Valuation Report

IIFL Finance Limited

November 2026

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Senapati Bapat Marg, Dadar (W),
Mumbai 400028, INDIA

Ref. No.: SKS/Nov10-351/2026

November 10, 2026

To,

Board of Directors
IIFL Finance Limited
IIFL House, Sun Infotech Park, Road No. 16V,
Plot No. B-23, MIDC, Thane Industrial Area,
Wagle Estate, Thane, Maharashtra - 400604, India

Dear Sir(s) / Madam(s),

Sub: Fair value determination of Compulsorily Convertible Preference Shares of IIFL Finance Limited, in connection with its proposed issue.

We, BDO Valuation Advisory LLP **("BDO Val" or "We" or "Us" or "Our")**, bearing LLP Identity No. AAN9463, have been appointed vide letter dated November 04, 2026, bearing reference number SKS/Nov44/2026 to determine the fair value of Compulsorily Convertible Preference Shares **("CCPS")** of IIFL Finance Limited **("You" or "IIFL" or "the Client" or "the Company")** for compliance under Chapter V - Preferential Issue under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **("SEBI ICDR Regulations")**, as amended from time to time, and other applicable SEBI ICDR Regulations, if any.

We are pleased to present herewith our Report **("the Report")** on the same.

We hereby confirm that we have no present or planned future interest in the Company, except to the extent of our appointment as a registered valuer for this Report.

We hereby confirm that the valuation of IIFL is carried out as per International Valuation Standards, 2025.

A summary of the analysis as well as description of the methodology and procedure used, and the factors considered in formulating the opinion is presented in the accompanying Report. In addition, we have listed the sources of information used in this Report and the scope of work in the course of the assignment, noting any limitations on the assignment. This Report is subject to the attached Caveats, Limitations and Disclaimers and to all terms and conditions in the engagement letter for this assignment.

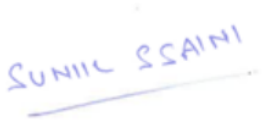
We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions.

The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This letter should be read in conjunction with the attached Report.

Regards,

For BDO Valuation Advisory LLP
IBBI Regn No.: IBBI/RV-E/02/2019/103





Name: Sunil Kumar Saini
Designation: Partner
IBBI Regn No: IBBI/RV/06/2018/10385
VRN No.: IOVRVF/BDO/2026-2027/8560

Table of Contents

1. Brief Background of IIFL Finance Limited 5
2. Purpose of Valuation 6
3. Terms of Engagement 7
4. Caveats, Limitations and Disclaimers 8
5. Sources of Information 12
6. Proposed Terms of CCPS 13
7. Procedures Adopted & Major factors that were considered during the valuation 14
8. Valuation Approaches & Methodologies 16
9. Conclusion on Valuation Approach 19
10. Conclusion 23

1. Brief Background of IIFL Finance Limited

1.1. IIFL Finance Limited is an Indian Non-Banking Financial Company **("NBFC")** engaged in the business of loans and mortgages along with its subsidiaries. It offers diversified loan products, including home, gold, MSME, microfinance, and capital market finance.

1.2. The Corporate Identification Number of the Company is L67100MH1995PLC093797, and registered office of the Company is situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane, Maharashtra - 400604, India.

1.3. IIFL has following subsidiary companies:

S. No	Name of the Company	Holding %
1	IIFL Home Finance Limited	78.56%
2	IIFL Samasta Finance Limited	97.31%
3	IIFL Fintech Limited	100.00%

1.4. The equity shares of the Company are traded both on the National Stock Exchange of India Limited **("NSE")** and BSE Limited **("BSE")**.

1.5. The detailed shareholding of the Company as of Valuation Date, is as below:

Shareholder Category	Number of Shares	Percentage Holding
Promoter & Promoter Group	10,56,74,667	24.62%
Public	32,34,80,583	75.38%
Total	**42,91,55,250**	**100.00%**

**Total number of shares includes ESOPs also*

Based on the above shareholding pattern and after considering the potential dilution arising from Outstanding ESOPs, the Fully Diluted Shares Outstanding **("FDSO")** of the Company are 42,91,55,250 which are considered for the valuation exercise.

