planning reduces BIAL's catchment advantage	BIAL	Government support for competing Bengaluru capacity, airline share shift, slower passenger growth versus peers	Low-medium
AI/digital commoditization	AI lowers research, broking, advisory, service, underwriting, and customer acquisition costs for rivals	IIFL Capital, 5paisa, parts of IIFL Finance/CSB	Fee compression, lower active customers, weaker retention, falling yield per customer, new AI-native competitors	Medium

7. Pricing power verification

Pricing power is observable at BIAL, but it is regulated. Aero pricing is set by AERA for five-year control periods and includes under/over-recovery true-ups. That means BIAL does not have discretionary monopoly pricing in the ordinary consumer-brand sense; it has allowed-return pricing tied to RAB, traffic, capex, non-aero subsidy treatment, and regulatory process. This is high-quality durability but constrained upside. The 2025 annual report states aero revenue rose 13% to $237.1 million, while passenger traffic rose 7.6%, which suggests some price/mix benefit. It also says non-aero revenue and other operating income rose 38% to $295.1 million, supported by retail space, passenger normalization, lounges, digital initiatives, and spend

per passenger of $14.8. That is the clearest evidence of pricing/mix power in the portfolio.

Financial-services pricing power is weaker and cyclical. Banks and NBFCs can earn spreads through funding access, underwriting, collateral, branch reach, and risk selection, but they do not have unconstrained pricing power. IIFL Finance's gold/home/MSME/microfinance book competes for borrowers and funding. CSB's low-cost deposit mix is valuable but must be earned branch by branch and digital channel by digital channel. IIFL Capital can monetize wealth and capital-markets activity, but brokerage and investment-banking fees are market-cycle sensitive. 5paisa's 2025 revenue fell 24% and net income fell 32% after regulatory measures, despite mitigation through plan migration and charge changes. That is not strong pricing power.

Industrial and logistics pricing power is unproven from the available package. Seven Islands may have chartering advantages and regulatory/trust requirements; Maxop, Global Aluminium, and Jaynix may have OEM qualification and customer relationships; NCML may have silo concessions and a broad network. But the data package does not provide a long margin series or price-increase evidence for these assets. They should be treated as operating-execution and cycle-sensitive holdings, not as proven compounder moats.

8. Moat verdict

Fairfax India's moat is real but concentrated and partially indirect. BIAL has a strong, specific, protectable profit pool: an exclusive Government of India airport concession through 2068, Bengaluru location scarcity, regulated return mechanics, scale economics, route/cargo/tenant density, and airport-city land. That asset can plausibly still be earning attractive returns in 2046. The issue is that the ER2 gate is for Fairfax India at the holding-company equity level. Public shareholders own a fee-bearing, debt-bearing, tax-bearing, FX-exposed vehicle whose book value also depends on cyclical financial holdings, public-market marks, private valuation assumptions, future allocation, and NAV discount behavior. Historical BVPS compounding around 8% supports competence, not a clean Gideon-grade 20-year compounder moat.

The right gate is therefore YELLOW. Upgrade to PASS would require evidence that BIAL's fourth-control-period tariff order preserves attractive allowed returns, expansion proceeds on budget, non-aero/airport-city monetization compounds without excessive capex leakage, and parent BVPS grows materially faster than the historical high-single-digit rate after fees and taxes. Downgrade to FAIL would be appropriate if BIAL tariff/capex economics deteriorate, if public financial holdings continue to consume NAV through credit/regulatory cycles, or if the market discount and fee/debt/tax drag leave shareholders with ordinary returns despite good investee assets.

Moat gate: YELLOW 2046 test: YELLOW

Appendix B1 - BIAL / Bangalore International Airport

BIAL / Bangalore International Airport - Investment-Unit Deep Dive

Run date: 2026-07-02 Asia/Singapore. Company: Fairfax India Holdings Corporation. Official ticker: FIH.U on TSX. FMP ticker: FIH-U.TO. Currency: U.S. dollars unless stated otherwise. TTM end: 2026-03-31. Horizon date: 2031-03-31. This appendix is adapted from the standard ER2 segment appendix because Fairfax India is an investment holding company, not an operating company with conventional revenue and operating-income segments. For BIAL, the load-bearing outputs are investment fair value, NAV contribution, passenger and airport-economic drivers, and book-value-per-share impact. Historical Fairfax India figures and management commentary are taken only from the data package.

0. Segment Boundary And Taxonomy Note

BIAL is the largest economic unit inside Fairfax India. The data package defines Fairfax India as a Canadian-listed investment holding company focused on India and India-dependent businesses. It explicitly states that the company has no Microsoft-style operating segments and that the correct segment substitute is an investment schedule by holding. Under that substitute, BIAL is not a revenue segment of Fairfax India. It is a controlling NAV driver held through Anchorage and related holding entities, and it must be modeled as a fair-value investment whose changes flow through book value, not as consolidated airport revenue.

The BIAL taxonomy is stable for the purpose of this appendix: Fairfax India reports investment fair value by holding and identifies BIAL separately in the Summary of Indian Investments. The investee list changes through acquisitions and disposals, but the data package says those are portfolio actions rather than reporting-segment restatements. The most relevant ownership data are 74.0% legal ownership and 69.0% fully diluted ownership at both FY2025 and Q1 2026. Fairfax India completed an additional 10.0% BIAL equity acquisition from Siemens in February 2025 for $255.0 million, with a final $76.5 million installment payable in Q3 2026. That acquisition changed Fairfax India's economic exposure, but it did not create a new taxonomy or make older BIAL fair-value rows unusable.

The modeling boundary is therefore: BIAL fair value and NAV contribution to Fairfax India from the Q1 2026 carrying value, with operational context from disclosed BIAL passenger traffic, aero revenue, summarized nine-month revenue, EBITDA, and net earnings. No separate parent-company segment revenue is invented. Where the dispatch asks for segment revenue or operating income, the adapted field is "BIAL investment fair value" or "BIAL NAV contribution." Where the dispatch asks for operating margin, the adapted field is either the disclosed investee EBITDA margin for the nine months to December 31, 2025 or the scenario fair-value compounding rate. These substitutions are flagged in the tables.

1. What BIAL Actually Is

BIAL is the owner and operator of Kempegowda International Airport Bengaluru. The data package describes the business as an airport concession with airport-city, hotel, and lounge economics layered around the core airfield and terminal business. For Fairfax India shareholders, BIAL is best understood as a long-duration infrastructure asset tied to Bengaluru air travel, Indian domestic aviation growth, international passenger growth, regulated aeronautical tariffs, non-aeronautical monetization, and periodic capacity expansion.

The customer set is broad. Airlines pay regulated and contracted aeronautical charges. Passengers support the airport through passenger-related fees and through spending inside terminals. Retailers, food and beverage operators, hotels, parking, lounges, advertising, cargo, and airport-city tenants support the non-aeronautical side. The airport is not simply a toll booth on passenger volume, but passenger traffic is the leading variable because it drives airline activity, terminal utilization, retail footfall, parking, ground handling, and the attractiveness of airport real estate.

The DR-cleared data package now gives enough BIAL traffic and aero history to avoid treating FY2025 as a single point. BIAL passenger traffic moved from an FY2022 exit run-rate of about 27.5 million to 37.2 million in FY2023, 40.7 million in FY2024, and 43.8 million in FY2025. BIAL aeronautical revenue was $158.6 million in FY2023, $217.9 million in FY2024, and $237.1 million in FY2025. The package also says 2025 passengers rose 7.6%, 2025 international passengers rose 28.7%, and 2025 aeronautical revenue rose 13.0% to $237.1 million. For the nine months to December 31, 2025, Fairfax India summarized BIAL revenue at $411.1 million, EBITDA at $292.0 million, and net earnings at $88.3 million. The data package does not disclose a five-year BIAL revenue series, a quarterly revenue series, a full TTM revenue number, separate non-aero revenue, detailed capex, or a concession-expiry schedule. Those are real data gaps for this appendix, not licenses to fill numbers from memory.

The business model has three linked engines. The first is volume: domestic passengers grew 4.8% in Q1 2026, international passengers grew 13.9%, and 2025 total passengers grew 7.6%. The second is yield and tariff economics: the data package quotes BIAL MD&A on the "tariff-setting mechanism," which means aeronautical economics include regulated-return or regulated-yield features, although the package does not provide the full AERA tariff order, control-period revenue requirement, or allowed-return math. The third is capacity-led option value: the data package states that the forward case depends on Terminal 2 phase 2 by FY2029 and Terminal 3 by FY2034, and includes an official phrase about capacity "beyond 90 million passengers per annum." That capacity path matters because an airport cannot compound traffic and non-aero spend indefinitely if terminal or runway capacity binds.

2. Current Economics At The TTM Anchor

At the TTM-end balance-sheet date of March 31, 2026, Fairfax India carried BIAL at $2,152.4 million. The data package says that represented 61.8% of total cash and investments of $3,481.9 million. This is the crucial fact for Fairfax India: BIAL is not one holding among many; it is the majority of the investment portfolio. On the same date Fairfax India reported common shareholders' equity of $2,560.4 million, book value per share of $19.08, and 134.218804 million common shares effectively outstanding (rounded to 134.219 million in the data package). On that static share count, the BIAL carrying value alone equals about $16.04 per Fairfax India share. That is not distributable cash, and it is not a public mark-to-market quote, but it shows why any investment decision on Fairfax India is ultimately a view on BIAL fair value.

BIAL's FY2025 fair value was $2,187.4 million, equal to 54.1% of FY2025 total cash and investments. By Q1 2026 the carrying value declined by $35.0 million to $2,152.4 million, while its portfolio weight rose to 61.8% because other public Indian investments were marked down more sharply. The data package explicitly says BIAL's Q1 2026 carrying-value decline was partly offset by underlying gains before foreign-exchange effects. That is important for scenario work: rupee translation can mask airport-level progress in Fairfax India's U.S. dollar book value, so a passenger-growth thesis is not enough unless it survives currency and valuation-multiple risk.

The disclosed operating economics are high margin. For the nine months to December 31, 2025, BIAL revenue was $411.1 million and EBITDA was $292.0 million, implying a 71.0% EBITDA margin. Net earnings were $88.3 million, implying a 21.5% net margin on the same summarized revenue base. The spread between EBITDA and net earnings is economically plausible for a capital-intensive airport because depreciation, financing costs, taxes, and concession-related costs consume a large share of EBITDA. The data package does not provide operating income, depreciation, interest, or capex by BIAL, so this appendix avoids presenting a fabricated operating margin.

Aeronautical revenue was $237.1 million in 2025. The data package's expanded KPI table shows $158.6 million in FY2023 and $217.9 million in FY2024, which implies a two-year USD CAGR of 22.2%. The package also includes a growth-only disclosure that 2025 aero revenue rose 13.0%; the straight dollar table from $217.9 million to $237.1 million implies 8.8%, so this appendix keeps both facts visible rather than smoothing the mismatch. Either way, aero revenue growth has been solid, and 2025 passenger traffic rose 7.6%. The simplest explanation is a mix of tariff, international passenger, and per-passenger-yield effects, but the package does not disaggregate that growth. Q1 2026 passenger detail supports a mix argument: domestic passengers were 9.5 million, up 4.8%, while international passengers were 1.8 million, up 13.9%. International traffic is typically more valuable for airports because it tends to support higher charges, duty-free, food and beverage, lounge, parking, and retail spend, but the data package does not disclose BIAL's actual international yield or non-aero spend per passenger. The model therefore treats international mix as a qualitative upside driver, not as a separate invented revenue line.

Capital intensity is structurally high. Airports periodically require runways, terminals, baggage systems, roads, utilities, safety systems, and commercial real estate development. The data package does not disclose BIAL capex dollars, but it does provide the capacity roadmap: Terminal 2 phase 2 by FY2029, Terminal 3 by FY2034, and capacity beyond 90 million passengers per annum. That means BIAL's value creation cannot be judged only from current EBITDA. A good airport concession can compound through volume and commercial yield, but the path will be lumpy because large capex programs precede revenue capture, tariff orders can lag cost inflation, and debt funding can amplify both upside and downside.

DR also corrected the Q1 2026 parent capital-allocation table: investment purchases were $0.0 million and investment sales were $37.8 million, mainly Government of India bond sales to fund the 5paisa rights offer and operating requirements. That matters for BIAL because the March 31, 2026 fair value is not being flattered by a fresh Q1 BIAL purchase. The incremental 10.0% Siemens purchase had already closed in February 2025, while the final $76.5 million installment remains payable in Q3 2026. Post-quarter, Sanmar was sold on April 9, 2026 and should be treated as no continuing economic interest, while the May 7, 2026 IIFL Capital ownership increase is pending until completed. Neither post-quarter item changes the Q1 2026 BIAL

fair-value anchor, but both affect concentration: Sanmar's exit removes a small holding, and a completed IIFL Capital control transaction could eventually reduce BIAL's relative weight if new capital is deployed at scale.

3. Unit Economics

BIAL's unit economics start with passenger throughput. A passenger creates aeronautical revenue through charges connected to airline and airport use. The same passenger also creates non-aeronautical opportunities through retail, food and beverage, parking, advertising, lounges, hotels, and airport-city monetization. Air cargo, aircraft movements, ground handling, and real estate can add further revenue streams, but the data package does not disclose separate BIAL cargo or real estate revenue. The cleanest disclosed variables are passengers, aeronautical revenue, summarized revenue, EBITDA, net earnings, and fair value.

The first margin layer is operating leverage. Once an airport is built and staffed, incremental passengers can be highly profitable until capacity becomes constrained. That is consistent with the disclosed nine-month EBITDA margin of 71.0%. It does not mean the business is asset-light. It means the current-period income statement can show high incremental economics while the full-cycle capital account absorbs heavy expansion spending. The shareholder underwriting question is whether BIAL earns adequate returns on those expansion dollars after tariff resets, taxes, financing, and foreign-exchange translation.

The second margin layer is tariff regulation. The data package includes a short BIAL MD&A phrase, "tariff-setting mechanism." It does not provide the full tariff formula, but this phrase matters because aeronautical pricing is not wholly discretionary. The tariff mechanism can be a downside stabilizer when it allows recovery of approved costs and capital returns, but it can also cap upside, delay cash recovery, or create working-capital-like timing gaps if tariff orders lag the investment cycle. For this reason, the base case assumes BIAL's fair value compounds more slowly than passenger traffic plus aero revenue would imply in isolation. A regulated airport should not be modeled as a pure software-like operating-leverage story.

The third margin layer is non-aeronautical monetization. The data package names airport city, hotel, and lounges. These can improve per-passenger economics because they are less directly capped by aeronautical tariff regulation and because international and business passenger mix often supports higher spend. However, the package gives no separate non-aero revenue, no retail square footage, no hotel occupancy, no airport-city lease pipeline, and no lounge economics. The appendix therefore includes non-aero as a scenario driver rather than a separate dollar forecast. In the bull case, non-aero and airport-city monetization lift fair-value growth above passenger growth. In the bear case, non-aero execution disappoints, expansion costs rise, and the valuation multiple does not reward the capacity buildout.

The fourth layer is currency. Fairfax India reports in U.S. dollars, while BIAL's underlying economics are primarily rupee-linked. The Q1 2026 data package says BIAL's carrying-value decline was partly offset by underlying gains before foreign exchange. That line is a warning against over-reading U.S. dollar fair-value compounding. The airport can perform operationally and still hurt Fairfax India book value in a quarter if the rupee weakens or if the discount rate/multiple applied to Indian infrastructure assets rises. In the forward model, the scenario fair-value CAGR is already a U.S. dollar NAV contribution CAGR, not an underlying rupee EBITDA CAGR. That is why the base case uses a 9.0% fair-value CAGR even though passenger and aero revenue may grow at attractive rates.

4. Competitive Dynamics

BIAL's competitive position is unusual. It is not competing like an airline or a retailer. It is the principal commercial airport serving Bengaluru, a large and economically important Indian city. The main competitive dimensions are airport catchment strength, airline route allocation, passenger experience, regulatory treatment, and capacity execution. A city airport with strong local demand has a better competitive position than an airport dependent on discretionary transfer traffic because origin-and-destination demand is less easily rerouted.

The data package supports a strong demand backdrop but does not give market share. 2025 traffic was 43.8 million passengers, up 7.6%, and Q1 2026 traffic remained positive, with domestic passengers up 4.8% and international passengers up 13.9%. International growth is the stronger signal. A domestic-only growth story can be more vulnerable to fare pressure, airline capacity cycles, or substitution by rail on some routes. International traffic growth suggests Bengaluru is becoming more connected globally and that the airport can deepen higher-yield travel categories. Still, this appendix does not assume BIAL has unconstrained pricing power. Airport tariffs are regulated, airline economics can be cyclical, and passenger growth can slow if airline capacity, consumer spending, or macro conditions weaken.

The main direct competition is not another identical airport next door. It is the broader network of Indian airports competing for airline capacity, international connectivity, and commercial development. For airlines, airport charges, slot availability, passenger demand, and operational reliability influence route decisions. For passengers, location, ground transport, punctuality, terminal quality, and route availability matter. For non-aero tenants, traffic quality and spend per passenger matter. BIAL's moat is strongest when it offers both demand and capacity: airlines can grow routes, tenants can capture footfall, and regulators can justify future investment.

Substitution risk exists but is not existential over the five-year horizon. Short-haul domestic traffic can be affected by rail and road alternatives, especially if high-speed rail or improved highways change travel behavior. Video conferencing can reduce some business travel, although post-pandemic aviation recovery has shown that business and leisure demand do not disappear simply because virtual tools exist. Fuel prices, airline bankruptcies, airport taxes, and macro shocks can reduce passenger growth. The bear case in this appendix therefore uses 3.5% passenger CAGR and only 4.0% fair-value CAGR, not a collapse case, because the data package still shows current growth and a capacity roadmap.

5. Segment-Level Moat

BIAL's moat is primarily location plus concession structure plus capacity. The airport sits in a strong urban and economic catchment. The concession and regulatory setup appear to provide a tariff framework. The capacity roadmap points to a long runway for traffic growth, with Terminal 2 phase 2 by FY2029, Terminal 3 by FY2034, and capacity beyond 90 million passengers per annum. Those are real advantages, but they are not the same as unconstrained pricing power.

The moat is strongest on demand capture. If Bengaluru continues to grow as an economic center, passenger traffic should rise with income, urbanization, business formation, tourism, and international connectivity. Airports are difficult to replicate because of land, approvals, capital requirements, airline relationships, safety regulation, and ground-access infrastructure. That makes the asset scarce. Scarcity matters for Fairfax India because a scarce private airport stake can deserve a premium valuation if governance, tariff, and capex execution remain credible.

The moat is weaker on capital-light compounding. BIAL must invest ahead of demand. The data package's capacity references imply continuing expansion requirements. Heavy capex can be value creative if tariffs and commercial revenue compensate the owner, but it can also compress near-term free cash flow and raise financing risk. The airport's 71.0% nine-month EBITDA margin does not by itself prove high free-cash-flow conversion. Without capex and debt-service detail, this appendix cannot underwrite a free-cash-flow yield. It can underwrite a fair-value compounding range anchored to traffic, EBITDA, capacity, and regulatory economics.

The moat also depends on regulatory fairness. The "tariff-setting mechanism" phrase in the data package is positive, but it is not a full concession model. If the regulator allows adequate recovery on capital invested, BIAL can grow fair value as capacity expands. If tariff orders lag, if approved returns decline, or if political pressure caps airport charges, passenger growth may not translate into NAV growth. This is the single most important non-traffic variable in the base case.

6. Historical Growth Rates And NAV Contribution

The table below reproduces only data package facts. Because Fairfax India does not disclose a five-year BIAL revenue series in the data package, the adapted historical table uses investment fair value, passenger traffic, aero revenue, and summarized latest investee economics. "n/d" means the data package did not disclose that historical cell. The table is intentionally conservative: it does not back-solve missing BIAL revenue, non-aero revenue, capex, or operating income.

Product / sub-segment	FY-3 rev or value	FY-2 rev or value	FY-1 rev or value	3-yr CAGR	Most recent YoY	Data package cite
BIAL investment fair value	n/d	n/d	$2,187.4M FY2025	n/d	-1.6% to $2,152.4M at Q1 2026	Section 3 BIAL row; Section 5 BIAL row
BIAL share of Fairfax India total investments	n/d	n/d	54.1% FY2025	n/d	61.8% at Q1 2026	Section 3 BIAL row
Total BIAL passenger traffic	37.2M FY2023	40.7M FY2024	43.8M FY2025	8.5% 2-yr CAGR	+7.6% in 2025	Section 0a KPI table; Section 4 growth-only table
FY2022 traffic exit run-rate	27.5M FY2022 exit run-rate	37.2M FY2023	43.8M FY2025	16.8% from FY2022 exit run-rate to FY2025	n/a	Section 0a KPI table
Domestic passenger traffic	n/d	n/d	n/d	n/d	Q1 2026: 9.5M, +4.8%	Section 4 growth-only table; Section 5 BIAL trend
International passenger traffic	n/d	n/d	n/d	n/d	Q1 2026: 1.8M, +13.9%; 2025 +28.7%	Section 4 growth-only table

Product / sub-segment	FY-3 rev or value	FY-2 rev or value	FY-1 rev or value	3-yr CAGR	Most recent YoY	Data package cite
Aeronautical revenue	$158.6M FY2023	$217.9M FY2024	$237.1M FY2025	22.2% 2-yr CAGR	+8.8% from USD table; package also states +13.0%	Section 0a KPI table; Section 4 growth-only table
Summarized BIAL revenue	n/d	n/d	$411.1M for nine months to Dec 31 2025	n/d	n/d	Section 4 BIAL row
Summarized BIAL EBITDA	n/d	n/d	$292.0M for nine months to Dec 31 2025	n/d	n/d	Section 4 BIAL row
Summarized BIAL net earnings	n/d	n/d	$88.3M for nine months to Dec 31 2025	n/d	n/d	Section 4 BIAL row

Arithmetic tie-outs from the data package: FY2024 passenger traffic is implied by FY2025 passengers of 43.8 million and disclosed 2025 growth of 7.6%; 43.8 / 1.076 = 40.7 million, matching the data package KPI table. Passenger traffic CAGR from FY2023 to FY2025 is (43.8 / 37.2)^(1/2) - 1 = 8.5%. The FY2022 exit run-rate to FY2025 growth rate is (43.8 / 27.5)^(1/3) - 1 = 16.8%, but that uses an exit run-rate rather than a full-year FY2022 passenger total. Aeronautical revenue CAGR from FY2023 to FY2025 is (237.1 / 158.6)^(1/2) - 1 = 22.2%. The USD table's FY2025 aero revenue growth is 237.1 / 217.9 - 1 = 8.8%, while the growth-only disclosure says +13.0%; this mismatch remains visible and is not rounded away. The Q1 2026 BIAL fair-value change is $2,152.4 million minus $2,187.4 million, or -$35.0 million, matching the data package's Section 5 BIAL trend row. Nine-month EBITDA margin is $292.0 million / $411.1 million = 71.0%. Nine-month net margin is $88.3 million / $411.1 million = 21.5%. These are investee economics, not Fairfax India consolidated segment margins.

[DATA GAP: The data package does not disclose BIAL annual revenue for FY2021-FY2025, quarterly BIAL revenue for the last four quarters, non-aeronautical revenue, capex, operating income, debt, depreciation, concession expiry, allowed regulatory return, or full tariff-control-period detail.]

7. Management Guidance Quoted From The Data Package

The data package does not include a standalone BIAL management transcript. It does include Fairfax India official-release and MD&A language relevant to BIAL. Because the instruction for this appendix is to use the data package as the single source of truth for Fairfax India historicals and management commentary, the following are the only management anchors used.

Source date	Speaker / source	Quote or phrase	Topic	Interpretation
Q1 2026 interim	BIAL MD&A	"tariff-setting mechanism"	Regulatory economics	Aeronautical revenue has a regulated mechanism, so downside recovery and upside limits both matter.
Q1 2026 interim	BIAL MD&A	"beyond 90 million passengers per annum"	Capacity	Management is planning BIAL around a materially larger passenger base than the 43.8M passengers reported for 2025.
Q1 2026 interim	BIAL MD&A	T2 phase 2 by FY2029 and T3 by FY2034	Expansion timing	The five-year horizon to 2031 captures the T2 phase 2 benefit but not the full T3 buildout.
2026-04-30 release	Fairfax India CEO	"perform well over the long term"	Mark-to-market volatility	Parent-level quarterly losses should be separated from long-term portfolio asset progress.
2025 annual report	Fairfax India letter	"book value per share"	Performance metric	BIAL should be assessed by NAV and BVPS contribution, not parent operating revenue.

The interpretation is straightforward. Management is not giving a clean 2031 BIAL revenue target or EBITDA target. It is giving a structure: regulated aeronautical recovery, capacity expansion, and long-duration airport compounding inside a holding company where BVPS is the performance yardstick. That supports a fair-value scenario model rather than a false precision operating-income model.

8. Forward Growth Assumptions

The forward model compounds from the TTM-end BIAL fair value of $2,152.4 million at March 31, 2026 to March 31, 2031. Passenger and aero-revenue assumptions are used as reasonableness checks, but the final output is BIAL fair value and NAV contribution. This is deliberate. The data package does not disclose TTM BIAL revenue, and Fairfax India marks BIAL as

an investment. A fair-value model is closer to the reported economic reality than a pseudo-consolidated segment revenue model.

Base case: BIAL remains a high-quality airport asset, passenger traffic compounds around high single digits from the current traffic base, international mix remains a positive contributor, T2 phase 2 supports volume and non-aero monetization before the horizon, and tariff outcomes allow reasonable capital recovery. Rupee translation and capex timing prevent fair value from compounding at the full passenger plus yield rate. The base case uses 9.0% annual fair-value compounding from Q1 2026 carrying value.

Product	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
BIAL investment fair value	n/d	-1.6% Q1 2026 carrying-value change	No explicit FY+1 fair-value guide	9.0%	Current airport KPIs remain positive, but U.S. dollar fair value must absorb FX, capex, discount-rate, and tariff timing.
Passenger traffic	8.5% FY2023-FY2025; 16.8% from FY2022 exit run-rate to FY2025	2025 +7.6%; Q1 2026 domestic +4.8%; international +13.9%	Capacity beyond 90M passengers per annum	7.0%	Base sits below the FY2023-FY2025 CAGR but above Q1 domestic growth, assuming international mix and T2 phase 2 help offset normalization.
Aeronautical revenue	22.2% FY2023-FY2025	+8.8% from USD table; package also states +13.0%	Tariff-setting mechanism	10.0%	Base is below the two-year aero CAGR and close to the visible FY2025 dollar-table growth because tariff timing and FX can dilute volume gains.
Non-aero / airport city / lounges / hotel	n/d	n/d	Airport city, hotel, lounges named but no dollars	n/d	Included qualitatively in fair-value CAGR because no separate revenue dollars are disclosed.

Bull case: BIAL executes the capacity plan cleanly, international passenger growth remains materially above domestic growth, non-aero spend per passenger improves, airport-city and hotel economics become more visible, and tariff decisions allow capital recovery without major delay. The bull case does not assume the 90 million passenger capacity is fully used by 2031; it assumes the market starts valuing the path to that capacity more aggressively. The bull case uses 13.0% fair-value CAGR.

Product	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
BIAL investment fair value	n/d	-1.6% Q1 2026 carrying-value change	No explicit FY+1 fair-value guide	13.0%	Bull case assumes operational gains overcome FX drag and infrastructure valuation multiples hold.
Passenger traffic	8.5% FY2023-FY2025; 16.8% from FY2022 exit run-rate to FY2025	2025 +7.6%; Q1 2026 international +13.9%	Capacity beyond 90M passengers per annum	9.5%	International traffic mix and new capacity keep growth above the recent two-year passenger CAGR.
Aeronautical revenue	22.2% FY2023-FY2025	+8.8% from USD table; package also states +13.0%	Tariff-setting mechanism	14.0%	Bull assumes the 2025 dollar-table deceleration is temporary and tariff/mix benefits continue.
Non-aero / airport city / lounges / hotel	n/d	n/d	Airport city, hotel, lounges named but no dollars	n/d	Bull value creation depends on non-aero monetization becoming a larger part of the private-market valuation.

Bear case: passenger growth slows, domestic traffic normalizes toward mid-single digits or lower, international growth decelerates, expansion capex arrives before enough demand, tariff recovery lags, and rupee translation remains a headwind. This is not a disaster case. It is a case where BIAL remains a good airport but Fairfax India shareholders receive only modest U.S. dollar NAV growth. The bear case uses 4.0% fair-value CAGR.

Product	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
BIAL investment fair value	n/d	-1.6% Q1 2026 carrying-value change	No explicit FY+1 fair-value guide	4.0%	Bear case assumes good underlying asset quality but weak USD translation, slower traffic, and regulatory/capex delays.
Passenger traffic	8.5% FY2023-FY2025; 16.8% from FY2022 exit run-rate to FY2025	2025 +7.6%; Q1 2026 domestic +4.8%	Capacity beyond 90M passengers per annum	3.5%	Traffic stays positive but falls below the 2025 and two-year run rates as airline capacity and macro conditions soften.

Product	Historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Aeronautical revenue	22.2% FY2023-FY2025	+8.8% from USD table; package also states +13.0%	Tariff-setting mechanism	5.5%	Tariff recovery and mix are not enough to offset slower volume, timing lags, and FX/valuation pressure.
Non-aero / airport city / lounges / hotel	n/d	n/d	Airport city, hotel, lounges named but no dollars	n/d	Non-aero execution underwhelms or is delayed, limiting the valuation uplift from airport-city optionality.

The implied 2031 fair values are: bear $2.618 billion, base $3.312 billion, and bull $3.971 billion. On the March 31, 2026 share count of 134.218804 million, those equal $19.51, $24.68, and $29.58 per Fairfax India share before parent debt, taxes, fees, other investments, and share-count changes. The base case therefore says that BIAL alone could exceed current Q1 2026 Fairfax India BVPS by 2031 if its fair value compounds at 9.0% and the share count is held constant. That conclusion is powerful, but it is also fragile because BIAL's private valuation is the dominant input.

9. Forward Margin And Fair-Value Assumptions

For a normal operating segment this section would project operating margin. For BIAL, the data package gives nine-month EBITDA margin and net margin, not a TTM operating margin. It also gives investment fair value, not consolidated segment operating income. The adapted margin work therefore has two layers: disclosed BIAL operating profitability where available, and Fairfax India fair-value compounding as the shareholder outcome.

Metric	Current disclosed baseline	Bear 2031 assumption	Base 2031 assumption	Bull 2031 assumption	Mechanism
BIAL EBITDA margin	71.0% for nine months to Dec 31 2025	64.0%	69.0%	72.0%	Bear absorbs capex ramp and tariff lag; base preserves high operating leverage; bull gets mix and non-aero leverage.
BIAL net margin	21.5% for nine months to Dec 31 2025	16.0%	21.0%	25.0%	Net margin is more sensitive to depreciation, financing, taxes, and expansion timing than EBITDA margin.
Fair-value CAGR in USD	Q1 2026 fair value $2,152.4M	4.0%	9.0%	13.0%	This is the primary adapted output because Fairfax India reports BIAL through fair value.
Passenger CAGR	2025 passengers 43.8M	3.5%	7.0%	9.5%	Growth range reflects current domestic and international momentum plus capacity execution risk.
Aeronautical revenue CAGR	FY2025 aero revenue $237.1M	5.5%	10.0%	14.0%	Aero revenue can outgrow passenger traffic if mix and tariffs help, but regulation can delay recovery.

The current EBITDA margin baseline should not be treated as a free-cash-flow margin. Airports can show excellent EBITDA while consuming large capital outlays. The data package's capacity roadmap implies continued investment, especially around T2 phase 2 and later T3. Since capex dollars are not disclosed in the data package, the bear/base/bull margin assumptions should be read as operating economics rather than owner-cash-conversion forecasts.

The fair-value CAGR is the controlling variable for Fairfax India. In the base case, BIAL fair value grows from $2,152.4 million to $3,312.3 million. That is a $1,159.9 million increase. If the share count stayed at 134.218804 million, the BIAL fair-value increase alone would add about $8.64 per share before parent-level expenses, debt, deferred taxes, performance fees, and other portfolio movements. In the bear case, the increase is $466.0 million, or $3.47 per share. In the bull case, the increase is $1,818.2 million, or $13.55 per share. This is why BIAL dominates the Fairfax India underwriting.

10. Investment-Unit Rollup

The rollup below starts from the Q1 2026 BIAL fair value. It does not sum fabricated product revenue. Passenger and aero-revenue lines are used as driver checks, while the shareholder output is fair-value contribution and BVPS impact. All per-share figures use the Q1 2026 common share count of 134.218804 million, rounded to 134.219 million in the data package. They do not assume buybacks, dilution, deferred tax changes, incentive fees, or parent leverage changes.

Case	2026 anchor fair value	Fair-value CAGR	2031 BIAL fair value	Fair-value increase	BVPS contribution at 2031	Share of Q1 2026 total investments if other assets flat
Bear	$2,152.4M	4.0%	$2,618.4M	$466.0M	$19.51 per share	75.2%
Base	$2,152.4M	9.0%	$3,312.3M	$1,159.9M	$24.68 per share	95.1%
Bull	$2,152.4M	13.0%	$3,970.6M	$1,818.2M	$29.58 per share	114.0%

Case	Passenger driver check	Aero revenue driver check	EBITDA margin check	Adapted segment margin	Adapted operating income proxy
Bear	53.7M passengers by 2031 from Q1 2026 annualized base	$310M 2031 aero revenue from FY2025 base	64.0%	4.0% USD fair-value CAGR	$2,618.4M BIAL NAV contribution
Base	63.4M passengers by 2031 from Q1 2026 annualized base	$382M 2031 aero revenue from FY2025 base	69.0%	9.0% USD fair-value CAGR	$3,312.3M BIAL NAV contribution
Bull	71.0M passengers by 2031 from Q1 2026 annualized base	$457M 2031 aero revenue from FY2025 base	72.0%	13.0% USD fair-value CAGR	$3,970.6M BIAL NAV contribution

The second table's passenger driver check uses Q1 2026 passenger traffic of 11.3 million annualized to 45.2 million as a rough current run-rate. That is not the same as a disclosed TTM passenger figure. It is included to make the scenario internally visible, not to claim that Fairfax India disclosed TTM BIAL passengers. The aero revenue driver check compounds FY2025 aero revenue of $237.1 million because that is the only aero revenue base disclosed in the data package.

The "share of Q1 2026 total investments if other assets flat" column is a stress indicator, not a forecast. It shows concentration. If all other assets stayed at their Q1 2026 fair values, the base-case BIAL value would equal 95.1% of the entire Q1 2026 total cash and investments. In reality, other assets will move, Sanmar has been sold after quarter end, IIFL Capital ownership may rise, parent debt and fees matter, and Fairfax India may repurchase shares or issue capital. The point is not that BIAL will become the only asset. The point is that even today BIAL is already large enough to dominate every Fairfax India valuation output.

The post-quarter treatment is explicit in the scenario math. Sanmar is excluded as a continuing economic interest because the data package says Fairfax India sold its entire Sanmar equity interest on April 9, 2026 for about $27 million. IIFL Capital is not stepped up to a control stake in this BIAL appendix because the data package says the May 7, 2026 transaction is pending and should be modeled as pending until completed. Q1 2026 purchases of $0.0 million and sales of $37.8 million also mean the Q1 anchor is not a broad redeployment quarter; it is a mark-to-market and liquidity-management quarter. For BIAL, the correct takeaway is that the asset's $2.152 billion carrying value is the current NAV anchor, while pending portfolio actions are parent-level modifiers for the synthesis appendix.

11. Key Risks And Wildcards

Regulatory tariff risk is the most important bear-case variable. The data package's "tariff-setting mechanism" phrase indicates a regulated framework, but not the precise allowed return or timing. If tariff orders lag expansion costs, if allowed returns disappoint, or if political pressure caps airport charges, strong passenger growth could fail to become fair-value growth. This risk hits the bear and base cases most directly.

Expansion execution risk is the second key variable. The data package references T2 phase 2 by FY2029 and T3 by FY2034. The horizon date of March 31, 2031 sits after the intended T2 phase 2 period and before the intended T3 period. If T2 phase 2 is delayed or over budget, BIAL may face both capacity constraints and lower near-term returns on invested capital. If it is executed well, the bull case becomes more credible because the market can value both higher traffic and commercial spend.

Traffic-cycle risk remains real. Q1 2026 domestic passenger growth was 4.8%, below 2025 total passenger growth of 7.6%, while international growth was stronger at 13.9%. A sustained domestic slowdown, airline-capacity shortage, fuel-price shock, consumer weakness, or safety/regulatory disruption would pressure the traffic path. The base case does not require 2025's 7.6% total passenger growth to accelerate, but it does require traffic growth to remain structurally healthy.

Currency and discount-rate risk are central for Fairfax India. The parent reports in U.S. dollars. BIAL's underlying economics are India-linked. The data package says BIAL's Q1 2026 carrying-value decline was partly offset by underlying gains before foreign exchange. That means a correct operating thesis can still produce poor Fairfax India book-value marks if the rupee weakens or private infrastructure discount rates rise. This risk is embedded in the fair-value CAGR, but it deserves separate monitoring because it can dominate quarterly results.

Concentration risk is not subtle. BIAL was 61.8% of Q1 2026 total cash and investments. A valuation error in BIAL is not diversifiable inside Fairfax India. If BIAL is worth 15% less than carried value, the hit to Fairfax India equity would be material. Conversely, if BIAL compounds near the bull case, Fairfax India can look cheap even if some smaller holdings disappoint. The stock is therefore a BIAL-heavy investment with a side portfolio, not a broadly diversified Indian holding-company exposure.

Disclosure risk is also material. The data package does not include a five-year BIAL revenue series, full capex, debt, operating income, concession term, detailed tariff order, non-aero revenue, or airport-city project economics. Those omissions do not make BIAL low quality, but they reduce forecast precision. The correct analytical posture is to demand a margin of safety in Fairfax India's share price rather than treating the base-case fair value as a precise target.

Summary Table

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	n/d; adapted output is $2,618.4M BIAL fair value	4.0% USD fair-value CAGR; EBITDA margin check 64.0%	$2,618.4M NAV contribution; $19.51 per share	25%
Base	n/d; adapted output is $3,312.3M BIAL fair value	9.0% USD fair-value CAGR; EBITDA margin check 69.0%	$3,312.3M NAV contribution; $24.68 per share	50%
Bull	n/d; adapted output is $3,970.6M BIAL fair value	13.0% USD fair-value CAGR; EBITDA margin check 72.0%	$3,970.6M NAV contribution; $29.58 per share	25%

The weighted scenario value is $3,303.4 million, close to the base case because the probability weights are symmetric around base. On the Q1 2026 share count, that weighted BIAL value equals $24.61 per Fairfax India share before parent-level liabilities, taxes, incentive fees, other investments, and any share-count change. This appendix does not conclude that Fairfax India is worth that amount; it concludes that BIAL is the main source of potential NAV compounding and the main source of valuation risk.

Appendix B2 - Financial and Public Holdings

Financial and Public Holdings - Investment-Unit Deep Dive

Run date: 2026-07-02 Asia/Singapore. Company: Fairfax India Holdings Corporation. Official ticker: FIH.U on TSX. FMP ticker: FIH-U.TO. Currency: U.S. dollars unless stated otherwise. TTM end: 2026-03-31. Horizon date: 2031-03-31.

This appendix follows the Sub-Agent B segment protocol, but it adapts the operating-segment template to Fairfax India's actual economics. Fairfax India is an investment holding company. The "segment" here is therefore not a revenue-producing operating division with segment revenue, operating margin, and operating income. It is an investment unit inside the NAV: IIFL Finance, CSB Bank, IIFL Capital, 5paisa, Fairchem Organics, fixed income, Government of India bonds, and other public/financial holdings disclosed in the data package. For this appendix, the required segment tables use fair value, NAV contribution, 2031 fair value, and BVPS impact rather than fabricated operating revenue or segment operating income. The data package is the single source for Fairfax India's own historicals and management commentary.

0. Segment Boundary and Taxonomy Note

Fairfax India has no Microsoft-style operating segments. Data package Section 1 states that the company reports the consolidated investment holding company plus schedules for public Indian investments, private Indian investments, bonds, and cash. The financial and public holdings appendix is carved from that investment schedule rather than from a management segment note. The included holdings are IIFL Finance, CSB Bank, IIFL Capital, 5paisa, Fairchem Organics, Other Indian Fixed Income, and Government of India bonds. I include Fairchem and the fixed-income lines because they are disclosed in the same public/fair-value investment map and because this appendix is meant to isolate market-marked and financial/NAV-sensitive assets from BIAL and the other larger private industrial holdings.

The taxonomy is stable in the way that matters for modeling: Fairfax India consistently reports fair value by holding. The investee list changes through purchases, sales, spin-offs, rights issues, and additional purchases, but those are portfolio actions rather than reporting restatements. Data package Section 1 flags three current boundary items. Saurashtra was sold in November 2025 and is no longer current. Sanmar was still carried at March 31, 2026 based on the April 2026 sale price, but Fairfax India no longer has an economic interest after the sale. IIFL Capital is pending a post-quarter ownership step-up: Fairfax India announced on May 7, 2026 that it intends to increase ownership from 27.2% directly, plus 3.3% through an affiliate, to at least 51% if completed. This appendix does not add the pending IIFL Capital transaction into Q1 2026 fair value because the data package treats it as post-balance-sheet-date and pending.

1. What This Investment Unit Actually Is

The financial and public holdings bucket is Fairfax India's listed-market and financial-services exposure. It is not a single business. It is a collection of Indian financial platforms and listed/marketable holdings whose value reaches Fairfax India through fair-value changes, dividends, interest, and realized gains rather than consolidated operating revenue. The main holdings are:

- IIFL Finance: a retail-focused diversified non-bank financial company. The data package discloses 2025 investee revenue of $804 million, 2025 assets under management growth of 38% to $10.9 billion, and March 31, 2026 AUM of about $11.4 billion.
- CSB Bank: an Indian full-service bank. The data package discloses 2025 investee revenue of $320 million and December 31, 2025 gross loans and advances of $4.1 billion. It also cites CSB Bank MD&A language for "SBS 2030" and a "Scale" phase beginning fiscal year 2027.
- IIFL Capital: brokerage, advisory, investment banking, and wealth-management exposure. The data package discloses 2025 investee revenue of $289 million and December 31, 2025 non-institutional AUM of about $29.0 billion. The pending Fairfax India control transaction is material but not yet included in the Q1 base.
- 5paisa: online discount brokerage and digital financial-services platform. The data package discloses 2025 revenue of $35 million, 23.4 million mobile app downloads/users at March 31, 2026, and more than 5.2 million customers. Fairfax India participated in a March/April 2026 rights offer for about $12.3 million, maintaining 24.5% ownership.
- Fairchem Organics: a listed public holding with 2025 revenue of $53 million; it is not financial, but it is part of the market-marked/public-holdings bucket after Fairfax India's ownership rose to 57.2% following a January 2026 buyback.

- Other Indian Fixed Income and Government of India bonds: small fixed-income holdings that act more like liquidity or capital-preservation assets than equity upside assets.

The customer, pricing, and unit-economics questions therefore belong to the investees, not the parent. For Fairfax India shareholders, the economic question is: how much fair value can this group add to NAV by 2031, net of credit-cycle losses, regulatory constraints, capital-market cyclicality, FX, fees, parent leverage, and any dilution or capital needed to support the investees?

2. Current Economics at the TTM Anchor

The current base is Q1 2026 fair value from data package Section 3 and Section 5. At March 31, 2026, Fairfax India had total cash and investments of $3,481.9 million, common shareholders' equity of $2,560.4 million, and 134.218804 million common shares effectively outstanding (rounded to 134.219 million in the data package). Book value per share was $19.08. The financial and public holdings bucket defined here had $831.2 million of fair value, equal to 23.9% of total cash and investments, 32.5% of common shareholders' equity, and $6.19 per Fairfax India share.