1.6. We have been informed by the management of the Client, on behalf of the Company, **("the Management")** that there has been no change in the above shareholding pattern of the Company till the date of issuance of this Report.

2. Purpose of Valuation

2.1. We understand from the Management that the Company is contemplating to issue CCPS, via a preferential issue on a private placement basis to investor(s), as may be decided by Board of Directors to such investor(s) (**"Investor(s)"**) and such transaction ("**Proposed Transaction**").

2.2. We, BDO Val have been appointed vide letter dated November 04, 2026, bearing reference number SKS/Nov44/2026, to determine the Fair Value of CCPS of the Company, in connection with the Proposed Transaction, for compliance under Chapter V - Preferential Issue under SEBI ICDR Regulations, as amended from time to time, and other applicable SEBI ICDR Regulations, if any.

2.3. For the purpose(s) of this Report, based on discussion with the Management, we note that the Relevant Date as per Chapter V of the ICDR Regulations is considered as November 04, 2026. For the purpose of this valuation exercise, we have considered the day preceding the Relevant Date, i.e. November 03, 2026, as the Valuation Date **("Valuation Date")**.

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3. Terms of Engagement

Context and Purpose

3.1. BDO Val has been appointed for the Purpose mentioned in para 2 of this Report. This valuation exercise and this valuation Report are solely for the Purpose mentioned in the Report.

Restricted Audience

3.2. This Report and the information contained herein are absolutely confidential and are intended for the use of the Client only for compliance under SEBI ICDR Regulations and the Articles of Association of the Company, and for submission to any regulatory/ statutory authorities. The results of our valuation analysis and our Report cannot be used or relied by the Company / the Client and shareholders for any other Purpose or by any other party for any Purpose whatsoever.

3.3. This Report will be placed before the Board of Directors and its Committee(s) including Audit Committee, the Shareholders of the Company, and be published on the website of the Company, and to the extent mandatorily required under the applicable laws of India, maybe produced before judicial, regulatory or Government authorities, in connection with the Proposed Transaction. In connection with the Proposed Transaction, this Report will also be shared with Investor(s). We are not responsible to any other person or party, for any decision of such person or party based on this Report. Any person or party intending to provide finance / invest in the shares / business of the Company or their holding company(ies), subsidiary(ies), associate(s), joint venture(s) (if any), shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than the Client and the Investor(s)) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk, without recourse to BDO Val.

3.4. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the Purpose as set out earlier in this Report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

3.5. Without limiting the foregoing, we understand that the Client may be required to share this Report with regulatory or judicial authorities including stock exchanges, SEBI, professional advisors of the Client, Investor(s) and professional advisors of the Investor(s) (**"Permitted Recipients"**). We hereby give consent to such disclosure of this Report, on the basis that we owe responsibility only to the Client that has engaged us, under the terms of the engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this Report in any document and / or filing with Permitted Recipients, shall not be deemed to be an acceptance by us of any responsibility or liability to any person / party other than the Client.

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4. Caveats, Limitations and Disclaimers

4.1. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

4.2. This Report, its contents, and the analysis herein are specific to (i) the Purpose of valuation agreed as per the terms of our engagement, (ii) the Report date, and (iii) based on the data detailed in the section – 'Sources of Information'. The Management represented that the business activities of the Company/ its subsidiaries have been carried out in the normal and ordinary course till the Report date and that no material changes are expected in their respective operations and financial position to occur up to the Report date.

4.3. We were provided with relevant information and time to form our opinion for this valuation exercise. However, our opinion may change if any material information is not disclosed / hidden from us during our valuation exercise.

4.4. The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Accordingly, we express no audit opinion or any other form of assurance on this information on behalf of the Company / the Client. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence or legal title search of the assets or liabilities of the Company/its subsidiaries and have considered them at the value as disclosed by the Company/its subsidiaries in their regulatory filings or in submissions, oral or written, made to us.

4.5. Further, this valuation Report is based on the extant regulatory environment and the financial, economic, monetary and business / market conditions, and the information made available to us or used by us up to the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of the Company/its subsidiaries. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and we shall not be obliged to update, review or reaffirm this Report if the information provided to us changes. Further, events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

4.6. We have no present or planned future interest in the Company or any of its group entities.

4.7. The computation contained herein is not intended to represent value at any time other than the Valuation Date.

4.8. This Report is subject to the laws of India.

4.9. The fee for this engagement is not contingent upon the outcome of the Report.

4.10. In rendering this Report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

4.11. This Report is based on the information received from the sources mentioned herein and discussions with the representatives of the Company. We have assumed that no information has been withheld that could have influenced the Purpose of our Report.

4.12. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us, we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company/its subsidiaries. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our Report.

4.13. For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.

4.14. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here in which may occur subsequent to the date of our Report or by virtue of fact that the details provided to us are incorrect or inaccurate.

4.15. We have arrived at a fair value based on our analysis. Any transaction price may however be different and would depend on the negotiating ability and motivations of the respective buyers and sellers in the transaction.

4.16. Our scope is limited to determination of Fair Value of CCPS, in connection with the Proposed Transaction, for compliance under Chapter V - Preferential Issue under SEBI ICDR Regulations, as amended from time to time, and other applicable provisions of the SEBI ICDR Regulations, if any, and for the compliance with the requirements set out under the Articles of Association of the Company. The Report should not be construed as, our opinion or certifying the other compliances with the provisions of any law including the Foreign Exchange Management Act, 1999, taxation related laws, capital market related laws, or any accounting, taxation or legal implications.

4.17. The Report assumes that the Company and its subsidiaries comply fully with relevant laws and regulations applicable in all their areas of operation unless otherwise stated and that the Company and its subsidiaries will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws, litigation and other contingent liabilities that are not recorded in the financial statements of the Company/its subsidiaries.

4.18. This Report does not look into the business / commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction or any other alternatives, whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits in the Company is sole responsibility of the investors in the Company, and we do not express opinion on the suitability or otherwise of entering into any financial or other transactions with the Company.

4.19. Determination of fair valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different opinion.

4.20. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations taking into consideration the economic, social and market patterns existing at that point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material. Although we have read, analyzed and discussed the Company and its group management business plan for the purpose of undertaking a valuation analysis, we have not recommended on the achievability and reasonableness of the assumptions provided to us satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of the assignment.

4.21. Whilst we have conducted analysis of the financial projections of the Company and its subsidiaries for arithmetic and logical consistency, our review was not in the nature of an audit / a due diligence. We do not express an opinion as to how closely the actual revenues, expenses, cash flows and position of assets and liabilities will correspond to these financial projections. There will usually be differences between predicted and actual results and those differences may be material. The Client has provided us with a set of financial projections that are based on internal estimates including growth expectations, cost estimations, etc. and represent their best estimate of the expected performance of the Company/its subsidiaries going forward. We take no responsibility for the achievement of the predicted results.

4.22. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities which may arise based upon the information used in this Report.

4.23. We owe responsibility to only the Board of Directors of the Client and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, or omissions of or advice given by any other party to the Company. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Company, their directors, employees or agents. In the particular circumstances of this case, our liability, if any (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever the loss or damage caused, shall be limited to the amount of fees actually received by us from the Client as laid out in the engagement letter, for such valuation work.

4.24. We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion. This Report is not a substitute for the third party's own due diligence / appraisal / enquiries / independent advice that the third party should undertake for his purpose.

4.25. We express no opinion or recommendation as to how the shareholders of the Company should vote at the shareholders' meeting(s) to be held in connection with the Proposed Transaction.

4.26. This Report does not in any manner address the prices at which equity shares of the Company will trade following the announcement and / or implementation of the Proposed Transaction and we express no opinion or recommendation as to how the shareholders of the Company should vote at the shareholders' meeting(s) to be held in connection with the Proposed Transaction.

4.27. The valuation computation(s) rendered in this Report only represent our computation(s) based upon information furnished by the Client / Company (or its representatives) and other sources and the said computation(s) shall be considered to be in the nature of non-binding advice, (our computation(s) will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

4.28. Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.