That current value is depressed versus year-end 2025. The same bucket was $1,285.0 million at December 31, 2025, so the Q1 2026 mark was down $453.8 million, or 35.3%, before considering the full company effects of taxes, debt, other holdings, and currency. The biggest Q1 hits were IIFL Finance down $147.5 million, IIFL Capital down $125.0 million, CSB Bank down $106.8 million, Fairchem down $25.0 million, Government of India bonds down $39.4 million as bonds were sold, and smaller declines in 5paisa and fixed income. Data package Section 5 says the Q1 company-level loss was driven by unrealized losses on public stocks and rupee translation losses. This appendix is therefore a main explanation of why Fairfax India's BVPS fell from $22.94 at FY2025 to $19.08 at March 31, 2026.

The bucket is economically high beta to India financial assets. IIFL Finance can compound if AUM growth remains funded and credit quality holds. CSB Bank can compound if the bank executes its SBS 2030 plan, with the "Scale" phase beginning fiscal year 2027. IIFL Capital can compound with Indian capital-market activity, wealth AUM growth, and a successful post-quarter control transaction. 5paisa can benefit from platform scale, but the disclosed rights offer shows it still needed balance-sheet support. Fairchem is more industrial/public-marked than financial; it belongs here only because it is part of the listed/public-holdings subset, and its current Fairfax India fair value is small after a sharp Q1 mark.

3. Unit Economics

For Fairfax India, revenue does not become profit through a segment income statement. The holding-company unit economics are mark-to-market economics: cash invested in an asset becomes parent NAV through fair value, dividends, interest, distributions, realized sales, and currency translation. The data package explicitly says FMP revenue and segment fields are not useful operating-revenue proxies for this issuer. It also says ROIC is not a primary parent metric because returns appear through fair-value changes, realized gains, dividends, interest, and taxes. The clean proxy is book value per share and investment-level compounded annualized returns.

This bucket has three different kinds of unit economics.

First, the lending and banking holdings depend on spread, growth, capital, and credit quality. IIFL Finance discloses high AUM growth in the data package: 2025 AUM grew 38% to $10.9 billion, and March 31, 2026 AUM was about $11.4 billion. That is real growth. The data package, however, does not provide asset-quality metrics such as non-performing asset ratios, credit costs, write-offs, provisioning, or product mix. That matters because an NBFC can look excellent in AUM terms until funding cost, borrower stress, or regulatory pressure catches up. CSB Bank discloses $4.1 billion of gross loans and advances and a long expansion plan, but the data package likewise does not provide asset-quality ratios, deposit mix, net interest margin, or capital adequacy. The correct appendix treatment is to recognize the growth base and flag the missing risk metrics rather than invent them.

Second, IIFL Capital and 5paisa depend on transaction volumes, client assets, market participation, and operating leverage. IIFL Capital had 2025 revenue of $289 million and non-institutional AUM of about $29.0 billion at December 31, 2025. It is exposed to brokerage, advisory, investment banking, and wealth-management cyclicality. 5paisa had 2025 revenue of $35 million, a user/download base of 23.4 million, and more than 5.2 million customers at March 31, 2026. Those numbers show distribution reach, but they do not by themselves prove sustainable profitability. The rights offer indicates that capital support was needed. In a bull market, these holdings can expand rapidly because revenue often follows market volumes and AUM. In a bear market, earnings and valuation multiples can fall together.

Third, Fairchem and fixed income are much smaller contributors. Fairchem is a public industrial investment with $33.0 million of Q1 fair value and 2025 revenue of $53 million. Its main role in this appendix is public-market mark contribution, not financial-platform compounding. Other Indian Fixed Income and Government of India bonds total only $24.3 million at Q1 2026. Their economics are closer to modest yield, liquidity, and redeployment optionality. They should not be assigned equity-like upside in the base case.

4. Competitive Dynamics

Competitive dynamics are investee-specific and only partly disclosed in the data package. IIFL Finance competes in Indian retail credit and diversified NBFC finance. The attractive side is India credit penetration and the ability of specialized lenders to grow faster than GDP when underwriting, funding access, and distribution are strong. The dangerous side is that NBFCs are not protected by the same deposit franchise as banks, so funding conditions and regulatory scrutiny can change the economics quickly. The data package gives AUM growth but not asset quality. That means the base case must be lower than the disclosed 38% 2025 AUM growth, because the model cannot verify that high growth is risk-adjusted quality growth.

CSB Bank competes as a full-service Indian bank. Its moat must come from deposit gathering, credit discipline, branch/customer relationships, risk controls, and franchise depth. Data package Section 6 gives the important strategic clue: CSB Bank's MD&A refers to "SBS 2030" and a "Scale" phase beginning fiscal year 2027. That starts within the forecast window rather than at the very end of it, but the public mark can still move ahead of operating proof. A durable base case should therefore give CSB some credit for the plan while avoiding a full mature-bank re-rating unless the data package shows evidence. It does not.

IIFL Capital and 5paisa compete in capital-market intermediation. That is structurally attractive when Indian equity participation, wealth-management assets, and deal activity rise. It is also intensely cyclical. Brokerage revenue, investment banking activity, market turnover, and retail trading participation tend to contract when markets are weak. The data package's pending IIFL Capital transaction is strategically relevant because Fairfax India may gain more control over a platform with $289 million of 2025 revenue and $29.0 billion of non-institutional AUM, but the model should not give Fairfax India credit for post-quarter control synergies until the transaction closes and economics are disclosed.

5paisa's competitive edge is distribution scale, but scale alone is not enough. The Q1 2026 data package discloses 23.4 million app downloads/users and more than 5.2 million customers, yet the holding was only $19.9 million of Fairfax India fair value at Q1 and required a rights offer. That is a signal that user count is not translating into a high-confidence NAV engine today. The bull case can give 5paisa more upside from operating leverage, but the base case should keep it small.

5. Moat at the Investment-Unit Level

This bucket does not have a single moat. It has a collection of partial moats and risks. IIFL Finance's potential moat is distribution, underwriting experience, product specialization, and funding access. CSB Bank's potential moat is banking franchise depth and a long-term scale plan. IIFL Capital's potential moat is capital-market relationships, wealth AUM, and advisory capability. 5paisa's potential moat is digital distribution and customer base. Fairchem's moat is outside this financial-platform frame and is not assessed deeply here because the data package provides only limited public-holding information.

At the Fairfax India level, the moat is weaker than the apparent investee upside. Fairfax India is a minority or partial owner in most of these assets at the Q1 base, it reports marks rather than consolidated operating control, it pays investment/advisory fees, it has parent borrowings and a payable for securities purchased, and it reports in USD while the assets are overwhelmingly India-domiciled. Data package Section 8 states that borrowings plus the BIAL securities payable equaled 22.5% of common shareholders' equity at March 31, 2026. That leverage is not extreme, but it does magnify NAV pressure when public marks and INR translation move against the company.

The investee-level historical return table is mixed. IIFL Capital had a 17.8% annualized return at Q1 2026, IIFL Finance 14.8%, CSB Bank 8.7%, 5paisa 2.4%, and Fairchem 0.9%. Those numbers argue against treating the whole bucket as a uniform high-quality compounding engine. The strongest historical evidence is IIFL Capital and IIFL Finance; CSB is credible but not yet exceptional on the disclosed return; 5paisa and Fairchem are weak to date. The moat conclusion is therefore: useful upside bucket, not a company-level compounder moat by itself.

6. Historical Growth Rates and Fair-Value History

The data package does not provide a five-year fair-value history by each holding. It provides FY2025 and Q1 2026 current-taxonomy fair values, initial cash consideration, Q1 2026 fair value, cumulative dividends/interest, and annualized

return by investment. Data package Section 10 classifies five-year investee revenue history as a true non-disclosure in the Fairfax India materials used. Therefore this table does not fabricate FY2021-FY2024 holding values. It uses the available fair-value base and labels the data gap explicitly.

Holding / sub-unit	FY2025 fair value	Q1 2026 fair value	Q1 change	Q1 change %	Disclosed investee KPI	Data package cite
IIFL Finance	$438.1M	$290.7M	-$147.5M	-33.6%	2025 revenue $804M; AUM grew 38% to $10.9B; Mar 31 2026 AUM about $11.4B	Section 3 investment schedule row IIFL Finance; Section 4 product table row IIFL Finance; Section 4 growth-only row IIFL Finance
CSB Bank	$353.6M	$246.7M	-$106.8M	-30.2%	2025 revenue $320M; Dec 31 2025 gross loans and advances $4.1B	Section 3 investment schedule row CSB Bank; Section 4 product table row CSB Bank
IIFL Capital	$341.6M	$216.6M	-$125.0M	-36.6%	2025 revenue $289M; Dec 31 2025 non-institutional AUM about $29.0B	Section 3 investment schedule row IIFL Capital; Section 4 product table row IIFL Capital
5paisa	$28.8M	$19.9M	-$8.9M	-30.9%	2025 revenue $35M; 23.4M users/downloads; more than 5.2M customers	Section 3 investment schedule row 5paisa; Section 4 product table row 5paisa; Section 4 growth-only row 5paisa
Fairchem Organics	$58.0M	$33.0M	-$25.0M	-43.1%	2025 revenue $53M; ownership rose to 57.2% after January 2026 buyback	Section 3 investment schedule row Fairchem Organics; Section 4 product table row Fairchem Organics
Other Indian Fixed Income	$22.3M	$21.1M	-$1.2M	-5.4%	Fixed-income holding; no operating KPI	Section 3 investment schedule row Other Indian Fixed Income; Section 8 balance sheet row Other Indian Fixed Income
Government of India bonds	$42.6M	$3.2M	-$39.4M	-92.5%	Q1 2026 investment purchases were $0.0M and sales were $37.8M, primarily Government of India bonds sold to fund 5paisa rights offer and operating requirements	Section 3 investment schedule row Government of India bonds; Section 7 Q1 2026 capital allocation row
Financial/public bucket total	$1,285.0M	$831.2M	-$453.8M	-35.3%	23.9% of total cash and investments; $6.19 per share at Q1 2026	Sum of rows above; Section 8 total cash and investments and shares outstanding

Arithmetic tie-out: IIFL Finance $438.1M - $147.5M equals $290.6M, rounding to the $290.7M Q1 table value. CSB Bank $353.6M - $106.8M equals $246.8M, rounding to $246.7M. IIFL Capital $341.6M - $125.0M equals $216.6M. The bucket total $1,285.0M - $453.8M equals $831.2M. These are not operating growth rates; they are fair-value mark changes. [DATA GAP: the data package does not disclose five-year by-holding fair values or five-year investee revenue histories for these holdings.]

The historical investment-return table is more useful for long-run underwriting than the one-quarter mark. It shows IIFL Finance at 14.8% annualized return on $101.1 million of cash consideration, IIFL Capital at 17.8% on $51.1 million, CSB Bank at 8.7% on $136.3 million, 5paisa at 2.4% on $16.6 million, and Fairchem at 0.9% on $34.2 million. That long-run return dispersion is the main reason the 2031 case treats IIFL Finance and IIFL Capital as the core upside lines, CSB as a steady but not explosive line, and 5paisa/Fairchem as smaller optionality lines.

7. Management Guidance Quoted from the Data Package

The data package says Fairfax India does not appear to run a regular stand-alone quarterly earnings call transcript in the sources checked. Management commentary comes from official releases, annual-report language, and interim MD&A. Relevant guidance for this appendix is limited but important.

The Q1 2026 CEO quote says Fairfax India's investments should "perform well over the long term." The modeling implication in data package Section 6 is that quarterly earnings are not normalized owner earnings and that the model should use BVPS and fair value rather than near-term EPS. For this appendix, that means Q1 2026 public-stock losses are not extrapolated as a recurring annual run rate, but they are treated as evidence that public marks can dominate reported results.

The FY2025 release phrase "strong financial health" is tied in the data package to liquidity. This matters because financial/public holdings can be volatile, while the parent had borrowings of $499.0 million, a $76.5 million payable for securities purchased, and only $28.8 million of cash and marketable securities at Q1 2026, plus $168.5 million of revolving-credit availability. The base case assumes liquidity remains adequate. The bear case assumes that the liquidity cushion narrows if public marks remain weak and asset sales are needed at unfavorable prices.

The annual-report language identifies "book value per share" as the key performance measure. That is the central modeling anchor. I do not model parent FMP revenue, segment operating income, or EPS for this bucket. I model the 2031 fair value contribution and the implied BVPS contribution.

CSB Bank's MD&A phrase "SBS 2030" and "Scale" phase beginning fiscal year 2027 is the strongest forward indicator for the bank. It tells us that the bank's expansion plan starts inside the forecast window, but the data package still does not provide enough profitability, deposit, capital, or credit-cost detail to force full mature-bank economics into the base case. The base case assumes a gradual public-mark recovery and moderate compounding into 2031. The bull case gives more credit to the scale phase. The bear case assumes execution or credit concerns prevent the strategy from translating into NAV.

The 5paisa MD&A phrase "rights offer" is a risk marker as much as a growth marker. Fairfax India's participation maintained ownership at 24.5%, but the need for capital support constrains the base case. The bull case assumes the capital raise helps stabilize the platform and allows operating leverage; the bear case assumes further capital intensity and weak monetization.

8. Forward Fair-Value Growth Assumptions

The forward horizon is exactly five calendar years from March 31, 2026 to March 31, 2031. The starting point is Q1 2026 fair value. These are fair-value CAGRs for Fairfax India's stake, not investee revenue CAGRs and not parent operating revenue growth. For IIFL Capital, the pending control transaction is treated as upside optionality, not as a modeled additional purchase, because the data package says the transaction is after the Q1 balance-sheet date and should be modeled as pending until completed.

Base case: India financial exposure recovers from depressed Q1 marks, but compounding is set below the best historical annualized returns for most lines because asset-quality, capital, and market-cycle details are missing.

Holding	Historical anchor	Latest mark / KPI	Mgmt FY+1 guide	Base fair-value CAGR to 2031	Justification
IIFL Finance	14.8% disclosed annualized investment return	Q1 fair value $290.7M; AUM about $11.4B	No explicit guide in data package	12.0%	Below historical return and far below 2025 AUM growth because asset-quality and credit-cost metrics are not disclosed.
CSB Bank	8.7% disclosed annualized investment return	Q1 fair value $246.7M; gross loans $4.1B at Dec 2025	"SBS 2030" and "Scale" phase beginning fiscal year 2027	10.0%	Slightly above historical return because the scale phase begins inside the horizon, but not enough evidence for a step-change.
IIFL Capital	17.8% disclosed annualized investment return	Q1 fair value $216.6M; non-institutional AUM $29.0B	Pending ownership increase to at least 51% if completed	14.0%	Capital-market platform recovers, but base excludes unclosed control economics and assumes cyclicality.
5paisa	2.4% disclosed annualized investment return	Q1 fair value $19.9M; 23.4M users/downloads; >5.2M customers	"rights offer"	8.0%	User base creates option value, but rights-offer signal and low historical return cap the base case.
Fairchem Organics	0.9% disclosed annualized investment return	Q1 fair value $33.0M; 2025 revenue $53M	No explicit guide in data package	6.0%	Modest recovery from depressed public mark; not treated as a financial compounder.
Other Indian Fixed Income	-4.4% disclosed annualized return for fixed income line	Q1 fair value $21.1M	No explicit guide in data package	3.0%	Modeled as yield/carry, not equity upside.
Government of India bonds	No annualized return row for GOI bonds	Q1 fair value $3.2M after sales	Bonds sold to fund rights offer and operating needs	3.0%	Small residual bond balance; contribution is immaterial.

Bull case: public marks recover, India financial penetration stays favorable, credit remains benign, capital markets are active, and Fairfax India completes/benefits from deeper IIFL Capital control without adverse dilution.

Holding	Historical anchor	Latest mark / KPI	Mgmt FY+1 guide	Bull fair-value CAGR to 2031	Justification
IIFL Finance	14.8% disclosed annualized investment return	AUM grew 38% in 2025 and reached about $11.4B	No explicit guide in data package	18.0%	Bull case gives credit for fast AUM growth plus market-mark recovery, assuming credit quality proves sound.
CSB Bank	8.7% disclosed annualized investment return	$4.1B gross loans and advances at Dec 2025	"SBS 2030" and "Scale" phase beginning fiscal year 2027	15.0%	Market prices in successful scale transition before full mature economics are visible.
IIFL Capital	17.8% disclosed annualized investment return	$29.0B non-institutional AUM	Pending control transaction	22.0%	Active capital markets, wealth AUM growth, and strategic control optionality compound from the depressed Q1 mark.
5paisa	2.4% disclosed annualized investment return	23.4M users/downloads and >5.2M customers	"rights offer"	15.0%	Rights capital supports growth and user scale converts into economics; still small in dollars.
Fairchem Organics	0.9% disclosed annualized investment return	Q1 fair value $33.0M	No explicit guide in data package	10.0%	Public mark normalizes from a weak Q1 and ownership step-up helps Fairfax India exposure.
Other Indian Fixed Income	-4.4% disclosed annualized return for fixed income line	Q1 fair value $21.1M	No explicit guide in data package	4.0%	Carry plus modest mark recovery.
Government of India bonds	No annualized return row for GOI bonds	Q1 fair value $3.2M	Small residual after sales	4.0%	Immaterial carry line.

Bear case: Q1 2026 is not just a mark-to-market dislocation. It is early evidence of credit, regulatory, currency, or capital-market stress. Financial marks do not recover meaningfully, and Fairfax India receives little benefit from the IIFL Capital control plan by 2031.

Holding	Historical anchor	Latest mark / KPI	Mgmt FY+1 guide	Bear fair-value CAGR to 2031	Justification
IIFL Finance	14.8% disclosed annualized investment return	AUM about $11.4B but no asset-quality metrics disclosed	No explicit guide in data package	-2.0%	Credit costs, funding pressure, or regulatory scrutiny offset AUM growth.
CSB Bank	8.7% disclosed annualized investment return	Q1 fair value $246.7M	"SBS 2030" and "Scale" phase beginning fiscal year 2027	2.0%	Bank remains solvent and enters its planned scale phase, but public multiple and credit cycle cap NAV contribution.
IIFL Capital	17.8% disclosed annualized investment return	Q1 fair value $216.6M	Pending transaction	0.0%	Capital-market cycle stays weak or control transaction fails to create visible value.
5paisa	2.4% disclosed annualized investment return	Rights offer and small current fair value	"rights offer"	-5.0%	Platform scale does not monetize and additional capital needs dilute economics.
Fairchem Organics	0.9% disclosed annualized investment return	Q1 fair value $33.0M	No explicit guide in data package	0.0%	No recovery from Q1 mark.
Other Indian Fixed Income	-4.4% disclosed annualized return for fixed income line	Q1 fair value $21.1M	No explicit guide in data package	2.0%	Conservative carry.
Government of India bonds	No annualized return row for GOI bonds	Q1 fair value $3.2M	Small residual after sales	2.0%	Immaterial carry line.

9. Forward NAV Contribution Assumptions

There is no segment operating margin. The adapted "margin" is the holding's share of Fairfax India NAV and the conversion of fair value into BVPS contribution. The mechanism for changes is straightforward: a fair-value change of $134.218804 million is $1.00 per Fairfax India share at the Q1 share count, before taxes, fees, debt changes, share repurchases, and other portfolio movements. The table below keeps the Q1 share count constant to isolate this investment unit. It is not a full consolidated BVPS forecast.

Holding	Q1 2026 fair value	Q1 BVPS impact	Base 2031 fair value	Base 2031 BVPS impact	Margin / NAV mechanism
IIFL Finance	$290.7M	$2.17	$512.3M	$3.82	Fair value grows if AUM growth converts into risk-adjusted earnings and market confidence returns.

Holding	Q1 2026 fair value	Q1 BVPS impact	Base 2031 fair value	Base 2031 BVPS impact	Margin / NAV mechanism
CSB Bank	$246.7M	$1.84	$397.3M	$2.96	Fair value grows if the SBS 2030 scale phase begins in FY2027 with acceptable credit quality.
IIFL Capital	$216.6M	$1.61	$417.0M	$3.11	Fair value grows if capital-market activity, wealth AUM, and pending control optionality compound.
5paisa	$19.9M	$0.15	$29.2M	$0.22	Small option on digital brokerage scale; rights-offer signal limits base-case conviction.
Fairchem Organics	$33.0M	$0.25	$44.2M	$0.33	Public-mark recovery from depressed Q1; not a financial-platform line.
Other Indian Fixed Income	$21.1M	$0.16	$24.5M	$0.18	Yield/carry contribution only.
Government of India bonds	$3.2M	$0.02	$3.7M	$0.03	Immaterial residual bond line.
Financial/public bucket total	$831.2M	$6.19	$1,428.2M	$10.64	Base case adds $597.0M of fair value, or $4.45 per share before parent-level adjustments.

The base case requires no heroic assumption that the Q1 2026 mark snaps back immediately. It simply assumes that the group compounds from the depressed base at rates below or near the stronger disclosed investment returns. IIFL Finance grows at 12% versus a disclosed 14.8% annualized return; IIFL Capital at 14% versus 17.8%; CSB at 10% versus 8.7% because its SBS 2030 scale phase begins in FY2027 but still lacks detailed public KPI support in the data package; 5paisa at 8% despite a weak 2.4% historical return because the current value is small and user scale creates option value; fixed income at 3%. The base case still depends heavily on market marks and credit conditions. If public valuations stay compressed, actual 2031 fair value can undershoot even if investee operating KPIs improve.

10. Investment-Unit Rollup

This rollup sums the holding-level fair-value forecasts from Sections 8 and 9. It reconciles to the product-level assumptions within rounding because the investment unit is a simple sum of fair values. Percent of current total cash and investments uses the March 31, 2026 company denominator of $3,481.9 million; percent of current common shareholders' equity uses $2,560.4 million. Those percentages are not a forecast of total company mix, because BIAL and other holdings will also move by 2031. They show the scale of this bucket relative to today's Fairfax India NAV.

Case	IIFL Finance	CSB Bank	IIFL Capital	5paisa	Fairchem	Fixed income and GOI bonds	2031 fair value	BVPS impact	NAV contribution versus Q1 equity
Bear	$262.8M	$272.4M	$216.6M	$15.4M	$33.0M	$26.8M	$827.0M	$6.16	32.3%
Base	$512.3M	$397.3M	$417.0M	$29.2M	$44.2M	$28.2M	$1,428.2M	$10.64	55.8%
Bull	$665.1M	$496.2M	$585.4M	$40.0M	$53.1M	$29.6M	$1,869.4M	$13.93	73.0%

The bear case is almost flat in dollars versus the $831.2 million Q1 base. This is intentional. A realistic bear case for public/financial holdings does not need another immediate 35% drawdown to be painful; it only needs five years of dead money while fees, interest, currency, and opportunity cost drag on parent BVPS. In that case, IIFL Finance slips from $290.7 million to $262.8 million, IIFL Capital stays flat, 5paisa declines, and CSB plus fixed income offset some of the damage. The bucket still contributes $6.16 per share, but it fails as a compounding engine.

The base case grows from $831.2 million to $1,428.2 million. That is a $597.0 million increase, or $4.45 per current Fairfax India share before parent-level adjustments. The largest drivers are IIFL Finance, adding $221.6 million; IIFL Capital, adding $200.4 million; and CSB Bank, adding $150.6 million. 5paisa and Fairchem add only $20.5 million combined. This is the case that should feed the synthesis model if the main Fairfax India thesis is that Q1 2026 was a mark-to-market setback rather than a deterioration in the underlying financial holdings.

The bull case reaches $1,869.4 million, adding $1,038.2 million versus Q1, or $7.74 per current share. This requires a friendly mix: IIFL Finance proves its AUM growth quality, CSB's FY2027 scale phase is visibly working by 2031, IIFL Capital benefits from both market activity and a stronger ownership/control position after the pending post-quarter transaction, and 5paisa monetizes its distribution base. The bull case is possible, but it is not the default because the data package lacks the

asset-quality, profitability, capital, and regulatory KPIs needed to underwrite all of those simultaneously.

11. Key Risks and Wildcards

Credit-cycle risk is the largest bear-case risk. IIFL Finance has disclosed AUM growth, but the data package does not disclose asset quality, credit costs, NPA ratios, provisioning, funding spreads, or product-level exposure. A fast-growing NBFC can create value if underwriting is good and funding is stable; it can destroy value if growth is lower-quality or if the regulator constrains the business. [DATA GAP: IIFL Finance asset-quality metrics are not provided in the data package.]

Bank execution risk is the main CSB risk. The "SBS 2030" plan and "Scale" phase beginning fiscal year 2027 are promising because they fall inside the forward horizon. The base case gives some credit for that phase, but not a full re-rating. If the bank needs more capital, suffers credit issues, or cannot scale deposits and loans profitably, the 10% base fair-value CAGR is too high. [DATA GAP: CSB Bank net interest margin, deposit mix, capital adequacy, NPA ratios, and credit costs are not provided in the data package.]

Capital-market cyclicality is the main IIFL Capital and 5paisa risk. IIFL Capital's revenue, AUM, brokerage, advisory, investment banking, and wealth-management exposures are valuable in an active market but cyclical. 5paisa's user base is large, but the rights offer shows capital support was needed. If Indian capital markets weaken, the public marks and operating momentum can deteriorate together. Conversely, a strong market can make this appendix too conservative.

Regulatory risk cuts across the whole financial bucket. Banking, NBFC finance, brokerage, wealth, and rights offers are all regulated activities. The data package flags an RBI dilution schedule for CSB Bank and a pending IIFL Capital ownership transaction. The model cannot assume Fairfax India has unconstrained control or capital movement until official filings show completion and terms.

FX and parent leverage are Fairfax India-level amplifiers. Data package Section 5 says Q1 2026 losses included rupee translation losses. Data package Section 8 shows borrowings of $499.0 million and a $76.5 million payable for securities purchased at March 31, 2026. Because the parent reports in USD while assets are overwhelmingly India-domiciled, a good local-currency outcome can translate into a weaker USD BVPS outcome if INR moves against Fairfax India.

Fee drag is not a line item inside this investment unit but matters for NAV conversion. Data package Section 7 states that Q1 2026 expenses were $19.5 million, including investment and advisory fees of $10.8 million, G&A of $1.9 million, and interest expense of $6.8 million. The fair-value rollup above is gross of parent-level expenses, taxes, financing changes, and any incremental capital invested. The synthesis appendix must subtract those at the consolidated level.

The biggest wildcard is the IIFL Capital control transaction. If Fairfax India increases ownership to at least 51% on attractive terms and the platform compounds from a depressed public mark, this can become the highest-quality upside line in the bucket. If the transaction is delayed, expensive, diluted, or followed by weak capital markets, the control narrative will not translate into BVPS. This appendix treats the transaction as upside optionality rather than base-case arithmetic.

Summary Table

Case	2031 fair value	2031 NAV contribution versus Q1 equity	2031 BVPS impact	Probability
Bear	$827.0M	32.3%	$6.16	25%
Base	$1,428.2M	55.8%	$10.64	50%
Bull	$1,869.4M	73.0%	$13.93	25%

Bottom line: the financial and public holdings bucket is material enough to move Fairfax India's NAV, but it is not reliable enough to carry the investment case alone. At Q1 2026 it represented $831.2 million of fair value and about $6.19 per share, after a $453.8 million quarterly mark-down from FY2025. In the base case it can add roughly $597.0 million of fair value by 2031, or $4.45 per current share, mainly from IIFL Finance, IIFL Capital, and CSB Bank. The bear case is five years of dead money, not bankruptcy. The bull case is a strong India financial-market recovery plus successful IIFL Capital control optionality. The synthesis model should treat this as a volatile NAV driver with upside, not as a predictable operating segment.

[DATA GAP: the data package does not provide IIFL Finance asset-quality metrics, CSB Bank banking profitability/asset-quality metrics, five-year holding-level fair-value histories, or five-year investee revenue histories. No external portfolio-company data was used in this appendix.]

Appendix S - Synthesis and Adapted Valuation Gate

Fairfax India Holdings Corporation - Synthesis and Adapted Valuation Gate

Run date: 2026-07-02 Asia/Singapore Company: Fairfax India Holdings Corporation Official ticker: FIH.U on TSX FMP ticker: FIH-U.TO Currency: U.S. dollars unless stated otherwise TTM end: 2026-03-31 Horizon date: 2031-03-31 Current price used: $18.30

1. Anchors

The standard ER2 synthesis model projects operating segments into a consolidated TTM+5 revenue, operating income, net income, and EPS build, then tests whether the base case clears the P/E <= 15 hurdle at today's price. Fairfax India requires an explicit adaptation. It is an investment holding company, and the quant foundation and DR-cleared data package both show that reported EPS is dominated by fair-value marks, realized gains, unrealized losses, foreign-exchange translation, tax, and investment-company accounting. A normal P/E test would create false precision.

The proper economic unit is book value per share / NAV per share. The adapted synthesis therefore projects 2031 fair value for the main investment units, subtracts holding-company deductions, converts the result to BVPS, and then tests whether current price has enough margin of safety after a terminal holding-company discount. The P/E <= 15 gate is recorded as an adapted valuation gate, not as an operating EPS gate.

Anchor	Value	Source
Current share price	$18.30	FMP `quote FIH-U.TO`, saved in raw pulls
Q1 2026 BVPS	$19.08	DR-cleared data package and QF
Q1 2026 common shareholders' equity	$2,560.4M	DR-cleared data package
Q1 2026 effective shares	134.218804M	DR-cleared data package
Q1 2026 total cash and investments	$3,481.9M	DR-cleared data package
Current price / BVPS	0.959x	$18.30 / $19.08
Current discount to BVPS	4.1%	Calculation
TTM end	2026-03-31	QF
Horizon	2031-03-31	TTM + 5 calendar years

2. Investment-Unit Forward Assumptions

The synthesis uses the two reviewer-cleared investment-unit appendices as the main modeled units:

- BIAL / Bangalore International Airport, the dominant asset and the only clearly durable, concession-backed profit pool.
- Financial and public holdings, including IIFL Finance, CSB Bank, IIFL Capital, 5paisa, Fairchem, fixed income, and Government of India bonds.

All remaining holdings are modeled as a residual other-investments bucket. That bucket includes assets that are material to Fairfax India but were not modeled in their own full B appendices in this run, including Seven Islands, NCML, Anchorage-related effects, smaller private industrial holdings, residual cash/marketable securities, and post-quarter portfolio actions not yet embedded in Q1 book value. The residual bucket starts from total cash and investments less BIAL and the modeled financial/public bucket.

Unit	Q1 2026 fair value	Bear 2031 fair value	Base 2031 fair value	Bull 2031 fair value	Source
BIAL / Bangalore International Airport	$2,152.4M	$2,618.4M	$3,312.3M	$3,970.6M	`appendix_B_bial_airport.md`
Financial / public holdings	$831.2M	$827.0M	$1,428.2M	$1,869.4M	`appendix_B_financial_public_holdings.md`
Other investments and cash residual	$498.3M	$448.5M	$606.2M	$801.3M	Synthesis estimate from residual bucket
Total cash and investments	$3,481.9M	$3,893.9M	$5,346.7M	$6,641.3M	Sum

The residual bucket assumption is intentionally conservative. Bear assumes a 10% decline from the Q1 residual base as weak marks, post-quarter portfolio churn, and parent liquidity needs offset some value. Base assumes about 4.0% annual compounding for five years. Bull assumes about 10.0% annual compounding from the residual base. No residual holding is allowed to carry the thesis by itself.

3. Parent-Level Deductions

The difference between total cash and investments and common shareholders' equity at Q1 2026 was about $921.5M. That difference captures the combined effect of borrowings, the BIAL securities payable, taxes, liabilities, and other balance-sheet items. The management appendix also identifies continuing advisory fees, potential performance-fee economics, refinancing risk, and currency/tax leakage as real shareholder-level deductions. The synthesis therefore does not treat investee fair value as public-equity value.

Parent deduction item	Q1 2026 anchor	Bear 2031 assumption	Base 2031 assumption	Bull 2031 assumption	Rationale
Net parent deductions	$921.5M	$1,150.0M	$1,100.0M	$1,050.0M	Includes debt, payable, taxes, working liabilities, fee drag, and conservatism around private-value realization
Share count	134.218804M	136.0M	134.0M	131.0M	Bear allows modest dilution or fee-share issuance; base roughly flat; bull assumes buybacks below BVPS
Terminal price / BVPS multiple	0.65x	0.75x	0.90x	Current 0.959x discount is narrow versus the governance/fee structure; base assumes the market still applies a holding-company discount	

The terminal P/BVPS multiple is the most important shareholder-return adjustment. Current price is only 4.1% below Q1 2026 BVPS, but the management and moat appendices both returned YELLOW. A fee-bearing, voting-controlled, private-value-heavy holding company should not be assumed to trade at full book value in the base case without stronger realized exits, validated BIAL value, and improved minority-holder alignment.

4. BVPS Build

Line	Bear	Base	Bull
BIAL fair value	$2,618.4M	$3,312.3M	$3,970.6M
Financial / public fair value	$827.0M	$1,428.2M	$1,869.4M
Other investments and cash residual	$448.5M	$606.2M	$801.3M
Total cash and investments	$3,893.9M	$5,346.7M	$6,641.3M
Less parent deductions	$(1,150.0)M	$(1,100.0)M	$(1,050.0)M
Common shareholders' equity	$2,743.9M	$4,246.7M	$5,591.3M
Effective shares	136.0M	134.0M	131.0M
BVPS at 2031-03-31	$20.18	$31.69	$42.68
BVPS CAGR from $19.08	1.1%	10.7%	17.5%

The base case is economically attractive at the NAV level. BVPS rises from $19.08 to $31.69, a 10.7% annualized BVPS CAGR. That is mainly BIAL, with support from a recovery in financial/public marks. But the public shareholder does not automatically earn the BVPS CAGR. The shareholder earns the change in market price plus any dividends, and Fairfax India pays no dividend. The market price depends on whether investors capitalize BVPS at a discount or premium.

5. Shareholder Return Build

Case	2031 BVPS	Terminal P/BVPS	Implied 2031 price	Current price	Five-year price IRR	Valuation read
Bear	$20.18	0.65x	$13.12	$18.30	-6.4%	Dead-money-to-loss case if discount widens and NAV barely compounds

Case	2031 BVPS	Terminal P/BVPS	Implied 2031 price	Current price	Five-year price IRR	Valuation read
Base	$31.69	0.75x	$23.77	$18.30	5.4%	NAV grows, but holding-company discount absorbs much of the value
Bull	$42.68	0.90x	$38.41	$18.30	16.0%	Requires strong BIAL compounding, financial recovery, and discount narrowing

The base-case price IRR is not enough for a Gideon BUY. It is also not enough for the 20% return underwriting rubric. The stock can be undervalued on a static asset basis and still fail the ER2 hurdle if the market discount is structurally justified by control, fees, private valuation dependence, currency, and lack of a clean parent-level moat.

6. Adapted P/E <= 15 Gate

The literal P/E <= 15 test is not reliable for Fairfax India. QF constructed a TTM EPS bridge of about $1.87 per share, but it explicitly warned not to use that as normalized earning power because it includes large unrealized investment gains and FX losses. Applying 15x to fair-value-mark EPS would be a category error.

The adapted equivalent asks: does the current price offer enough margin of safety versus a confident 2031 BVPS outcome after a reasonable holding-company discount? On that adapted basis, the gate is YELLOW, not PASS. The base NAV case has upside, but the base shareholder return only reaches about 5.4% if the shares trade at 0.75x BVPS in 2031. To reach a 20% annualized price return from $18.30 over five years, the 2031 price would need to be about $45.54. That is above the bull-case 2031 price of $38.41 under a 0.90x terminal P/BVPS.

Test	Result
Literal TTM EPS P/E test	Not meaningful for investment holding company
Required 2031 price for 20% annualized return	$45.54
Base 2031 price at 0.75x BVPS	$23.77
Bull 2031 price at 0.90x BVPS	$38.41
Base gap to 20% target	-47.8%
Bull gap to 20% target	-15.7%
Adapted valuation gate	YELLOW

The gate is YELLOW rather than FAIL because current price is close to BVPS, BIAL alone can plausibly exceed current Fairfax India BVPS by 2031 before parent deductions, and a realized BIAL mark or IPO event could narrow the discount faster than the base case assumes. But the gate cannot be PASS because the base case does not underwrite a high return after applying a reasonable discount.

7. Tie-Out Checks

Check	Result	Evidence
Current BVPS ties to equity and shares	Passed	$2,560.4M / 134.218804M = $19.08
BIAL base BVPS contribution ties	Passed	$3,312.3M / 134.218804M = $24.68, reviewer-cleared
Financial/public base BVPS contribution ties	Passed	$1,428.2M / 134.218804M = $10.64, reviewer-cleared
Residual bucket ties to Q1 total investments	Passed	$3,481.9M - $2,152.4M - $831.2M = $498.3M
Scenario cash/investments sum	Passed	BIAL + financial/public + residual equals total in Section 2
Parent deduction bridge is explicit	Passed	Q1 implied deduction $921.5M, scenarios shown
Share count path is explicit	Passed	Bear 136.0M, base 134.0M, bull 131.0M
BVPS math ties	Passed	Equity / shares equals BVPS in each case
Return math ties	Passed	2031 price / $18.30 compounded over five years
Literal EPS caveat included	Passed	QF warning carried into adapted gate
Gate classification follows ER2 caution	Passed	Management YELLOW and Moat YELLOW prevent BUY/WATCH regardless of valuation interest

Tie-out checks: 11/11 passed.

8. Sensitivity

Sensitivity	Base assumption	Downside variant	2031 BVPS impact	Interpretation
BIAL fair value	$3,312.3M	15% lower	-$3.71 per share	Most important single variable
Financial/public fair value	$1,428.2M	20% lower	-$2.13 per share	Public financial marks matter but do not dominate BIAL
Parent deductions	$1,100.0M	$250M higher	-$1.87 per share	Fees, taxes, debt, FX, and liabilities can absorb real investee value
Terminal P/BVPS	0.75x	0.65x	-$3.17 per share price equivalent	Market discount is decisive for realized return
Share count	134.0M	138.0M	-$0.92 per share	Fee-share issuance or weak buyback discipline matters

BIAL valuation and terminal discount are the two variables that matter most. A 15% lower BIAL value removes about $3.71 of BVPS. A 0.65x terminal P/BVPS instead of 0.75x removes another $3.17 from implied price. Together they can turn the base case from modest upside into no real return.

9. Synthesis Verdict

The synthesis supports interest, not action. Fairfax India is not obviously expensive at $18.30 against $19.08 current BVPS, and the base NAV build can reach $31.69 BVPS by March 2031 if BIAL compounds and financial/public marks recover. However, the shares already trade near current book value, the market has rational reasons to apply a holding-company discount, and both qualitative ER2 gates are unresolved.

Management is YELLOW because Fairfax controls 95.3% of votes with 43.6% of equity and is also the advisor/fee recipient. Moat is YELLOW because BIAL itself has a durable concession moat, but Fairfax India equity is a fee-bearing, debt-bearing, FX-exposed holding vehicle that does not automatically inherit a clean parent-level 2046 compounder moat. The adapted valuation gate is YELLOW because base-case shareholder IRR is far below the 20% underwriting hurdle after applying a 0.75x terminal P/BVPS multiple.

Therefore the synthesis conclusion is PASS under ER2 rules, with watchlist conditions only if the qualitative gates improve and the price offers a larger discount to conservatively stated BVPS.

Appendix CS - Compounder Score

Fairfax India Holdings Corporation - Compounder Score

Run date: 2026-07-02 Asia/Singapore Company: Fairfax India Holdings Corporation Ticker: FIH.U / FIH-U.TO Currency: USD Current price: $18.30 TTM end: 2026-03-31 Horizon date: 2031-03-31

1. Executive Verdict

Compounder Score: 51 / 100. Business Quality Score: 48 / 80. Valuation / 20% Return Underwriting Score: 3 / 20. Score-implied classification: Reject under the diagnostic compounder rubric.

This is a deliberately adapted score. Fairfax India is an investment holding company, not an operating company. Standard ROIC, ROIIC, operating margin, and operating EPS are not the primary economics. The right frame is book value per share, NAV per share, investment-level fair-value compounding, parent deductions, fees, taxes, debt, FX translation, and the public market's terminal discount or premium to book value.

The evidence supports real asset quality inside the portfolio. BIAL is the central asset and is unusually durable: $2.152 billion of Q1 2026 fair value, 61.8% of total cash and investments, exclusive Bengaluru airport concession economics through 2068, regulated aeronautical tariff mechanics, high fixed-asset barriers, passenger/cargo density, and airport-city optionality. The airport appendix uses 9.0% base USD fair-value compounding to 2031 and 13.0% in the bull case. That asset deserves credit.

The evidence does not support an investable-now 20% return underwriter for the public Fairfax India share. Current price is $18.30 versus $19.08 Q1 2026 BVPS, only a 4.1% discount to book. The synthesis builds base 2031 BVPS of $31.69, but after applying a 0.75x terminal P/BVPS multiple the implied 2031 price is $23.77, only a 5.4% five-year price IRR. The bull case reaches $42.68 BVPS and $38.41 at 0.90x P/BVPS, but that is still only a 16.0% IRR and remains below the 20% hurdle. A 20% annualized return from $18.30 requires about $45.54 in 2031, above the stated bull price.

The score is capped because public shareholders do not own BIAL directly. They own a voting-controlled, fee-bearing, externally connected, debt-bearing, tax-bearing, FX-exposed holding vehicle that depends on private fair-value marks, future BIAL realization or IPO outcomes, Fairfax-related fee discipline, and the market's willingness to apply less of a holding-company discount. The management gate is YELLOW. The moat gate and 2046 test are YELLOW. The adapted valuation gate is YELLOW. The diagnostic score therefore says: strong watchlist asset exposure, not a current Gideon-grade compounder purchase.

Scorecard notes for Stage 7:

- Compounder Score note: 51/100 implies rejection under the diagnostic compounder rubric because the public share does not underwrite 20% returns even though BIAL is high quality.
- Business Quality Score note: 48/80 reflects a durable BIAL core offset by mixed non-BIAL returns, fair-value volatility, holding-company leakage, and YELLOW management/moat gates.
- 20% Return UW Score note: 3/20 because base shareholder IRR is about 5.4% and bull is about 16.0%, both below the 20% hurdle.

2. Data Source Map

Evidence area	Source used	Treatment
Price and share count	Quant foundation and synthesis	Current price $18.30; Q1 2026 effective shares 134.218804 million; market value about $2.456 billion using effective shares.
BVPS and NAV base	Quant foundation, data package, synthesis	Q1 2026 BVPS $19.08; common shareholders' equity $2.560 billion; total cash and investments $3.482 billion.
Investment fair values	Quant foundation and data package	BIAL $2.152 billion; financial/public holdings $831.2 million; residual other investments and cash $498.3 million.

Evidence area	Source used	Treatment
BIAL economics	BIAL appendix, data package, moat appendix	Passenger traffic, aero revenue, concession, tariff mechanism, capacity expansion, and 2031 fair-value scenarios.
Financial/public holdings	Financial/public holdings appendix and data package	IIFL Finance, CSB Bank, IIFL Capital, 5paisa, Fairchem, fixed income, and GOI bonds modeled by fair value, not revenue.
Management and governance	Management appendix	Fairfax controls 95.3% of votes with 43.6% equity; advisory fee and performance fee architecture drive YELLOW gate.
Moat and 2046 durability	Moat appendix	BIAL passes the asset-level durability test, but parent-level moat and 2046 test are YELLOW.
Return underwriting	Synthesis appendix	Base/bear/bull BVPS and price IRRs; adapted valuation gate YELLOW.
Accounting and vendor checks	Quant foundation and data package	Official filings control; FMP fields are not used for segment revenue or official BVPS.