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5. Sources of Information

5.1. For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the Management:

- Audited Standalone / Consolidated financial statements of the Company for the financial years ended March 31, 2023, March 31, 2024, March 31, 2025, and March 31, 2026;
- Audited Standalone / Consolidated financial statements of IIFL Home Finance Limited ("IIFL Home") for the financial years ended March 31, 2023, March 31, 2024, March 31, 2025, and March 31, 2026;
- Audited Standalone financial statements of IIFL Samasta Finance Limited ("IIFL Samasta") and IIFL Fintech Limited ("IIFL Fintech") for the financial years ended March 31, 2023, March 31, 2024, March 31, 2025, and March 31, 2026;
- Limited Reviewed Financials of the Company, IIFL Home, IIFL Samasta and IIFL Fintech for the period ended September 30, 2026;
- Financial projections of the Company, IIFL Home and IIFL Samasta from October 01, 2026, to March 31, 2031;
- Shareholding pattern of the Company, IIFL Home, IIFL Samasta and IIFL Fintech on a FDSO basis;
- Proposed terms of CCPS to be issued, as provided by the Management;
- Management Representation Letter addressed to BDO Val; and
- Relevant data and information provided to us by the Management either in written or oral form or in form of soft copy and information available in public domain/through database.

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6. Proposed Terms of CCPS

6.1. The CCPS shall be fully paid-up, non-redeemable, cumulative, participating compulsorily convertible preference shares.

6.2. CCPS shall entitle its holder to receive a preferred dividend as determined in accordance with their terms.

6.3. Each CCPS, which has not already been converted in accordance with paragraph 6.2 of CCPS Agreement, shall automatically convert into 1 (one) Equity Share, as adjusted in accordance with paragraph 12 of CCPS Agreement, on the Mandatory Conversion Date.

6.4. All CCPS outstanding on the Mandatory Conversion Date shall be converted into Relevant Equity Shares unless already converted prior thereto.

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7. Procedures Adopted & Major factors that were considered during the valuation

7.1. In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information, and clarifications regarding past financial performance of the Company and its subsidiaries.
- Considered data available in public domain related to the Company its subsidiaries, and its peers.
- Discussions (over call / emails / conferences) with the Management to:
  - Understand the business and fundamental factors that affect its earning-generating capability and historical financial performance.
  - Reviewed the financial projections of the Company and its subsidiaries for sanity check purposes and to understand the assumptions & basis of key assumptions used by the Management in developing financial projections.
- Identification of suitable comparable companies.
- Undertook high level industry analysis and research based on publicly available market data:
  - Researched publicly available market data including economic factors and industry trends that may impact the valuation.
  - Analysed key trends and valuation multiples of comparable companies using proprietary databases subscribed by us or our network firms.
- Obtained and analysed market prices, volume data and other relevant information.
- Selected internationally accepted valuation methodology(ies) as considered appropriate by us, in accordance with the International Valuation Standards published by the International Valuation Standard Council.
- Determined the fair value of the Company's equity and the corresponding per-share equity value. Thereafter, the conversion ratio (1:1 as proposed and confirmed by the Client, subject to adjustments in accordance with CCPS agreement(s)) of the proposed CCPS into equity shares was applied to arrive at the fair value of the proposed CCPS, which was considered for concluding our valuation analysis.
- The Client has been provided with the opportunity to review the draft Report as part of our standard practice to make sure that factual inaccuracies/omissions of the information are avoided in our final Report; and Issue of final report.

7.2. For the purpose of arrival at the valuation, we have considered the valuation base as 'Fair Value' on a going concern basis. Any change in the valuation base or the premise could have significant impact on our valuation exercise, and therefore, this Report.

7.3. Major factors that were considered during the valuation are as follows:

- Key operating / financial parameters and the risk associated with the business, its operating industry, and the governing government policies.
- Growth in Revenue/Margins achieved historically and for the projected period, wherever applicable.
- Future financial projections.
- Discussions with the Management on the future business aspects.
- Representations by the Management on the current status of operations.

7.4. We have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and / or reproduced in its proper form and context.

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8. Valuation Approaches & Methodologies

8.1. It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made several assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the companies/businesses, and other factors which generally influence the valuation of the companies, its businesses and assets.