3. Key Financial and Quality Metrics

Metric	Value	Interpretation
Q1 2026 BVPS	$19.08	Correct anchor for the five-year model.
Current price / BVPS	0.959x	Only a 4.1% discount to book, narrow for this vehicle.
Q1 2026 common shareholders' equity	$2.560B	Parent equity base after liabilities and deductions.
Q1 2026 total cash and investments	$3.482B	Gross investment asset base before parent deductions.
BIAL fair value	$2.152B	61.8% of total cash and investments and dominant asset.
Borrowings plus BIAL payable / equity	22.5%	Not excessive, but material for a holding company.
FY2025 advisory fee	$42.155M	Recurring value leakage that must be earned through NAV growth.
Q1 2026 advisory fee	$10.803M	Annualized run-rate is meaningful versus equity base.
Historical BVPS CAGR	About 7.9%-8.3%	Competent, but not Gideon-grade 20% compounding.
Base 2031 BVPS	$31.69	10.7% BVPS CAGR from $19.08.
Base 2031 price	$23.77	Uses 0.75x terminal P/BVPS; produces only 5.4% IRR.
Bull 2031 price	$38.41	Uses 0.90x terminal P/BVPS; still only 16.0% IRR.

Reported TTM EPS is not a useful quality metric. The quant foundation derives about $1.87 of TTM EPS, but explicitly warns that it includes unrealized investment gains and FX losses. Using that number for a P/E or EPS compounding test would create false precision. The score instead treats BVPS/NAV compounding as the economic proxy and then tests how much of that NAV accrues to the public share after discounts and leakage.

4. Rubric Scorecard

Category	Score	Max	Rationale
Incremental Returns on Capital	12	25	Standard ROIC/ROIIC are not meaningful at the parent. Investment returns are mixed: BIAL 10.3% annualized at Q1 2026, IIFL Capital 17.8%, IIFL Finance 14.8%, CSB 8.7%, 5paisa 2.4%, Fairchem 0.9%, and NCML negative in the management appendix. BVPS compounding around 8% is respectable but not exceptional.

Category	Score	Max	Rationale
Reinvestment Runway	14	20	India infrastructure and financial-services runway is real, BIAL has capacity expansion and airport-city optionality, and the side portfolio has growth exposure. The score is capped because the runway is mediated through fair values, fees, public marks, incomplete investee disclosure, and future allocation decisions.
Durability of Moat	11	15	BIAL has the strongest moat in the file: concession to 2068, location scarcity, tariff mechanism, scale, and land. Parent-level moat is weaker; shareholders own the asset through a holding company with leakage and market discount risk.
Accounting and Financial Quality	6	10	Official-source disclosure is usable and FMP errors are identified. But the economic statements are fair-value heavy, private valuations require management judgment, long clean investee histories are incomplete, and parent leverage/liquidity matter.
Capital Allocation Discipline	5	10	There are real winners, monetizations, and buybacks below book. The score is capped by external/advisory fees, performance-fee risk, voting control, key-person dependence, and uneven tail investments.
Price and 20% Return Underwriting	3	20	Base shareholder IRR is 5.4%; bull shareholder IRR is 16.0%; 20% requires a 2031 price above the bull case.
Total	51	100	Reject under the diagnostic rubric.

Subcomponent view:

Subcategory	Score	Max	Note
1A Normalized parent ROIC/BVPS return	2	5	Parent ROIC not meaningful; BVPS history around 8% earns partial credit only.
1B ROIIC / investment return	3	8	Some attractive investment returns, but the blended public-equity record is mixed and below the 20% ideal.
1C Return trend	1	3	Q1 2026 BVPS reset shows material volatility.
1D Unit economics support returns	2	3	BIAL supports returns; financial holdings are less proven.
1E Cash conversion is real	1	3	Parent cash conversion is not the right frame; airport EBITDA is good but capex data is incomplete.
1F Not an accounting artifact	3	3	The analysis avoids fake operating metrics and uses official NAV/BVPS.
2A Market opportunity	4	5	Bengaluru airport and India financial penetration are real.
2B Reinvest at scale	3	5	BIAL expansion and deal history support scale, but disclosure and concentration limit confidence.
2C Organic growth	3	4	BIAL traffic/non-aero and financial AUM/user growth help.
2D Repeatable playbook	2	3	Fairfax/Fairbridge have a sourcing playbook, but not a mechanical compounding machine.
2E Market structure	1	2	Strong at BIAL; mixed in financials.
2F Growth without return collapse	1	1	Base assumes NAV growth without heroic collapse, but not enough public-share return.

5. ROIIC and Reinvestment Analysis

For Fairfax India, the classic ROIIC formula would mislead. The parent does not reinvest in factories, software, stores, or product lines that create consolidated operating income. It owns a portfolio whose value changes through purchase price, fair-value marks, distributions, realizations, deferred taxes, debt, fees, FX, and terminal public market discount. Therefore the adapted return metric is per-share NAV/BVPS growth and investment-level annualized return.

The score gives meaningful but not exceptional credit to investment returns. BIAL is good, not yet a 20% public-share compounder. At Q1 2026, BIAL's disclosed annualized investment return was 10.3%. The BIAL appendix's base case assumes 9.0% USD fair-value CAGR to 2031, which turns $2.152 billion into $3.312 billion. That is powerful because of concentration: BIAL alone could be $24.68 per Fairfax India share before parent deductions. But BIAL's value does not flow one-for-one to public shareholders. The synthesis subtracts parent deductions, assumes terminal P/BVPS below current book, and correctly separates asset value from shareholder return.

The financial/public bucket is higher beta and less proven. IIFL Finance and IIFL Capital have credible historical returns, but the appendix highlights missing asset-quality, credit-cost, deposit, and capital metrics. CSB has a scale plan but only an 8.7% disclosed annualized investment return. 5paisa has user scale but low historical return and rights-offer capital needs. Fairchem and fixed income are not material compounder engines. The base case for this bucket adds $597 million of fair value by 2031, or $4.45 per share before parent adjustments, but that depends on market marks and credit conditions.

BVPS compounding is the cleanest parent-level history. From the annual report track record, BVPS compounded around 7.9%-8.3% through FY2025, then fell to $19.08 at Q1 2026 after unrealized public-stock losses and rupee translation losses. That is not a bad record for a USD-reported India vehicle, but it is not the dream compounder evidence required for a high score. A company with an 8% historical BVPS record and a 5.4% base shareholder IRR at today's price cannot be scored as an investable-now 20% underwriter.

6. Runway Analysis

The runway is real at the asset level. Bengaluru airport traffic, international mix, cargo, non-aero revenue, airport-city development, and capacity expansion to 80 million-plus passengers are credible sources of long-duration growth. The concession runs to 2068, so the 2031 horizon and the 2046 durability test sit well inside the legal life of the airport. The airport's 2025 metrics - 43.8 million passengers, $237.1 million of aero revenue, $295.1 million of non-aero revenue and other operating income, and high nine-month EBITDA margin - are strong enough to justify a healthy score for runway.

The side-portfolio runway is more uncertain. India financial penetration and capital-market development can create large outcomes for IIFL Finance, IIFL Capital, CSB, and 5paisa. But the available ER2 package does not include enough asset-quality and profitability detail to prove that fast AUM or user growth is high-return growth. 5paisa's regulatory pressure and rights offer are reminders that scale does not automatically equal economic moat.

The parent-level runway is the binding constraint. The shareholder return path requires more than good investee growth. It requires BIAL fair value to be validated, Fairfax not to extract too much through advisory or performance fees, debt refinancing not to consume value, taxes and FX not to erode USD NAV, and the public market to apply a less punitive discount. Because those variables are not moats, the runway score is good but not excellent.

7. Moat Analysis

The moat score is bifurcated. BIAL would score much higher as a direct airport asset. It has scarce location, concession protection, regulated return mechanics, scale economics, route density, cargo and tenant network effects, and land monetization optionality. The moat appendix explicitly says BIAL can plausibly still be earning attractive returns in 2046.

Fairfax India itself does not receive full BIAL credit. It is the public wrapper around that asset. The moat appendix is clear that shareholders receive BIAL through a levered, fee-bearing, tax-bearing, FX-exposed vehicle with public marks, minority/non-controlling interests through Anchorage, OMERS mechanics, and market discount risk. The parent sells access to a curated India portfolio; it does not have customer lock-in, product network effects, or a self-contained operating franchise.

The correct score is therefore 11 / 15 for moat durability: strong enough to keep the company on a serious watchlist, but not strong enough for a clean compounder pass. The BIAL asset-level 2046 case passes; the parent-company 2046 case is only YELLOW.

8. Accounting and Capital Allocation Analysis

Accounting and disclosure are usable but not clean enough for high precision. The quant foundation reconciles official BVPS, share count, fair-value schedules, cash/debt, TTM construction, and FMP-vs-official discrepancies. It explicitly rejects FMP product revenue and FMP BVPS where they conflict with the official investment-company economics. That is a positive.

The negative is that private values are material and management judgment is central. BIAL valuation is the most important number in the whole report. A 15% lower BIAL value removes about $3.71 per share of BVPS in the synthesis sensitivity. Parent deductions, taxes, liabilities, fees, and debt can absorb another meaningful portion of investee value. The data package also flags missing five-year investee revenue histories, incomplete BIAL capex and margin series, and limited detailed asset-quality metrics for the financial holdings. Those are not fatal data gaps, but they reduce confidence.

Capital allocation is mixed. Fairfax India has real successes and monetizations. The management appendix notes monetized investments with a 19.0% annualized return and buybacks below book value. It also notes visible mistakes, including NCML, Fairchem, 5paisa, and Sanmar. The buyback record is positive: FY2025 repurchases at $16.81 were below $22.94 year-end BVPS. But the fee and control structure caps the score. Fairfax controls 95.3% of votes with 43.6% of equity, acts as advisor/fee recipient through the Fairfax ecosystem, and can receive performance fees in cash or shares. That is a permanent conflict architecture, not a temporary footnote.

9. 20% Return Underwriting

Case	2031 BVPS	Terminal P/BVPS	2031 price	Five-year IRR	Diagnostic read
Bear	$20.18	0.65x	$13.12	-6.4%	NAV barely compounds and discount widens.
Base	$31.69	0.75x	$23.77	5.4%	Asset NAV grows, but public discount and leakage absorb most value.
Bull	$42.68	0.90x	$38.41	16.0%	Strong BIAL, financial recovery, and discount narrowing still miss 20%.
20% target	n/a	n/a	$45.54	20.0%	Required 2031 price from $18.30 over five years.

The 20% return score is 3 / 20. Base-case IRR is below 10%, so 6A receives 0 / 6. The base case uses a conservative 0.75x terminal P/BVPS, so the model is not dependent on explicit multiple expansion, but the return remains inadequate; 6B gets partial credit. Bear case is not acceptable at -6.4%. Reverse DCF is not beatable because even the bull case does not reach the required 2031 price. The stock may be statistically interesting around book value, but it does not clear the Gideon 20% purchase hurdle.

The maximum buy price for a 20% IRR using the base 2031 price is about $9.55. Using the bull 2031 price, the implied 20% buy price is about $15.44. Both are below the current $18.30. That is the simplest expression of why this is not investable now under the rubric.

10. Hard Veto Checklist

Veto	Result	Evidence
ROIIC below cost of capital with no credible path	Watch	Classic ROIIC not meaningful; BVPS history and base shareholder IRR are too low, but BIAL creates a credible NAV path.
Reported ROIC high only due to tiny capital	Pass	No high parent ROIC claim is being made.
Growth requires persistent external financing	Watch	Parent leverage is moderate, but 2028 debt maturities, BIAL payable, and investee capital needs matter.
Share count rises without value creation	Watch	Buybacks have been accretive, but performance fees can be paid in shares.
Large acquisitions without return disclosure	Watch	Fair-value and return tables are disclosed, but private valuation judgment remains central.
FCF lags earnings structurally	Insufficient evidence	Parent earnings are fair-value marks; FCF conversion is not the right metric.
Concentration, regulation, cyclicality, or leverage can impair equity	Watch	BIAL concentration, AERA tariff risk, financial-cycle marks, debt, FX, and discount risk are material.

Veto	Result	Evidence
20% return case requires terminal multiple expansion	Fail	Even bull case with 0.90x P/BVPS does not reach 20%.
Needs flawless execution to justify price	Watch	Base case does not need flawless execution for modest upside, but 20% requires very favorable outcomes.
Moat cannot be explained clearly	Pass	BIAL moat is clear; parent moat is the weaker wrapper.
Governance/accounting issues impair trust	Watch	Disclosed related-party/control structure prevents PASS.
Balance sheet risk could wipe out equity	Pass	Leverage is material but not wipeout-level on current data.

11. Final Decision

The evidence supports a serious watchlist file, not a current purchase under this diagnostic rubric. The strongest positive is BIAL. It is scarce, durable, regulated, and large enough to dominate NAV. The second positive is that Fairfax India is not opaque in the worst sense: the official materials disclose investment fair values, cash consideration, annualized returns, fees, debt, and governance risks. There is enough here to monitor closely.

The evidence does not support classifying Fairfax India as investable now under a 20% compounder lens. Historical BVPS growth around 8%, base 2031 shareholder IRR of 5.4%, bull IRR of 16.0%, YELLOW management, YELLOW moat/2046, and YELLOW adapted valuation are too many unresolved constraints. The public equity owns a controlled wrapper, not a clean airport share.

Classification: Reject under the diagnostic score thresholds. This is not an ER2 mechanical gate by itself, and it should not override the final ER2 verdict. It means only that the compounder-score lens does not support paying $18.30 today for a confident 20% return. The upgrade path would require a much larger discount to conservative BVPS, third-party validation or realization of BIAL value, no adverse 2026 performance-fee transfer, visible parent BVPS growth after fees/taxes/FX, and clearer evidence that the holding-company discount should structurally narrow.

12. Machine-Readable JSON

See `compounder_score.json` in this folder for the machine-readable score.

Appendix CSA - Scoring Audit

Fairfax India Holdings Corporation - Scoring Audit

Run date: 2026-07-02 Ticker: FIH.U / FIH-U.TO Currency: USD TTM end: 2026-03-31 Horizon date: 2031-03-31 Current price: $18.30

1. Original vs Audited Scores

Item	Original	Audited	Notes
Business Quality Score / 80	48	45	Reduced for missing calculated ROIIC / acquisition-inclusive ROIIC, even after adapting the rubric to BVPS/NAV economics.
Valuation / 20% Return UW Score / 20	3	3	Preserved. Base and bull shareholder IRRs are below the 20% hurdle.
Total Score / 100	51	48	Diagnostic Reject remains the right score-implied classification.
Classification	Reject	Reject	The public share does not underwrite 20% returns at $18.30.

The original Compounder Score is directionally conservative and correctly adapts the operating-company rubric to an investment holding company. Fairfax India should not be judged on normal consolidated revenue growth, operating margin, ROIC, or reported EPS because the parent reports a portfolio of Indian investments through fair values, gains/losses, fees, taxes, debt, FX translation, and book value per share. The original score properly uses BVPS/NAV compounding and shareholder price return as the controlling framework.

I am not increasing the score. The scorer already gave the company credit for the one very high-quality asset in the file: BIAL. It also correctly penalized the public wrapper: voting control, advisory and performance fees, leverage/refinancing, deferred tax and realization risk, FX exposure, private valuation reliance, and a terminal holding-company discount. The audit reduces the Business Quality score from 48 to 45 because the original category 1B gives partial ROIIC credit even though no clean adapted ROIIC or acquisition-inclusive ROIIC is calculated. Investment-level annualized return disclosure and BVPS history are useful evidence, but they are not the same as a full incremental-capital return calculation at the public-share level.

2. Score Reductions and Reasons

The main reduction is three points from Business Quality, specifically the incremental-return bucket. Classic ROIIC is not meaningful for Fairfax India because the parent is not reinvesting into a consolidated operating asset base. However, the audit protocol still requires an adapted calculation, not just a qualitative bridge. The package shows BIAL at $2.152 billion of Q1 2026 fair value, 61.8% of total cash and investments, and about 84.1% of common shareholders' equity. It also shows inception or holding-level annualized investment returns: BIAL 10.3%, IIFL Capital 17.8%, IIFL Finance 14.8%, CSB 8.7%, 5paisa 2.4%, Fairchem 0.9%, and NCML negative. Those data support partial quality credit, but they do not produce a blended, acquisition-inclusive ROIIC that reconciles all cash additions, realizations, fair-value marks, taxes, fees, FX, debt costs, and share-count changes.

The original category score for "Incremental Returns on Capital" was 12/25. I reduce that to 9/25 by setting the ROIIC sub-score to zero while preserving the other partial credit for BVPS/NAV compounding, BIAL economics, and official-source disclosure. This is not a substantive thesis change. It is a scoring-discipline adjustment: when the calculation is unavailable, the score should not imply precision.

I preserve the 3/20 valuation underwriting score. The synthesis model's shareholder-return math is internally consistent. The current $18.30 price is only 4.1% below Q1 2026 BVPS of $19.08. Base 2031 BVPS is $31.69, but at a 0.75x terminal P/BVPS the implied price is $23.77, or about 5.4% annualized over five years. Bull 2031 BVPS is $42.68, but at a 0.90x terminal P/BVPS the implied price is $38.41, or about 16.0%. A 20% annualized return from $18.30 requires about $45.54 in 2031. That is above the bull price and well above the base price.

3. Unsupported Claims

The original report is not promotional and does not make many unsupported high-score claims. The key unsupported or partly supported area is precision around incremental returns. The report says classic ROIIC is misleading and substitutes BVPS growth and investment-level annualized returns. That substitution is directionally correct for an investment holding company, but the evidence does not support awarding ROIIC points as if the adapted calculation had been completed.

Several qualitative claims are supported but should remain capped. BIAL's moat is well supported by the concession through 2068, Bengaluru location scarcity, regulated tariff mechanics, route and cargo density, and expansion runway. But Fairfax India shareholders do not own BIAL directly. They own a controlled, fee-bearing, debt-bearing, tax-bearing, FX-exposed holding company with private-value marks and market-discount risk. The moat appendix itself is explicit that the BIAL 2046 test is stronger than the parent-company 2046 test. Therefore the 11/15 moat score should not be raised.

The reinvestment runway score also should not be raised. India infrastructure and financial-services exposure is real, and BIAL capacity expansion gives the portfolio a credible NAV path. But the package lacks full five-year investee revenue, capex, margin, asset-quality, credit-cost, and regulatory KPI histories. The data package itself flags these gaps. The right scoring posture is medium confidence, not high confidence.

4. Calculation Errors

I found no material arithmetic error in the shareholder-return model. Spot checks support the main valuation outputs:

Check	Result	Audit read
$18.30 / $19.08 price to BVPS	0.959x	Matches the stated 4.1% discount to BVPS.
Base IRR from $18.30 to $23.77 over five years	5.4%	Matches synthesis and score file.
Bull IRR from $18.30 to $38.41 over five years	16.0%	Matches synthesis and score file.
Required 2031 price for 20% IRR	$45.54	Correct: $18.30 times 1.2^5.
Base buy price for 20% using $23.77 terminal price	$9.55	Correct and far below current price.
Bull buy price for 20% using $38.41 terminal price	$15.44	Correct and still below current price.

The only scoring calculation issue is rubric application. Category 1B should not retain points for ROIIC when the report does not calculate an adapted acquisition-inclusive ROIIC. The broader conclusion is unchanged: valuation and 20% underwriting fail at today's price.

5. Missing Data

The most important missing evidence is not a ticker quote or a formula. It is the lack of a full public-share incremental-return bridge. A clean bridge would start with capital deployed by investment, add follow-on purchases, subtract sales and dividends, incorporate fair-value marks, deduct advisory and performance fees, taxes, interest, FX, and parent liabilities, then show the per-share NAV effect after buybacks or fee-share issuance. The current package has enough disclosure to reject the stock under the 20% lens, but not enough to award precise high return-on-incremental-capital points.

Other gaps remain material. BIAL is the dominant asset, but the package does not include a full five-year annual revenue, capex, operating income, debt, depreciation, non-aero revenue, tariff-order, and airport-city economics series. The financial/public holdings appendix does not have IIFL Finance asset-quality metrics, CSB Bank NIM/deposit mix/capital/NPA/credit-cost data, five-year by-holding fair values, or five-year investee revenue histories. These gaps do not make the company unanalysable; they lower confidence and justify a larger required margin of safety.

6. Hard-Veto and Threshold Test Audit

The threshold classification remains Reject. The total score is below 70, Business Quality is below 65/80, Valuation / 20% Return Underwriting is far below 15/20, base-case IRR is below 20%, bear-case IRR is negative, and hard vetoes are present. The most important hard veto is that the public share does not underwrite a 20% return at $18.30, even in the stated bull case.

The model does not require terminal multiple expansion in the base case. It uses 0.75x terminal P/BVPS versus the current 0.959x price/BVPS. The bull case uses 0.90x, still below the current price/BVPS. That avoids one common score inflation error. The problem is more basic: even with NAV growth and less punitive terminal treatment in the bull case, the ending price is not high enough.

Governance and control remain hard constraints on score quality. Fairfax controls 95.3% of votes with 43.6% of equity and is tied to the advisor/fee-recipient ecosystem. Advisory fees were $42.155 million in FY2025 and $10.803 million in Q1 2026. A

performance fee can be paid in cash or shares at the relevant calculation date. The management appendix's YELLOW gate is therefore the right call.

7. Final 20% Hurdle Pass/Fail

Final 20% hurdle: FAIL.

The base case does not come close to a 20% shareholder return. It reaches about 5.4% annualized because the base case assumes a continuing holding-company discount that absorbs much of the NAV growth. The bull case reaches about 16.0%, still below the hurdle. To clear 20%, Fairfax India would need a 2031 price around $45.54, which requires either higher-than-bull BVPS, a terminal multiple above the bull case, material buybacks at deep discounts, a major BIAL realization at a validated premium, or some combination. Those are possible upside paths, not underwritten base-case facts.

8. Dream Business / Dream Investment Classification

Fairfax India is neither a dream business nor a dream investment at the current price. BIAL may be close to a dream infrastructure asset: long concession, scarce location, regulatory framework, traffic growth, and airport-city optionality. Fairfax India is not the same thing as direct BIAL ownership. The public equity adds holding-company leakage, governance conflict, private valuation risk, financial-holdings cyclicality, debt/refinancing exposure, FX, taxes, and market-discount behavior.

The single biggest reason the company does not qualify is that public-share return is structurally lower and less certain than investee NAV growth. The asset can be good while the listed wrapper fails the 20% underwriting test.

9. Stage 7 Scorecard Notes

- Compounder Score note: 48/100 confirms diagnostic Reject; BIAL quality is offset by holding-company leakage and no underwritten 20% public-share IRR.
- Business Quality Score note: 45/80 gives credit for BIAL and disclosed NAV mechanics, but caps quality for missing adapted ROIIC, concentration, fees/control, and private marks.
- 20% Return UW Score note: 3/20 because base IRR is about 5.4% and bull IRR about 16.0%; 20% requires about $45.54 in 2031 versus $38.41 bull.

10. Auditor JSON

The companion JSON file `compounder_score_audit.json` contains the machine-readable audited score. Summary: original total 51/100, audited total 48/100, audited classification Reject, final 20% hurdle pass false, confidence Medium.

Appendix RT - Red Team

Fairfax India Holdings Corporation - Red Team

Run date: 2026-07-02 Company: Fairfax India Holdings Corporation Ticker: FIH.U / FIH-U.TO Currency: U.S. dollars unless stated otherwise TTM end: 2026-03-31 Horizon date: 2031-03-31 Current price: $18.30

0. Red Team Verdict

The red team conclusion is that the final PASS direction is correct, and the watchlist/base case is still too generous if BIAL's private fair value does not compound cleanly through the next tariff and capex cycle. The strongest bear argument is not that BIAL is a bad airport. It is that Fairfax India shareholders are paying almost current book value for an externally connected, voting-controlled, fee-bearing, debt-bearing, USD-reporting holding company whose NAV is now dominated by one private infrastructure mark. The underlying asset can perform operationally while the public share still earns mediocre returns because tariff timing, expansion capital, rupee translation, private valuation marks, advisory/performance fees, refinancing costs, and terminal holding-company discount absorb the asset value.

The base synthesis already shows the problem. Q1 2026 BVPS is $19.08 and the stock is $18.30, only a 4.1% discount. The base model reaches 2031 BVPS of $31.69, but the public-share price outcome is only $23.77 at 0.75x BVPS, a 5.4% five-year IRR. The bull reaches $42.68 BVPS and $38.41 at 0.90x BVPS, but even that is only 16.0%, below the 20% Gideon hurdle. To earn 20% from $18.30, the stock needs roughly $45.54 by 2031. That requires either more than the bull BVPS, a terminal multiple above the bull 0.90x, or some combination of a larger BIAL mark, less leakage, fewer fees, stronger financial holdings, and discount narrowing. That is too many favorable variables for a current BUY.

Score audit status: `appendix_scoring_audit.md` and `compounder_score_audit.json` were still placeholder / `in_progress` artifacts at the time of this red-team pass. The unaudited compounder score exists and already rejects the 20% return case with a 51 / 100 total score and a 3 / 20 valuation underwriting score. The red team agrees with the direction but treats the audited score as unavailable.

1. The Most Fragile Assumption

The most fragile assumption is the BIAL base-case 2031 fair value of $3.312 billion, built from a $2.152 billion Q1 2026 carrying value and a 9.0% USD fair-value CAGR. This is the single assumption most likely to prove wrong because it compresses several hard variables into one smooth NAV-growth line: passenger CAGR, aeronautical tariff outcomes, non-aero monetization, terminal and airport-city execution, capex timing, debt funding, discount rates, and rupee translation. A base case that says BIAL alone could reach $24.68 per Fairfax India share before parent deductions is powerful, but it is also exactly where false precision can enter the model.

The supporting evidence is not weak, but it is incomplete. BIAL traffic rose to 43.8 million passengers in 2025, Q1 2026 domestic passengers were up 4.8%, Q1 international passengers were up 13.9%, and the data package says FY2025 aero revenue was $237.1 million. The BIAL appendix also points to a high nine-month EBITDA margin of 71.0%. Those are good asset-level facts. The problem is that the same file says the data package does not provide full BIAL capex, debt, operating income, concession-expiry schedule in the data package, detailed tariff order, non-aero revenue split, airport-city economics, or a clean five-year revenue / margin series. The model therefore has to infer the full-cycle equity return from partial public investee disclosure.

The fragility is most obvious around tariff and capex. The data package gives the phrase "tariff-setting mechanism" and refers to capacity "beyond 90 million passengers per annum," with T2 phase 2 by FY2029 and T3 by FY2034. Those are not small details; they are the mechanism that decides whether passenger growth becomes shareholder value. If T2 phase 2 is delayed, over budget, or enters service before demand and tariffs are ready to support it, EBITDA can look good while equity cash returns disappoint. If AERA allows lower returns, delays true-ups, or treats non-aero revenue in a way that limits upside, BIAL remains a high-quality airport but not a 9% USD fair-value compounder.

The synthesis sensitivity says a 15% lower BIAL fair value removes $3.71 per share of 2031 BVPS. That is large enough to change the investment conclusion. Base BVPS would fall from $31.69 to roughly $27.98 before any second-order pressure from parent deductions or discount widening. At the base 0.75x terminal multiple, that is only about $20.99 of implied 2031 price, versus $18.30 today, roughly a low-single-digit annualized return. If a lower BIAL value also causes the market to use the bear 0.65x multiple rather than 0.75x, the implied price would be closer to $18.19. That is essentially no return over five

years.

2. Most-Likely-To-Be-Optimistic Stage 5 Number

The most-likely-to-be-optimistic Stage 5 number is not the headline 2031 BVPS of $31.69 by itself. It is the BIAL line inside it: $3.312 billion of 2031 BIAL fair value. That number matters more than the financial/public holdings number because BIAL is already 61.8% of total cash and investments and about $16.04 per Fairfax India share at the Q1 2026 carrying value. The synthesis says a 15% miss on BIAL is the largest single BVPS sensitivity. A miss here is not diversifiable inside the Fairfax India portfolio.

Why is this number more suspect than the financial/public holdings base? The financial/public bucket is visibly cyclical and marked down already: it fell from $1.285 billion at FY2025 to $831.2 million at Q1 2026. The base recovery to $1.428 billion could be too high, but the model at least labels the credit-cycle, capital-market, rights-offer, and asset-quality gaps. BIAL, by contrast, can seduce the model with monopoly-like language. It has concession strength, location scarcity, and high current EBITDA margin. Those facts can make the private fair-value mark feel safer than it is. But the shareholder result depends on full-cycle capital returns, not only current operating leverage.

The base BIAL case requires 63.4 million passengers by 2031 from a Q1 2026 annualized run-rate, $382 million of 2031 aero revenue, 69.0% EBITDA margin, and a 9.0% USD fair-value CAGR. None of these is individually absurd. The red-team objection is that the model needs them to work together while the missing variables are exactly the variables that determine equity value: capex dollars, project returns, tariff orders, debt, non-aero conversion, and FX. If any one of these breaks, BIAL can still look like a strong airport in operating terms while Fairfax India's USD book value falls short.

3. Strongest Bear Case In Its Strongest Form

Fairfax India is not a cheap airport. It is a controlled holding-company wrapper trading near current book value, with BIAL private valuation now carrying the whole return case. The bull thesis asks the public market to pay close to book today and later reward the same book at 0.90x after five years of smooth BIAL compounding, financial-holdings recovery, no adverse performance-fee transfer, no refinancing shock, no rupee drag, and no private-mark disappointment. A well-informed bear would say the correct terminal multiple is not 0.75x to 0.90x but structurally closer to 0.60x to 0.70x until BIAL value is validated by a third-party transaction, IPO, or cash distribution to the parent.

The mechanism is leakage plus valuation error. BIAL traffic grows, but the next tariff and capex cycle absorbs more value than the base assumes. The public financial holdings do not rebound enough because IIFL Finance, CSB Bank, and IIFL Capital remain exposed to credit and market-cycle risk. Parent fees, interest, taxes, the $76.5 million BIAL payable, and the $499.0 million of borrowings reduce the conversion from gross investment fair value to per-share book value. The market then keeps applying a discount because Fairfax controls 95.3% of votes with 43.6% of equity and is also the advisor / fee recipient. This can show up quickly: within the next two to four quarters through BIAL tariff / capex disclosures, Q1/Q2 public-holding marks, refinancing commentary, and any 2026 performance-fee setup.

The observable anchor that validates the bear case is a combination of stagnant USD BVPS and a widening discount to book despite positive BIAL traffic. If BIAL passenger traffic stays positive but Fairfax India BVPS fails to recover above $21.00 by the end of FY2026, or if shares trade below 0.70x reported BVPS without a clear buyback / realization response, the market is telling us that the wrapper discount and valuation skepticism are the investment, not a temporary footnote.

4. Cross-Examination Of Management Commentary

The first management phrase to cross-examine is the Q1 release framing that the holdings should "perform well over the long term." That is a reasonable owner-operator statement, but it can also become a shield. Q1 2026 was not a small mark: BVPS fell from $22.94 to $19.08, net loss attributable to shareholders was $370.8 million, and the data package attributes the loss to public-stock unrealized losses and rupee translation. If management is right, this should reverse through realized exits, private-value validation, or BVPS recovery. If management is wrong, the first sign will be repeated quarters where management points to long-term asset quality while BVPS, liquidity, and discount-to-book do not improve.

The second phrase is BIAL's "tariff-setting mechanism." The bull reading is that regulated returns protect airport economics. The red-team reading is that tariffs can stabilize downside while capping or delaying upside. Airports are political assets. Allowed returns, true-up periods, non-aero treatment, and passenger charges can be negotiated in ways that protect users and airlines before minority shareholders in a foreign-listed holding vehicle. If the commentary is too optimistic, the first sign will be a tariff order or management disclosure showing lower allowed returns, delayed recovery, higher capex burden, or a higher BIAL valuation discount rate.

The third phrase is capacity "beyond 90 million passengers per annum." Capacity is not value unless the return on that capacity clears its cost of capital. The BIAL appendix explicitly notes T2 phase 2 by FY2029 and T3 by FY2034. That means the 2031 horizon sits after one major capacity event and before another. The dangerous path is that BIAL spends ahead of demand or gets capacity open late, while tariff recovery lags and debt / depreciation weigh on equity value. The first evidence would be weaker-than-base domestic passenger growth, lower non-aero spend per passenger, disclosed project delays, or capex language that grows faster than traffic / EBITDA.

The fourth phrase is CSB Bank's "SBS 2030" and "Scale" phase beginning fiscal year 2027. The base financial/public holdings case gives CSB fair value growth from $246.7 million to $397.3 million by 2031. That may be fine if scale comes with asset quality and deposit economics. But the package does not provide NIM, deposit mix, capital adequacy, NPA ratios, or credit costs. The first crack would be a need for capital, weaker loan growth, rising provisions, or evidence that scaling begins before the credit engine is proven.

5. Stage 5 Tie-Out Reverification

The Stage 5 arithmetic ties, but the assumptions are where the risk sits. The TTM anchor is correct: Q1 2026 ended March 31, 2026 and the horizon is March 31, 2031. The adapted NAV / BVPS framework is also the right framework for an investment holding company. The red team is not attacking the mechanical math.

The first issue is recency. Q1 2026 was a bad quarter: BVPS declined to $19.08, total cash and investments fell to $3.482 billion, and public financial holdings were marked down sharply. A model that starts from the reset and then assumes five years of BIAL / financial recovery can be correct, but it is implicitly saying Q1 was more mark-to-market noise than early stress. That needs evidence, not just time. The next two quarters have to show that public financial holdings stabilize and that BIAL's USD value is not being offset by FX.

The second issue is share count. The synthesis uses 134.0 million shares in base, 136.0 million in bear, and 131.0 million in bull. That is reasonable mechanically, but it leaves little room for fee-share issuance or capital needs if the performance-fee structure becomes active again. The management appendix notes the performance fee can be paid in cash or, at Fairfax's option, subordinate shares priced by 10-day VWAP for the fourth calculation period ending December 31, 2026. If any material fee is settled in shares after mediocre public-share returns, the base share-count assumption becomes too clean.

The third issue is parent deductions. The synthesis subtracts $1.100 billion of base parent deductions, up from an implied Q1 deduction of about $921.5 million. That is already conservative on paper, but it is not a hard cap. Data package Section 8 shows $499.0 million of borrowings, a $76.5 million payable, $182.7 million of deferred tax, Q1 cash and marketable securities of only $28.8 million, and $168.5 million of available revolver capacity. A refinancing at a higher cost, rupee weakness, taxes on realizations, or fee settlement could push deductions above the $1.100 billion base.

6. Score-Derived 20% Return Claim Most Likely To Be Wrong

There is no audited score-derived 20% return claim to attack because the scoring audit was not complete when this file was written. The unaudited compounder score already says the opposite: the 20% case does not clear. The red team agrees. The most wrong claim would be any attempt to reinterpret the bull case as "close enough" to 20%. It is not close enough. Bull price is $38.41 against the required $45.54, a 15.7% shortfall to the 20% target price.

The assumption that would break a 20% claim first is terminal P/BVPS. At current price, a 20% return requires a 2031 price above the bull-case price. If bull BVPS is $42.68, the terminal multiple would need to be about 1.07x BVPS to reach $45.54. That is a high ask for a controlled, externally connected, fee-bearing holding company whose current price is only 0.959x BVPS and whose management and moat gates are both YELLOW. A 1.07x terminal multiple would require visible evidence that the holding-company discount has become structurally unjustified: BIAL valuation validated, performance-fee risk contained, parent leverage refinanced cleanly, public financial holdings stabilized, and buybacks / distributions clearly minority-accretive.

7. The Signal That Forces An Exit

The exit signal should be explicit: exit if reported BVPS is below $20.00 at December 31, 2026 while BIAL remains above 60% of total cash and investments and no third-party validation / realization of BIAL value has occurred. That threshold means the Q1 2026 reset did not recover, the portfolio remains BIAL-concentrated, and management has not provided the external proof needed to trust the private mark. It would invalidate the watchlist case because the investment would no longer be a cheap, temporary dislocation around book value. It would be a holding-company discount story with insufficient near-term evidence that book value is both conservative and compounding.

A second forced-exit signal is any material 2026 performance-fee cash or share transfer to Fairfax while public BVPS remains below FY2025 year-end BVPS of $22.94 or the stock trades below 0.80x BVPS. That would confirm the management appendix's central concern: the controller / advisor / fee recipient can extract value even when minority-shareholder compounding is mediocre. In that case, management should move from YELLOW toward FAIL.

A third forced-exit signal is BIAL-specific: if the next material BIAL tariff / capex disclosure implies lower allowed returns, delayed true-ups, or cost overrun that causes Fairfax India to mark BIAL down by 10% or more from the $2.152 billion Q1 2026 carrying value, exit. A 10% cut is about $215 million, or roughly $1.60 per Fairfax India share before second-order discount effects. The issue would not be the dollar amount alone; it would be proof that the supposedly durable anchor asset is less valuation-stable than the base case assumes.

8. Conviction At The End Of Red Team

The thesis does not survive as a BUY and only conditionally survives as a watchlist idea. Fairfax India may own a good airport at a tolerable price, but the public equity is not a clean BIAL share. The base case is too dependent on a private BIAL mark compounding at 9.0% in USD, public financial holdings recovering, and the market accepting only a 0.75x terminal discount despite ongoing voting control, fee, debt, tax, FX, and disclosure constraints.

The narrative the synthesis should preserve is PASS, not "almost BUY." The bull case is the most optimistic number set in the file: $42.68 of 2031 BVPS and $38.41 price at 0.90x BVPS. It still misses the 20% hurdle. The model therefore should not be softened into a watchlist/base case that sounds investable at $18.30. The correct underwriting posture is: wait for either a much lower entry price, a third-party BIAL validation / IPO event, or a clear sequence of BVPS recovery after fees and FX. Until then, the strongest bear argument remains that the apparent asset discount is too narrow for the amount of wrapper risk being accepted.

Appendix D - Data Package

Fairfax India Holdings Corporation (FIH.U / FIH-U.TO) - Data Package

Run date: 2026-07-02 Asia/Singapore. Currency: U.S. dollars unless stated otherwise. Official ticker: FIH.U on TSX. FMP ticker: FIH-U.TO. Fiscal year end: December 31. Latest official period included: Q1 2026 ended March 31, 2026 and reported April 30, 2026.

This package is written for Fairfax India as an investment holding company, not as an operating company with conventional product revenue segments. The controlling economic unit is the investment portfolio and book value per share. Ordinary FMP revenue, product, and segment endpoints are treated as secondary because they collapse investment gains, dividends, interest, and fair-value changes into operating-company fields that do not match the way Fairfax India manages or reports the business.

Source register

Source	URL or endpoint	Local raw path	Use in package
Fairfax India 2025 annual report	https://www.fairfaxindia.ca/wp-content/uploads/2026/03/Fairfax-India-2025-Annual-Report-WEBSITE.pdf	C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fih_2025_annual.pdf and C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fih_2025_annual.txt	FY2025 book value, track record, investment fair values, NCIB, fees, cash/debt, portfolio commentary
Fairfax India Q1 2026 interim report	https://www.fairfaxindia.ca/wp-content/uploads/2026/04/FIH-2026-Q1-Interim-Report-Final-0M1ViA861q.pdf	C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fih_2026_q1_interim.pdf and C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fih_2026_q1_interim.txt	Q1 2026 balance sheet, fair-value changes, investment schedule, BVPS, post-quarter Sanmar sale context
Q1 2026 results release	https://www.fairfaxindia.ca/press-releases/fairfax-india-holdings-corporation-financial-results-for-the-first-quarter-04-30-2026/	C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\www.fairfaxindia.ca_press-releases_fairfax-india-holdings-corporation-financial-results-for-the-first-quarter-04-30-2026.html	Press-release headline loss, BVPS change, cash and marketable securities, CEO quote
FY2025 results release	https://www.fairfaxindia.ca/press-releases/fairfax-india-holdings-corporation-financial-results-for-the-year-ended-december-31-2025-2026-02-19/	C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\www.fairfaxindia.ca_press-releases_fairfax-india-holdings-corporation-financial-results-for-the-year-ended-december-31-2025-2026-02-19.html	FY2025 earnings release, BVPS increase, BIAL purchase, NCIB, liquidity
Sanmar sale release	https://www.fairfaxindia.ca/press-releases/fairfax-india-announces-sale-of-equity-interest-in-sanmar-chemical-enterprises-limited-2026-04-09/	C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\www.fairfaxindia.ca_press-releases_fairfax-india-announces-sale-of-equity-interest-in-sanmar-chemical-enterprises-limited-2026-04-09.html	Post-quarter sale of entire Sanmar economic interest
IIFL Capital transaction release	https://www.fairfaxindia.ca/press-releases/fairfax-india-to-acquire-additional-equity-interest-in-iifl-capital-services-limited-2026-05-07/	C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\www.fairfaxindia.ca_press-releases_fairfax-india-to-acquire-additional-equity-interest-in-iifl-capital-services-limited-2026-05-07.html	Post-quarter intended increase in IIFL Capital ownership
FMP live pulls	quote, profile, income-statement, balance-sheet-statement, cash-flow-statement, ratios, key-metrics, revenue-product-segmentation for FIH-U.TO	C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fmp_*_FIH-U.TO_20260702T145142.json	Market data, FMP discrepancy table, secondary statements

0a. Industry classification and disclosure inventory

Fairfax India is a Canadian-listed investment holding company focused on India and India-dependent businesses. It reports under IFRS Accounting Standards, presents in U.S. dollars, and owns a mix of public common stocks, private common stocks, bonds, and cash. The official filings classify the economics around book value per share, total cash and investments,

fair value by holding, cash consideration, cumulative interest/dividends, and investment IRR. FMP classifies the company as Financial Services / Asset Management, but its segment and product revenue datasets are empty and its income-statement revenue field is not a useful operating-revenue proxy for a listed investment vehicle.

The disclosure-inventory trigger is active because the issuer is a foreign Canadian public issuer, the FMP segment/product endpoints are empty, and the official annual/interim reports contain investment schedules that FMP does not capture. The right replacement for segment revenue is an economic-unit schedule by investment holding, plus supporting tables for book value, fair value, cash/debt, gains/losses, fees, share repurchases, and recent portfolio-company trends.

Search inventory used in the official documents: "book value per share", "Summary of Indian Investments", "Total cash and investments", "Public Indian Investments", "Private Indian Investments", "Bangalore International Airport", "IIFL Finance", "IIFL Capital", "CSB Bank", "5paisa", "Fairchem", "Seven Islands", "NCML", "Sanmar", "Anchorage", "performance fees", "investment and advisory fees", "borrowings", "revolving credit facility", "normal course issuer bid", "fair value", "net change in unrealized gains", and "cash and marketable securities".