8.2. The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, analysis of businesses, in an independent and bona fide manner based on our previous experience of assignments of a similar nature & SEBI ICDR regulations.

8.3. It may be noted that BDO Valuation Advisory LLP is enrolled with IOV Registered Valuers Foundation, which has recommended to follow International Valuation Standards (**"IVS"**) for undertaking valuation and accordingly we have considered the International Valuation Standards issued by International Valuation Standards Council (**"IVSC"**) in carrying out the valuation exercise.

8.4. The valuation date is considered as November 03, 2026 (**"Valuation Date"**).

8.5. There are three generally accepted approaches to valuation:

(a) "Cost / Asset" Approach

(b) "Income" Approach

(c) "Market" Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

Cost / Asset Approach

Summation Method

The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the values of their holdings.

Income Approach

The income approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

Discounted Cash Flow Method

Under the Discounted Cash Flow (**'DCF'**) method, the value of the undertaking is based on expected 'cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.

Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.

Discount rate is the Weighted Average Cost of Capital (**'WACC'**), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity–debt risk and also debt–equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business's potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period.

The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business's future operations.

The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The surplus assets / non-operating assets are also adjusted.

In case of free cash flows to equity, the cash available for distribution to owners of the business is discounted at the Cost of Equity and the value so arrived is the Equity Value before surplus/ non-operating assets. The surplus assets / non-operating assets are further added to arrive at the Equity Value.

Market Approach

Under the Market approach, the valuation is based on the market value of the company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors' perception about the true worth of the company.

i. Market Price Method

Under this method, the market price of an equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the trading. The market value reflects the investors' perception about the true worth of the company.

ii. Comparable Companies Multiple Method

Under the Comparable Companies Multiple ('**CCM**') method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

iii. Comparable Transactions Multiple Method

Under the Comparable Transactions Multiple ('**CTM**') method, the value of a company can be estimated by analyzing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company. Relevant multiples have to be chosen carefully and adjusted for differences between the circumstances. This valuation approach is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

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9. Conclusion on Valuation Approach

In order to determine the appropriate valuation approaches, following requirements are referred to and analyzed:

Regulation 161 of SEBI ICDR Regulations

For the purpose of this Chapter, "relevant date" means:

a) ……..

b) in case of preferential issue of convertible securities, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue or a date thirty days prior to the date on which the holders of the convertible securities become entitled to apply for the equity shares.

The Relevant Date for the purpose of determination of floor price as per SEBI ICDR Regulations has been considered as November 04, 2026.

Regulation 164(1) of SEBI ICDR Regulations

If the equity shares of the issuer have been listed on a recognized stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

a. the 90 trading days' volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date; or

b. the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

As informed by the Management, the Articles of Association (**"AOA"**) of the Company (being the issuer) does not provide for method for determination of the floor price or issue price for issuance of equity shares/CCPS. However, the AOA requires that the price be determined by a valuation report of a registered valuer.

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In case the requirement of a valuation report is triggered in terms of any of the provisions of chapter V of SEBI (ICDR) Regulations, 2018 or pursuant to the Articles of Association of the Company, the valuation report is *inter alia* required to be (i) submitted to the stock exchanges as part of seeking their in-principle approval, (ii) hosted on the website of the Company and the notice for seeking shareholders' approval for the Proposed Transaction must contain details of the valuation report along with its link. The valuation report from an independent registered valuer must ensure that:

- *The valuation report to be submitted shall also display relative fair value per share / fair share exchange ratio, after considering all the 3 approaches for valuation namely Asset Approach, Income Approach and Market Approach;*
- *Sources of information through which valuation derived. It shall be according to the financials considered for valuation are audited/ limited reviewed (as applicable);*
- *If Pricing is applicable, the period for consideration under market price should be 90 exchange trading days or 10 exchange trading days, whichever is higher and the Exchange ratio shall not be below than arrived ratio;*
- *In case Valuer is using Discounted Cash Flow Method as one of approaches for valuation purpose for the company(s) involved, the industry growth rate used shall be provided along with source of same available in public domain. Further, the valuer shall provide justification along with the supporting for the deviation in the projected growth rate considered compared to the industry growth rate. The valuer shall also provide detailed justification along with basis of future projection considered by the valuer in comparison with the past performance of the Company;*
- *In case comparable company multiples method is used, the Valuer shall provide the rationale for considering particular companies as comparable companies*
- *Calculation of the approach along with applicable valuation standards adopted by the entity, wherever applicable;*
- *A summary as per the below format shall be made part of the valuation report;*

Valuation Approach	*Value per share*	*Weightage (%)*
Asset Approach		
Income Approach		
Market Approach		
Relative Value per Share		

Note –

- *Detailed rational/justification shall be given for considering/not considering each approach while doing valuation of the Company.*
- *In case future projections are used to arrive at value per share of the target company in case of preferential issue on share swap basis in terms of Reg.163(3) of SEBI ICDR Regulations, the company and valuer shall provide the detailed justification of such future projections as compared to past performance of the target company.*
- *In case of a control premium, valuer shall provide detailed working for arriving such control premium*

Regulation 166A of SEBI ICDR Regulations

(1) Any preferential issue, which may result in a change in control or ***allotment of more than five per cent*** *of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:*

Provided that the floor price, in such cases, ***shall be higher*** *of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be,* ***or the price determined under the valuation report from the independent registered valuer*** *or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.*

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.

We understand from the management that the proposed issue size is more than five per cent of the post issue fully diluted share capital of the Company. We further understand that the proposed preferential issue would not result in a change in control of the Company.

As per the above analysis, CCPS are convertible into equity shares for which the value as per 164(1) of the SEBI ICDR Regulations has been determined and Fair Value using all three approaches has been analyzed & discussed further to arrive.

Based on above discussion, following valuation methodologies are considered:

Cost / Asset Approach:

This valuation approach is mainly used in case where the asset base dominates the earnings capability. In a going concern scenario, the earning power, as reflected under the income approach and market approach, is of greater importance than the values arrived at on the net asset basis. Value under this approach is mentioned for reference purpose only.

No weightage has been assigned to the Cost/Asset Approach for valuation of the Company, IIFL Home and IIFL Samasta, as the said approach may not appropriately reflect the intrinsic value of a business operating as a going concern. In the case of IIFL Fintech, the Cost/Asset Approach has been considered appropriate, given that IIFL Fintech is an investment company and recently acquired Xtracap Fintech India Private Limited which is considered at cost.

Market Approach:

Market Price Method: We have considered the Market Price Method for valuation as the equity shares of the Company as it is listed on Indian Stock Exchanges.

Stock exchanges means any of the recognized stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding [90 trading days] prior to the relevant date.

Particulars	Volume
NSE Trading Volume (90 Days)	21,06,99,830
BSE Trading Volume (90 Days)	1,03,65,381
Higher of above	**21,06,99,830**

Based on above, NSE trading days volume weighted average price has been considered, being higher than the BSE trading days volume weighted average price.

Further, the pricing guidelines provided under SEBI ICDR Regulations require determining if the shares of the issuer entity are "frequently traded" or not.

As per SEBI ICDR Regulations, "frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognized stock exchange during the 240 trading days preceding the Relevant Date, is at least ten per cent of the total number of shares of such class of shares of the issuer.

Stock Exchange	Traded turnover of shares during the 240 trading days preceding the relevant date ("A")	Total number of shares ("B")	Traded turnover % (A/B)
NSE	58,73,75,549	42,915,55,250	136.87%

Since the pricing conditions prescribed for preferential issue under SEBI ICDR Regulations would be applicable in the present case, the higher of the volume weighted average price for 90 trading days preceding the Relevant Date and the volume weighted average price for 10 trading days preceding the Relevant Date. In the current case, 90 trading days volume weighted average price has been considered, being higher than the 10 trading days volume weighted average price.

Market Price Method has not been considered for valuing the equity shares of its subsidiaries, as they are not listed on any recognized stock exchange.