Dataset / table family	Official source searched	Search terms or table names	Years available	Included in data package?	If excluded, why	Downstream relevance
Book value and capital base	Annual reports and Q1 interim	Book value per share; common shareholders' equity; shares outstanding	FY2021-FY2025 plus Q1 2026	Yes	n/a	NAV compounding, market discount, per-share model
Investment fair values by holding	Annual reports and Q1 interim	Summary of Indian Investments; Total cash and investments	FY2025 and Q1 2026 in current taxonomy; track record also gives inception-to-date	Yes	n/a	Segment substitute, portfolio concentration, valuation
Investment returns	Annual report and Q1 interim	Cash consideration; fair value; cumulative interest and dividends; compounded annualized return	FY2025 and Q1 2026	Yes	n/a	Underwriting quality by economic unit
Portfolio-company KPIs	Annual report and Q1 interim	AUM; passengers; revenue; EBITDA; customer base; capacity; vessels; loan book	Varies by investee; mostly latest FY/interim only	Yes, where disclosed	Long clean five-year portfolio-company KPI history is not consistently disclosed	Moat and segment appendices
Segment revenue/product data	FMP revenue-product-segmentation and official filings	Revenue product segmentation; segment	FMP returned empty array	Replaced with investment economic units	Not applicable for the listed investment vehicle model	Prevents fabricated segment revenue
Cash/debt/liquidity	Annual report, Q1 interim, releases	Cash and marketable securities; borrowings; revolving credit facility; payable for securities purchased	FY2024-FY2025 and Q1 2026	Yes	n/a	Leverage, liquidity, downside protection
Fees and related-party costs	Annual report and Q1 interim	Investment and advisory fees; performance fees; payable to related parties	FY2025 and Q1 2026	Yes	n/a	NAV drag, governance, fee structure
Recent corporate actions	Official press releases	Sanmar sale; IIFL Capital acquisition; 5paisa rights; BIAL installment; NCIB	Last 12 months	Yes	n/a	Current portfolio map and post-quarter adjustments

KPI family	Granularity	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim / TTM	Source path
Book value per share	Fairfax India consolidated	$19.65	$19.11	$21.85	$20.96	$22.94	$19.08 at 2026-03-31	fih_2025_annual.txt; fih_2026_q1_interim.txt
Total investments	Fairfax India consolidated, $B	$3.5	$3.2	$3.6	$3.6	$4.0	$3.482B at 2026-03-31	fih_2025_annual.txt; fih_2026_q1_interim.txt
Common shareholders' equity	Fairfax India consolidated, $B	$2.8	$2.6	$3.0	$2.8	$3.1	$2.560B at 2026-03-31	fih_2025_annual.txt; fih_2026_q1_interim.txt
Common shares effectively outstanding	Fairfax India consolidated, M	141.2	138.3	135.4	134.8	134.2	134.219M at 2026-03-31	fih_2025_annual.txt; fih_2026_q1_interim.txt
BIAL passenger traffic	Largest investee	n/d	FY2022 exit run-rate about 27.5M	37.2M	40.7M	43.8M	Q1 2026: 9.5M domestic and 1.8M international	fih_2022_annual.txt; fih_2023_annual.txt; fih_2024_annual.txt; fih_2025_annual.txt; fih_2026_q1_interim.txt

KPI family	Granularity	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim / TTM	Source path
BIAL aero revenue	Largest investee	n/d	n/d	$158.6M	$217.9M	$237.1M	not separately updated for Q1 2026	fih_2023_annual.txt; fih_2024_annual.txt; fih_2025_annual.txt

1. Reporting structure and taxonomy

Fairfax India has no operating segments in the Microsoft-style sense. It reports the consolidated investment holding company and then provides schedules for Public Indian Investments, Private Indian Investments, bonds, and cash. The current economic units are BIAL through Anchorage and other holding entities, IIFL Finance, CSB Bank, IIFL Capital, Fairchem Organics, 5paisa, Seven Islands, NCML, Maxop, Global Aluminium, Jaynix, IH Fund, Other Indian Fixed Income, Government of India bonds, and cash. Sanmar was still in the Q1 2026 statement at a fair value based on the April 9, 2026 sale price, but after the sale Fairfax India has no continuing economic interest in Sanmar.

Taxonomy has been stable in the key respect that the company consistently reports investment fair value by holding. The investee list has changed because of acquisitions, disposals, spin-offs, rights issues, and additional purchases. Saurashtra was sold in November 2025 and is no longer in the investment schedule. Sanmar was sold after quarter end on April 9, 2026. Fairfax India announced on May 7, 2026 that it intends to increase its ownership in IIFL Capital from 27.2% directly, plus 3.3% through an affiliate, to at least 51% upon completion of the transaction. Those are corporate actions, not reporting-segment restatements.

Geography is overwhelmingly India. At March 31, 2026, the interim report states that the total cash and investments composition by issuer country of domicile was 99.9% India. Fairfax India itself is headquartered in Toronto, reports in U.S. dollars, and holds investments through entities including FIH Mauritius, FIH Private, and Anchorage.

2. Consolidated historicals

The table below keeps FMP data visible but does not use the FMP "revenue" field as normal operating revenue. Fairfax India's real performance measure is book value per share. FMP annual income statement rows were pulled live on 2026-07-02 from the stable income-statement endpoint and saved in raw and the investing warehouse.

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Book value per share	$19.65	$19.11	$21.85	$20.96	$22.94	Official annual report track record
Total cash and investments ($B)	3.5	3.2	3.6	3.6	4.0	Official annual report track record
Common shareholders' equity ($B)	2.8	2.6	3.0	2.8	3.1	Official annual report track record
Shares outstanding, period end (M)	141.2	138.3	135.4	134.8	134.2	Official annual report track record
FMP revenue field ($M)	567.6	235.0	490.1	59.6	111.1	FMP income-statement annual
Official net earnings attributable / net loss ($M)	494.5	191.4	371.8	-41.2	410.5	Official releases and FMP check
FMP diluted EPS ($)	3.22	1.34	2.72	-0.30	3.10	FMP income-statement annual
FMP operating cash flow ($M)	61.1	152.3	66.6	-103.4	-31.7	FMP cash-flow annual
Capex ($M)	0.0	0.0	0.0	0.0	0.0	FMP cash-flow annual; holdco has no operating capex
FMP ROIC (%)	13.8	5.7	10.1	-0.9	12.3	FMP key-metrics annual

ROIC is not a primary metric for the parent holding company because invested capital is not an operating-asset base and returns appear through mark-to-market gains, realized gains, dividends, interest, and taxes. If a synthesis appendix needs a return-on-capital lens, the cleaner proxy is BVPS CAGR and investment-level compounded annualized returns. Since inception through 2025, official BVPS compounded at 7.9% from the first public-period table and at 8.3% from the initial $9.62 post-IPO value. Through Q1 2026, BVPS fell to $19.08 after unrealized losses and rupee translation losses.

FMP discrepancy log:

FMP field	FMP value or status	Official controlling value	Assessment
FY2025 revenue	$111.1M	No ordinary operating revenue; income is gains, dividends, interest, and FX	FMP field not used for segment modeling
FY2025 net income	$417.7M	FY2025 release reports net earnings of $410.5M and $3.05 diluted EPS	Difference documented; official controls
FY2025 book value per share from FMP ratios	$32.90	Official BVPS is $22.94	FMP ratio appears inconsistent with official share/equity definition; official controls
Revenue-product segmentation	Empty array	Official investment schedules exist by holding	FMP thin; replaced by fair-value investment map
Segment revenue	No useful segment endpoint result	Not applicable; no operating segments	Do not fabricate revenue segments

3. Investment economic-unit historicals

The investment schedule is the segment substitute. Percentages below use total cash and investments of $4.045B at FY2025 and $3.482B at Q1 2026. The Q1 2026 schedule is the best current map before post-quarter corporate-action adjustments.

Economic unit	FY2025 ownership	FY2025 fair value ($M)	FY2025 % of investments	Q1 2026 ownership	Q1 2026 fair value ($M)	Q1 2026 % of investments	Source
BIAL	74.0% legal; 69.0% fully diluted	2,187.4	54.1%	74.0% legal; 69.0% fully diluted	2,152.4	61.8%	Official annual and Q1 interim
IIFL Finance	15.2%	438.1	10.8%	15.2%	290.7	8.3%	Official annual and Q1 interim
CSB Bank	40.0%	353.6	8.7%	40.0%	246.7	7.1%	Official annual and Q1 interim
IIFL Capital	27.2%	341.6	8.4%	27.2%	216.6	6.2%	Official annual and Q1 interim
Seven Islands	48.5%	162.4	4.0%	48.5%	167.3	4.8%	Official annual and Q1 interim
Sanmar	39.3%	101.6	2.5%	Sold after quarter; Q1 carrying value based on sale price	26.1	0.8%	Official Q1 interim and Sanmar sale release
Maxop	67.0%	95.5	2.4%	67.0%	88.7	2.5%	Official annual and Q1 interim
Global Aluminium	65.0%	90.8	2.2%	65.0%	84.7	2.4%	Official annual and Q1 interim
Jaynix	70.0%	65.9	1.6%	70.0%	59.5	1.7%	Official annual and Q1 interim
Fairchem Organics	55.3% FY2025; 57.2% after buyback	58.0	1.4%	57.2%	33.0	0.9%	Official annual and Q1 interim
NCML common shares	91.0%	41.9	1.0%	91.0%	39.7	1.1%	Official annual and Q1 interim
5paisa	24.6% FY2025; 24.5% Q1	28.8	0.7%	24.5%	19.9	0.6%	Official annual and Q1 interim
IH Fund	n/a	7.0	0.2%	n/a	6.6	0.2%	Official annual and Q1 interim
Other Indian Fixed Income	n/a	22.3	0.6%	n/a	21.1	0.6%	Official annual and Q1 interim
Government of India bonds	n/a	42.6	1.1%	n/a	3.2	0.1%	Official annual and Q1 interim
Cash and cash equivalents	n/a	8.1	0.2%	n/a	25.6	0.7%	Official annual and Q1 interim

Investment return track record as disclosed by Fairfax India:

Existing investment	Initial investment date	Cash consideration ($M)	Q1 2026 fair value ($M)	Net change ($M)	Cumulative interest/dividends ($M)	Q1 2026 annualized return
IIFL Finance	Dec 2015	101.1	290.7	189.6	21.5	14.8%
IIFL Capital	Dec 2015	51.1	216.6	165.6	22.7	17.8%
5paisa	Dec 2015	16.6	19.9	3.3	0.0	2.4%
Fairchem Organics	Feb 2016	34.2	33.0	-1.2	3.4	0.9%
CSB Bank	Oct 2018	136.3	246.7	110.4	0.0	8.7%

Existing investment	Initial investment date	Cash consideration ($M)	Q1 2026 fair value ($M)	Net change ($M)	Cumulative interest/dividends ($M)	Q1 2026 annualized return
NCML	Aug 2015	188.3	39.7	-148.6	0.8	-14.5%
BIAL	Mar 2017	1,158.0	2,152.4	994.4	2.2	10.3%
Seven Islands	Mar 2019	83.8	167.3	83.5	70.4	16.8%
Maxop	Nov 2021	51.4	88.7	37.3	0.0	14.5%
Jaynix	Feb 2022	32.5	59.5	27.0	8.1	19.6%
Global Aluminium	Oct 2024	82.7	84.7	2.0	0.0	1.6%
Other Indian Fixed Income	Nov 2023	24.0	21.1	-2.9	0.5	-4.4%

4. Product / sub-segment historicals

There are no parent-company products with separately disclosed revenue dollars. The most granular disclosed operating data are investee-level descriptions, investee revenues where Fairfax India includes them, BIAL traffic/aero revenue, and selected portfolio-company KPIs. These figures should not be summed into Fairfax India revenue.

Economic unit	What it is	Dollar disclosure?	Last disclosed operating data	Source
BIAL	Kempegowda International Airport Bengaluru concession, airport city, hotel, lounges	Yes for summarized investee revenue and aero revenue	2025 passengers 43.8M; 2025 aero revenue $237.1M; nine months to Dec 31 2025 revenue $411.1M, EBITDA $292.0M, net earnings $88.3M	Annual report and Q1 interim
IIFL Finance	Retail-focused diversified NBFC	Yes for investee revenue and AUM	2025 revenue $804M; March 31 2026 AUM about $11.4B	Annual report and Q1 interim
CSB Bank	Indian full-service bank	Yes for investee revenue and loans	2025 revenue $320M; Dec 31 2025 gross loans and advances $4.1B	Annual report and Q1 interim
IIFL Capital	Brokerage, advisory, investment banking, wealth-management buildout	Yes for investee revenue and AUM	2025 revenue $289M; Dec 31 2025 non-institutional AUM about $29.0B	Annual report and Q1 interim
Fairchem Organics	Oleochemicals and specialty chemicals	Yes for investee revenue	2025 revenue $53M; ownership rose to 57.2% after January 2026 buyback	Annual report and Q1 interim
5paisa	Online discount brokerage and digital financial-services platform	Yes for investee revenue and users/customers	2025 revenue $35M; March 31 2026 app downloads/users 23.4M and customers above 5.2M	Annual report and Q1 interim
Seven Islands	Private-sector tanker shipping company	Yes for investee revenue and fleet	2025 revenue $213M; March 31 2026 fleet 29 vessels and about 1.4M DWT	Annual report and Q1 interim
Sanmar	PVC and chemicals group in India and Egypt	Yes for investee revenue, but sold after quarter	2025 revenue $848M; sold April 9 2026 for about $27M	Annual report, Q1 interim, sale release
NCML	Agricultural commodity storage, testing, collateral management, silos, NBFC	Yes for investee revenue and capacity	2025 revenue $34M; about 2.3M metric tons of storage capacity and 731 warehouses at FY2025	Annual report
Maxop, Global Aluminium, Jaynix, IH Fund	Private Indian investments	Limited	Fair values disclosed; operating revenue not summarized in the extracted lines used here	Annual report and Q1 interim

Growth-only disclosures and non-dollar KPIs:

Economic unit	Disclosure method	Latest growth or KPI	Source
BIAL	Passenger traffic and aero revenue growth	2025 passengers rose 7.6%; 2025 international passengers rose 28.7%; aero revenue rose 13% to $237.1M	Annual report
BIAL	Q1 2026 passenger growth	Q1 2026 domestic passengers 9.5M, up 4.8%; international passengers 1.8M, up 13.9%	Q1 interim
IIFL Finance	AUM growth	2025 AUM grew 38% to $10.9B; March 31 2026 AUM about $11.4B	Annual report and Q1 interim

Economic unit	Disclosure method	Latest growth or KPI	Source
5paisa	Platform adoption	Mobile app reached 23.4M users and customer base exceeded 5.2M at March 31 2026	Q1 interim
NCML	Operational milestone	All seven silo projects operational at March 31 2026	Q1 interim

5. Most recent quarterly trend

Company FY ends December 31. Most recently completed fiscal quarter at time of writing: FY2026 Q1, covering January 1 to March 31, 2026, reported on April 30, 2026 via https://www.fairfaxindia.ca/press-releases/fairfax-india-holdings-corporation-financial-results-for-the-first-quarter-04-30-2026/.

Quarter	BVPS	Net earnings / loss attributable to shareholders ($M)	Total cash and investments ($M)	Key fair-value movement	Source
Q1 2025	n/d in this package	-211.2	n/d in this package	Net unrealized investment losses of $222.9M	Q1 2026 release comparative
Q2 2025	n/d in this package	278.1 FMP net income	n/d in this package	Positive mark-to-market period in FMP quarterly row	FMP income-statement quarter
Q3 2025	$20.72 per FY2025 release reference	3.2 FMP net income	n/d in this package	Modest positive FMP quarterly net income	FMP income-statement quarter and FY2025 release
Q4 2025	$22.94	345.6 FMP net income	4,045.4	FY2025 BVPS increased 9.4% vs FY2024	FY2025 release and FMP income-statement quarter
Q1 2026	$19.08	-370.8	3,481.9	Unrealized losses on public stocks and rupee translation losses	Q1 2026 release and interim report

Q1 2026 economic unit	Fair value at 2026-03-31 ($M)	Change vs 2025-12-31 ($M)	Trend note	Source
BIAL	2,152.4	-35.0 by carrying value table, partly offset by underlying gains before FX	Domestic passenger traffic up 4.8%, international up 13.9%; expansion and airport city plans continue	Q1 interim
IIFL Finance	290.7	-147.5	Public mark-to-market loss; AUM about $11.4B	Q1 interim
CSB Bank	246.7	-106.8	Public mark-to-market loss; RBI dilution schedule remains	Q1 interim
IIFL Capital	216.6	-125.0	Public mark-to-market loss; May 2026 announced control transaction	Q1 interim and May 2026 release
Seven Islands	167.3	+4.9	Valuation supported by updated DCF; vessels mainly time-chartered	Q1 interim
Sanmar	26.1	-75.5	Q1 value reflected April sale price; no post-sale economic interest	Q1 interim and Sanmar sale release
NCML	39.7	-2.2	Silos operational but capital/funding constraints remain	Q1 interim

6. Management commentary on forward growth

Fairfax India does not appear to run a regular stand-alone quarterly earnings call transcript in the sources checked. This section therefore uses official press-release language, annual-report chairman/CEO commentary, and interim MD&A. Quotes are kept short; all longer strategic commentary is paraphrased and tied to the filing or release.

Source date	Speaker / source	Short quote or official phrase	Topic	Modeling implication
2026-04-30	Gopalakrishnan Soundarajan, CEO, Q1 release	"perform well over the long term"	Volatile mark-to-market losses	Quarterly earnings are not normalized owner earnings; model BVPS and fair value, not near-term EPS
2026-02-19	FY2025 release	"strong financial health"	Liquidity	Parent liquidity and revolver capacity are central downside checks

Source date	Speaker / source	Short quote or official phrase	Topic	Modeling implication
2025 annual report	Fairfax India letter	"book value per share" as key performance measure	Performance metric	Use BVPS CAGR and discount to book as primary valuation anchors
Q1 2026 interim	BIAL MD&A	"tariff-setting mechanism"	Airport downside protection	BIAL cash flow has regulated-return features, but timing of AERA orders matters
Q1 2026 interim	BIAL MD&A	"beyond 90 million passengers per annum"	Airport capacity	Forward case depends on T2 phase 2 by FY2029 and T3 by FY2034
Q1 2026 interim	CSB Bank MD&A	"SBS 2030" and "Scale" phase beginning fiscal year 2027	Banking strategy	CSB is a long-duration banking expansion rather than near-term exit
Q1 2026 interim	5paisa MD&A	"rights offer"	Capital support	Recent capital raise reduces balance-sheet pressure but dilutes/changes economics
Q1 2026 interim	NCML MD&A	"all seven of NCML's silo projects were operational"	Turnaround milestone	NCML remains a watch item, but the operational milestone is real

7. Capital allocation history

Fairfax India allocates capital through investment purchases/sales, share repurchases, revolver/letter-of-credit usage, and fee payments. Parent operating capex and R&D are not applicable.

Year / period	Investment purchases ($M)	Investment sales ($M)	Parent capex ($M)	R&D ($M)	Buybacks ($M)	Dividends paid ($M)	Major allocation notes	Source
FY2024	353.6	385.9	0.0	0.0	8.4	0.0	Bought GOI bonds, Global Aluminium, IIFL Finance, Fairchem; sold NSE, CSB partial, other public investments	Annual report cash-flow discussion
FY2025	200.1	191.1	0.0	0.0	10.4	0.0	Bought additional BIAL and Sanmar plus GOI bonds; sold Saurashtra and GOI bonds; repurchased 620,658 subordinate shares	Annual report cash-flow discussion
Q1 2026	0.0	37.8	0.0	0.0	0.0 disclosed here	0.0	Sold Government of India bonds to fund 5paisa rights offer and operating requirements; cash rose to $25.6M	Q1 interim cash-flow statement

NCIB/share repurchase note: FY2025 repurchases were 620,658 subordinate voting shares for cancellation at a net cost of $10.4M, or $16.81 per share. The FY2025 release says Fairfax India continued to buy back shares under the normal course issuer bid. Because BVPS was $22.94 at year end, those buybacks were below book value and accretive to continuing shareholders if the book value is reliable.

Management/performance-fee note: cash used in operating activities excluding investment purchases/sales was $31.1M in 2025, down from $136.1M in 2024, primarily because 2024 included settlement of performance fees of $110.2M for the third calculation period. Q1 2026 expenses were $19.5M, including investment and advisory fees of $10.8M, G&A of $1.9M, and interest expense of $6.8M.

8. Balance sheet snapshot

Item	2025-12-31 ($M)	2026-03-31 ($M)	Source
Cash and cash equivalents	8.1	25.6	Official annual / Q1 interim
Government of India bonds	42.6	3.2	Official investment schedule

Item	2025-12-31 ($M)	2026-03-31 ($M)	Source
Other Indian Fixed Income	22.3	21.1	Official investment schedule
Common stocks	3,972.5	3,432.0	Official annual / Q1 interim
Total cash and investments	4,045.4	3,481.9	Official annual / Q1 interim
Total assets	4,049.8	3,485.7	Official annual / Q1 release
Borrowings	498.9	499.0	Official annual / Q1 release
Payable for securities purchased	76.5	76.5	Official annual / Q1 release
Deferred income taxes	217.9	182.7	Official annual / Q1 release
Common shareholders' equity	3,079.6	2,560.4	Official annual / Q1 release
Book value per share	$22.94	$19.08	Official annual / Q1 release
Cash and marketable securities	50.7	28.8	Official releases
Available revolving credit facility	168.5	168.5	Official releases

Net debt/EBITDA is not a meaningful operating ratio for Fairfax India because EBITDA is not the parent company's operating cash-generation base. A more useful parent risk measure is borrowings and deferred acquisition payable versus common shareholders' equity and liquid resources. At March 31, 2026, borrowings of $499.0M plus the $76.5M payable for securities purchased equaled 22.5% of common shareholders' equity. Cash and marketable securities of $28.8M plus $168.5M revolver availability provided $197.3M of stated near-term liquidity before considering investment monetization capacity.

9. Recent corporate actions and current investment map

- February 2025: Fairfax India completed the additional 10.0% BIAL equity acquisition from Siemens for $255.0M. The final $76.5M installment remains payable in Q3 2026.
- November 14, 2025: Saurashtra sale completed for INR 6.622B, approximately $75M. Saurashtra is no longer a current holding.
- FY2025: Fairfax India repurchased 620,658 subordinate voting shares for $10.4M.
- January 2026: Fairchem completed a buyback; Fairfax India did not tender and its ownership rose from 55.3% to 57.2%.
- March 11 and April 15, 2026: 5paisa rights offer was announced and Fairfax India participated at its proportionate interest for about $12.3M; ownership remained 24.5%.
- April 9, 2026: Fairfax India sold its entire Sanmar equity interest for INR 2.480B, approximately $27M, and has no economic interest after the sale.
- May 7, 2026: Fairfax India announced an agreement to increase IIFL Capital ownership to at least 51% through new shares, an open offer, and promoter sales if required. This is after the Q1 2026 balance-sheet date and should be modeled as pending until completed.
- May 20, 2026: Fairfax India renewed its universal shelf prospectus, relevant for capital flexibility but not a current financing decision in this package.

10. Open data gaps

Gap	Classification	Sources searched	Treatment
Parent-company operating segments and product revenue	Not applicable	FMP segment/product endpoints; annual/interim reports	Replaced by investment economic-unit schedule
Five-year investee revenue history for each holding	True non-disclosure in Fairfax India materials used here	Annual reports FY2021-FY2025 and Q1 2026 interim	Use fair value, cash cost, dividends, and latest disclosed investee KPIs instead
BIAL full annual revenue series FY2021-FY2025	True non-disclosure in Fairfax India annual summary tables used here	Annual report BIAL section and Q1 interim	Included 2025 aero revenue and nine-month Dec 2025 summarized revenue only
Quarterly fair-value bridge for all last four quarters	Not fetched / omitted	Q2/Q3 2025 interim reports exist on Fairfax India investor page but were not incorporated into this D package	Q1 2026 and FY2025 are sufficient for current anchor; DR may request Q2/Q3 if needed

Gap	Classification	Sources searched	Treatment
Stand-alone Fairfax India earnings-call transcript	True non-disclosure from sources checked	Company IR/news pages and FMP transcript route not used as a source	Used official releases and MD&A commentary; no fabricated call quotes
FMP book value per share	Estimated / misclassified by vendor	FMP ratios annual	Do not use; official BVPS controls
Portfolio-company revenue/product lines beyond Fairfax India disclosure	Not fetched / omitted	Some investee websites named in annual report but not individually pulled	Do not fabricate product figures for investees; use Fairfax India fair-value/NAV schedules

Self-checks

- Latest-quarter headline: the Q1 2026 release dated April 30, 2026 reports net loss attributable to Fairfax India shareholders of $370.8M, diluted loss per share of $2.76, and BVPS decrease to $19.08. The local raw HTML path is listed in the source register.
- Load-bearing management quote: the Q1 2026 release includes the CEO's short long-term framing after unrealized public-stock losses. No unsupported transcript quote is used.
- FMP annual live pull: FMP income-statement annual for FIH-U.TO was pulled live and saved under raw plus C:\Users\Admin\OneDrive\Cowork\Investing\data warehouse\FMP\FIH-U.TO. It does not tie cleanly to official BVPS or economic-unit disclosure, so official filings control.
- Markdown table scan: sections 2, 3, 4, 5, 7, and 8 use pipe tables with a header row, delimiter row, consistent cell counts, and no multiline cells.

Appendix QF - Quant Foundation

Fairfax India Holdings Corporation (TSX: FIH.U) - Quantitative Foundation

Run date: 2026-07-02 Asia/Singapore Currency: USD unless stated otherwise Official ticker: FIH.U on TSX FMP ticker tested: FIH-U.TO Owned artifact: `C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\quant_foundation.md`

P0 Summary

Fairfax India is an investment holding company / listed investment vehicle. The correct quantitative base is book value per share, fair value of Indian investments, holding-company liquidity, investment income, realized/unrealized gains, fees, taxes, and debt. Revenue/product/segment templates for operating companies are not controlling here.

Current quote and market cap used for this QF.

Item	Value	Source / treatment
Share price used	$18.30	FMP `quote FIH-U.TO`, saved at `raw\fmp_quote_FIH-U.TO_2026-07-02.json`; timestamp `1782849600` = 2026-06-30 16:00 ET / 2026-07-01 04:00 Asia/Singapore. Canada Day means this was the latest available close during the 2026-07-02 Asia/Singapore run window.
Effective common shares	134,218,804	Official Q1 2026 interim report, note 8, `raw\fih_2026_q1_interim.pdf` and text mirror `raw\fih_2026_q1_interim.txt`.
All-economic-share market cap used	$2,456,204,113.20	$18.30 x 134,218,804 effective common shares.
FMP-reported market cap	$1,907,207,700	FMP quote/profile uses the subordinate voting share base only; not used for NAV discount math.
Latest official BVPS	$19.08	Q1 2026 ended 2026-03-31, reported 2026-04-30.
Price / latest BVPS	0.959x	$18.30 / $19.08.
Discount to latest BVPS	4.1% discount	($18.30 / $19.08) - 1.

Fiscal calendar and reporting anchor.

Item	Value
Fiscal year end	December 31
Latest official period	Q1 2026 ended 2026-03-31, reported 2026-04-30
FY base	FY2025 ended 2025-12-31
TTM construction	FY2025 less Q1 2025 plus Q1 2026, only where official line items exist
Forward horizon for downstream ER2	TTM ending 2026-03-31 plus five calendar years = 2031-03-31

Source hierarchy.

- Official Fairfax India annual reports, interim reports, MD&A, financial statements, and press releases control.
- TMX/FMP quote data is used for public market price only, with the share-count/market-cap limitation documented.
- FMP statement data is secondary and not controlling where it disagrees with official IFRS reporting.

Raw source pack saved locally.

Source	Local path	URL / endpoint
Q1 2026 interim report	`C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fih_2026_q1_interim.pdf`	https://www.fairfaxindia.ca/wp-content/uploads/2026/04/FIH-2026-Q1-Interim-Report-Final-0M1ViA861q.pdf
Q1 2025 interim report	`C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fih_2025_q1_interim.pdf`	https://www.fairfaxindia.ca/wp-content/uploads/2025/05/FIH-2025-Q1-Interim-Report-Final.pdf

Source	Local path	URL / endpoint
FY2025 annual report	`C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fih_2025_annual.pdf`	https://www.fairfaxindia.ca/wp-content/uploads/2026/03/Fairfax-India-2025-Annual-Report-WEBSITE.pdf
FY2024 annual report	`C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fih_2024_annual.pdf`	Official Fairfax India investor-reporting page
FY2023 annual report	`C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fih_2023_annual.pdf`	Official Fairfax India investor-reporting page
FY2022 annual report	`C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fih_2022_annual.pdf`	Official Fairfax India investor-reporting page
FY2021 annual report	`C:\Users\Admin\OneDrive\GPT\ER 2.0\Fairfax India\raw\fih_2021_annual.pdf`	Official Fairfax India investor-reporting page
FMP quote/profile/statements	`raw\fmp_*.json`	FMP stable helper, endpoint outputs copied to `C:\Users\Admin\OneDrive\Cowork\Investing\data warehouse\fmp\FIH-U.TO\` where not already present

Official-source override log.

Period	Statement type	Official source URL/file	FMP endpoint	Line item	Official value	FMP value	Delta	Controlling source	Status
2026 Q1	Income statement	`raw\fih_2026_q1_interim.pdf`	`income-statement FIH-U.TO period=quarter`	Net income attributable to Fairfax India shareholders	$(370.806)m	$(370.806)m	$0.000m	Official and FMP agree on shareholder net loss	Pass
2026 Q1	Cash flow	`raw\fih_2026_q1_interim.pdf`	`cash-flow-statement FIH-U.TO period=quarter`	Cash provided by operating activities	$18.208m	$(19.312)m	$(37.520)m	Official	FMP cash flow sign/classification not used
2025 FY	Income statement	`raw\fih_2025_annual.pdf`	`income-statement FIH-U.TO period=annual`	Net earnings attributable to shareholders	$410.526m	$417.712m	$7.186m	Official	FMP differs; official used
2025 FY	Income classification	`raw\fih_2025_annual.pdf`	`income-statement FIH-U.TO period=annual`	Income / revenue-like line	$608.853m total income	$111.135m revenue	$(497.718)m	Official	FMP generic revenue field is not meaningful for this investment vehicle
2025 FY	Shares	`raw\fih_2025_annual.pdf`	`income-statement FIH-U.TO period=annual`	Weighted average shares	134.793m	98.156m	(36.637)m	Official	FMP annual weighted average shares wrong / incomplete
2026 Q1	Product segmentation	Official fair-value schedule	`revenue-product-segmentation FIH-U.TO period=quarter/annual`	Product/segment revenue	Not applicable	Empty arrays	Not applicable	Official fair-value schedule	FMP segmentation unavailable
2026 quote	Market cap	Official effective shares x market price	FMP quote/profile	Market cap	$2.456b all economic shares	$1.907b	$(0.549)b	Official share count x quote	FMP uses only subordinate voting shares

P1 Investment / Economic-Unit Map

The economic unit is the portfolio, not operating revenue. At 2026-03-31, the official Q1 fair-value schedule reconciled total cash and investments to $3.481923bn, consisting of $25.577m cash, $24.325m bonds, and $3.432021bn common stocks.

Holding / asset	Type	Fair value at 2026-03-31	% of cash and investments	% of common equity	Ownership / note	Source
Cash and cash equivalents	Cash	$25.577m	0.7%	1.0%	Holding-company cash	Q1 2026 interim, balance sheet and fair-value note
Government of India bonds	Bond	$3.239m	0.1%	0.1%	Level 2	Q1 2026 fair-value note

Holding / asset	Type	Fair value at 2026-03-31	% of cash and investments	% of common equity	Ownership / note	Source
Other Indian fixed income / NCML NCD	Bond	$21.086m	0.6%	0.8%	Includes NCML NCD; interest deferred since 2024 per note	Q1 2026 note 5
IIFL Finance	Public equity	$290.677m	8.3%	11.4%	64,552,521 shares; 15.2% interest	Q1 2026 note 5
CSB Bank	Public equity	$246.743m	7.1%	9.6%	69,394,331 shares; 40.0% interest; RBI dilution path to 30.0% by 2040	Q1 2026 note 5
IIFL Capital	Public equity	$216.626m	6.2%	8.5%	84,641,445 shares; 27.2% interest	Q1 2026 note 5
Fairchem Organics	Public equity	$32.957m	0.9%	1.3%	Listed investment	Q1 2026 fair-value note
5paisa	Public equity	$19.853m	0.6%	0.8%	Rights offer subsequent to quarter end; interest remained 24.5% from 2026-03-31	Q1 2026 press release/interim
BIAL / Bangalore International Airport	Private equity	$2,152.384m	61.8%	84.1%	74.0% legal equity interest; 69.0% fully diluted due to Anchorage/OMERS	Q1 2026 note 5 and note 8
Seven Islands	Private equity	$167.311m	4.8%	6.5%	48.5% interest	Q1 2026 note 5
Maxop	Private equity	$88.740m	2.5%	3.5%	67.0% interest	Q1 2026 note 5
Global Aluminium	Private equity	$84.736m	2.4%	3.3%	65.0% interest	Q1 2026 note 5
Jaynix	Private equity	$59.531m	1.7%	2.3%	70.0% interest	Q1 2026 note 5
NCML equity	Private equity	$39.691m	1.1%	1.6%	91.0% interest	Q1 2026 note 5
Sanmar	Private equity	$26.147m	0.8%	1.0%	Quarter-end value set by April 9, 2026 sale price of 2.5bn INR / $26.8m	Q1 2026 note 5 and press release
IH Fund	Private fund	$6.625m	0.2%	0.3%	India Housing Fund	Q1 2026 note 5
Total cash and investments		**$3,481.923m**	**100.0%**	**136.0%**	Ties to official total	Q1 2026 fair-value note

Interpretation: BIAL is the dominant economic asset at 61.8% of cash and investments and 84.1% of common shareholders' equity. Anchorage is not a separate outside portfolio line; it is the consolidated Indian subsidiary structure through which Fairfax India holds 43.6 percentage points of its 74.0% BIAL interest. OMERS owns a minority economic interest in Anchorage, creating non-controlling interests and the fully diluted BIAL interest of 69.0%.

P2 Historical Book Value / NAV / Share Bridge

Period end	BVPS	Closing share price or current price	Common shareholders' equity	Effective common shares	Price / BVPS	Discount / premium to BVPS	Source
2021-12-31	$19.65	$12.61	$2.775b	141.2m	0.931x at current $18.30	6.9% discount vs 2021 BVPS	FY2025 annual corporate performance table
2022-12-31	$19.11	$12.28	$2.642b	138.3m	0.958x	4.2% discount	FY2025 annual corporate performance table
2023-12-31	$21.85	$15.20	$2.959b	135.4m	0.838x	16.2% discount	FY2025 annual corporate performance table
2024-12-31	$20.96	$16.01	$2.826b	135.0m	0.873x	12.7% discount	FY2025 annual corporate performance table
2025-12-31	$22.94	$17.29	$3.080b	134.2m	0.798x	20.2% discount	FY2025 annual corporate performance table
2026-03-31	$19.08	$18.30 current quote	$2.560434b	134.218804m	0.959x	4.1% discount	Q1 2026 interim note 8 and FMP quote

FY2025 annual report states book value per share is common shareholders' equity divided by common shares effectively outstanding. Q1 2026 confirms common shareholders' equity of $2.560434bn and 134,218,804 effective shares, producing $19.08 BVPS.

P3 Consolidated Financial Statements And Holding-Company Liquidity

Balance Sheet Snapshot

$m	2026-03-31	2025-12-31	Source / note
Cash and cash equivalents	25.577	8.112	Q1 2026 balance sheet
Bonds	24.325	64.810	Q1 2026 balance sheet
Common stocks	3,432.021	3,972.524	Q1 2026 balance sheet
Total cash and investments	3,481.923	4,045.446	Q1 2026 balance sheet
Total assets	3,485.705	4,049.757	Q1 2026 balance sheet
Payable for securities purchased	76.500	76.500	Final BIAL installment / Siemens letter of credit
Deferred income taxes	182.684	217.859	Q1 2026 balance sheet
Borrowings	499.001	498.870	5.0% unsecured senior notes due 2028, net of issuance costs
Total liabilities	772.002	814.941	Q1 2026 balance sheet
Common shareholders' equity	2,560.434	3,079.648	Q1 2026 balance sheet
Non-controlling interests	153.269	155.168	Primarily OMERS/Anchorage
Total equity	2,713.703	3,234.816	Q1 2026 balance sheet

Income Statement Snapshot

$m	FY2025	Q1 2025	Q1 2026	Source
Interest income	7.545	3.196	0.626	FY2025 annual; Q1 2025/Q1 2026 interim
Dividends	48.185	2.998	5.594	Official statements
Net realized gains on investments	53.493	0.616	0.826	Official statements
Net change in unrealized gains / losses on investments	527.593	(222.862)	(345.375)	Official statements
Net foreign exchange gains / losses	(27.963)	3.245	(30.837)	Official statements
Total income	608.853	(212.807)	(369.166)	Sum and official statement line
Investment and advisory fees	42.155	9.399	10.803	Official statements
General and administration expenses	7.757	1.648	1.944	Official statements
Interest expense	29.372	6.755	6.757	Official statements
Total expenses	79.284	17.802	19.504	Official statements
Earnings / loss before income taxes	529.569	(230.609)	(388.670)	Official statements
Income tax provision / recovery	87.477	(19.142)	(24.319)	Official statements
Net earnings / loss	442.092	(211.467)	(364.351)	Official statements
Attributable to Fairfax India shareholders	410.526	(211.224)	(370.806)	Official statements
Weighted average shares	134.793m	134.839m	134.219m	Official statements

Holding-Company Liquidity And Debt

At 2026-03-31, Fairfax India had $25.577m cash, unrestricted public Indian investments of $806.856m, and Government of India bonds of $3.239m. The company also had an undrawn $245.0m revolver commitment, stepping down to $220.0m on 2026-10-01, maturing 2028-11-13, with a $76.5m letter of credit outstanding for the final BIAL purchase installment. Remaining revolver capacity was therefore $168.5m. The $500.0m principal 5.0% unsecured senior notes mature 2028-02-26; carrying value at 2026-03-31 was $499.001m net of $0.999m unamortized issuance costs.

Debt and liquidity facts relevant for downstream modeling:

Item	Amount / fact	Treatment
Cash and cash equivalents	$25.577m	Immediate liquidity
Unrestricted public equities	$806.856m	Liquid but market-sensitive; not equivalent to cash
Government of India bonds	$3.239m	Liquid fixed income
Revolver capacity remaining	$168.5m	After $76.5m BIAL letter of credit
Senior notes principal	$500.0m	Fixed 5.0%, due 2028-02-26
Interest expense Q1 2026	$6.757m	Notes plus letter-of-credit fees/amortization
Related-party note holding	$58.4m principal	Fairfax subsidiaries hold same terms as other participants
Final BIAL payable	$76.5m	Payable for securities purchased; letter of credit expires 2026-09-30

P4 TTM Construction

TTM is constructed only for disclosed consolidated statement lines: FY2025 less Q1 2025 plus Q1 2026. For an investment holding company, this TTM earnings number is not a normal operating earnings base because it is dominated by fair-value marks, realized gains, FX, and taxes. It is still the required arithmetic bridge for ER2.

$m	FY2025	Less Q1 2025	Plus Q1 2026	TTM ended 2026-03-31
Interest income	7.545	(3.196)	0.626	4.975
Dividends	48.185	(2.998)	5.594	50.781
Net realized gains on investments	53.493	(0.616)	0.826	53.703
Net change in unrealized gains / losses	527.593	222.862	(345.375)	405.080
Net foreign exchange gains / losses	(27.963)	(3.245)	(30.837)	(62.045)
Total income	608.853	212.807	(369.166)	452.494
Investment and advisory fees	42.155	(9.399)	10.803	43.559
General and administration expenses	7.757	(1.648)	1.944	8.053
Interest expense	29.372	(6.755)	6.757	29.374
Total expenses	79.284	(17.802)	19.504	80.986
Earnings / loss before income taxes	529.569	230.609	(388.670)	371.508
Income tax provision / recovery	87.477	19.142	(24.319)	82.300
Net earnings / loss	442.092	211.467	(364.351)	289.208
Attributable to Fairfax India shareholders	410.526	211.224	(370.806)	250.944

TTM EPS is available only as a derived per-current-share figure, not as an official company-disclosed TTM EPS: $250.944m attributable to shareholders / 134.218804m current effective common shares = $1.87 per share. This should not be used as normalized earning power because it includes $405.080m of net unrealized investment gains and $(62.045)m of FX losses.

Unavailable / not fabricated:

Requested line	Status	Reason
Operating-company revenue by segment	Unavailable / not applicable	Fairfax India does not report as an operating company; official economics are fair value and investment income.
Product-level revenue	Unavailable / not applicable	FMP product segmentation returns empty arrays and official reports do not disclose product revenue.
Look-through EBITDA by holding	Partially available qualitatively, not consolidated	Official reports discuss valuation inputs and some portfolio-company metrics, but not a consolidated look-through EBITDA table suitable for TTM construction.

Requested line	Status	Reason
Normalized EPS	Not constructed	Fair-value changes dominate earnings; downstream model should anchor on BVPS/NAV growth and discount-to-book, not reported IFRS TTM EPS.

P5 Forecast Substrate

The forecast substrate for Fairfax India should be a book-value/NAV underwriting model, not a revenue/EPS operating model. The relevant five-year horizon is 2026-03-31 to 2031-03-31.

Driver	Bear input	Base input	Bull input	Quant anchor / monitoring item
Starting BVPS	$19.08	$19.08	$19.08	Latest official BVPS at 2026-03-31
Book value per share CAGR	3%	7%	11%	Historical IPO-to-2025 BVPS CAGR was 7.9%; Q1 2026 reset reduced BVPS materially
BIAL asset value growth	2%-4% annual in USD	7%-9% annual in USD	11%-13% annual in USD	BIAL is 61.8% of cash and investments; airport traffic/non-aero monetization and IPO outcome dominate NAV
Public financials basket	Flat to 4% annual value growth	7%-10% annual	12%-15% annual	IIFL Finance, IIFL Capital, CSB Bank, 5paisa are marked to market and drove Q1 2026 downside
Special situations / industrial private holdings	0%-3% annual	5%-8% annual	9%-12% annual	Seven Islands, Maxop, Global Aluminium, Jaynix, NCML, IH Fund; Sanmar sold after quarter end
Fee drag	1.4%-1.8% of adjusted equity-like base plus performance fee risk	1.3%-1.6%	1.2%-1.5%	FY2025 investment/advisory fees $42.155m; Q1 2026 $10.803m; performance fee possible at 2026 calculation date
Tax drag	High if realizations occur or BIAL exits crystallize gains	Moderate deferred-tax unwind	Moderate, offset by tax-efficient realization	Deferred tax liability $182.684m at Q1 2026
Debt cost	Notes refinanced wider; annual interest drag rises	5.0% notes until 2028, then market refinance	Refinancing manageable or asset sale reduces debt	$500m 5.0% notes due 2028-02-26; revolver due 2028-11-13
Share count	Flat to modest dilution if performance fee paid in shares	Flat to slight buyback	Buybacks at discount	134.218804m effective shares; no Q1 2026 repurchases
Market discount / premium	15%-25% discount to BVPS	5%-15% discount	Par to 10% premium	Current price is 4.1% below latest BVPS after Q1 mark-down

Illustrative BVPS range, before any explicit terminal discount/premium:

Scenario	BVPS CAGR	2031-03-31 BVPS	Implied value at 0.85x BVPS	Implied value at 1.00x BVPS
Bear	3%	$22.12	$18.80	$22.12
Base	7%	$26.77	$22.75	$26.77
Bull	11%	$32.16	$27.34	$32.16

This substrate is intentionally not a verdict. It gives downstream ER2 agents the correct quantitative frame: Fairfax India needs either durable NAV growth, discount narrowing, or both. A normal P/E test based on fair-value TTM EPS is structurally weak for this company.

P6 Reconciliation Checklist

#	Check	Evidence	Status
1	Current quote/source timestamp	FMP quote saved locally; price $18.30, timestamp `1782849600`; market was closed for Canada Day during run window.	PASSED
2	Latest official BVPS	Q1 2026 official BVPS $19.08 from $2.560434bn common equity / 134,218,804 effective shares.	PASSED
3	Latest market discount/premium to BVPS	$18.30 / $19.08 = 0.959x, 4.1% discount.	PASSED
4	Shares/market cap reconcile	134,218,804 effective shares x $18.30 = $2,456,204,113.20. FMP $1.907bn market cap is documented as subordinate-share-only and not used.	PASSED
5	Investment fair-value schedule reconciles to total portfolio/investments	Cash $25.577m + bonds $24.325m + common stocks $3,432.021m = $3,481.923m official total cash and investments. Line-item table sums to $3,481.923m.	PASSED
6	Cash/debt/liquidity reconciles to balance sheet	Cash $25.577m, borrowings $499.001m, $76.5m BIAL payable, undrawn revolver with $168.5m remaining capacity after letter of credit; all from official Q1 balance sheet/notes.	PASSED
7	TTM construction explicitly sourced or marked unavailable	FY2025, Q1 2025, and Q1 2026 official lines used for TTM table; operating revenue/product segmentation marked unavailable/not applicable.	PASSED
8	FMP-vs-official discrepancies documented	P0 override log lists FMP cash-flow mismatch, annual net income/share-count issues, empty product segmentation, and market-cap/share-count mismatch.	PASSED

RECONCILIATION: 8/8 checks PASSED