Comparable Companies Multiple Method: Listed comparable companies operating in similar segment / business are available, we have used CCM Method using listed companies for valuation exercise for the Company and its subsidiaries, except IIFL Fintech as it is an investment company and recently acquired Xtracap Fintech India Private Limited which is at fair value.

Due to unavailability of credible and sufficient information in public domain, relating to comparable transactions of companies having similar operations, product portfolio in the recent

years (as that of the Company), we have not used Comparable Transactions Multiple Method **("CTM Method")** for valuation.

Income Approach:

We have considered the Discounted Cash Flow Method under Income Approach to value the Company and its subsidiaries, except IIFL Fintech as it is an investment company and recently acquired Xtracap Fintech India Private Limited which is at fair value, as the true worth of their business would be reflected in their future earnings potential.

Steps Considered for determining the Value of IIFL:

IIFL has business operations at a standalone level as well as through its subsidiary companies. Accordingly, the Sum-of-the-Parts (SOTP) Approach has been adopted to determine the consolidated value of IIFL. The following steps have been undertaken for the purpose of valuation:

Step I: Valuation of IIFL on Standalone basis.

Step II: Valuation of IIFL Home on Consolidated basis.

Step III: Valuation of IIFL Samasta on Standalone basis.

Step IV: Application of the Sum-of-the-Parts Method at IIFL level by replacing the carrying value of investments in subsidiaries with their respective fair values, thereby arriving at the consolidated value of IIFL.

Summary of the Valuation Approach/Methodologies considered for valuation exercise

Valuation Approach	Valuation Method	IIFL	IIFL Home	IIFL Samasta	IIFL Fintech
Cost/Asset Approach	Summation Method	X	X	X	✓
Market Approach	MP Method	✓	X	X	X
Market Approach	CCM Method	✓	✓	✓	X
Income Approach	DCF Method	✓	✓	✓	X

10. Conclusion

10.1 We have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value of the Company.

10.2 Fair Value has been arrived at based on the various approaches/methods explained herein earlier and various qualitative factors relevant to the Company and the business dynamics and growth potentials of the businesses, having regard to information base, key underlying assumptions and limitations.

10.3 In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Honorable Supreme Court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible".

10.4 In light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined herein above, we have arrived at the following conclusion:

A) The fair value per share of the Company basis the price calculated as per regulation 164(1) of the SEBI ICDR Regulations is as below:

Valuation Approach	Equity Value per Share (INR)
Market Approach - Market Price Method	
- 90 trading days' volume weighted average price on NSE preceding the Relevant Date (1)	601.16
- 10 trading days' volume weighted average price on NSE preceding the Relevant Date (2)	553.98
Higher of '1' or '2'	601.16

B) ***Fair Equity Value**: The computation of fair value per equity share of the Company basis this Registered Valuer report is tabulated as follows:*

Valuation Approach	Valuation Method	Equity Value Per Share (INR)	Weight(s) (%)
Cost/Asset Approach	Summation Method	370.93	0.00%
Market Approach	MP Method	601.16	25.00%
Market Approach	CCM Method	584.69	25.00%
Income Approach	DCF Method	573.95	50.00%
Fair Equity Value Per Share (INR)		**583.44**	

1. *Cost Approach does not reflect the intrinsic value of the Company in a going concern scenario, we have not assigned any weight to Asset / Cost Approach.*
2. *Discounted Cash Flow Method under Income Approach has been considered for valuation of the Company as the worth of their businesses would be reflected in their future earnings potential.*
3. *As the shares of Company is listed on recognized stock exchange and are also frequently traded, the market price method of valuation is considered for valuation.*
4. *There are listed comparable companies in the industry. Therefore, CCM Method has been considered.*
5. *We have assigned equal weights to both Market Approach and Income Approach. Further there are two methods under Market Approach and give equal weight to both methods of Market Approach.*

Hence, the concluded floor value is as follows:

Particulars	Equity Value per Share (INR)
A) Value as per 164(1) of the SEBI ICDR Regulations	601.16
B) Fair Value as per Regulation 166A	583.44
Concluded floor value (higher of the above)	**601.16**

Conclusion

Accordingly, the floor price of the equity shares of the Company has been determined at INR 601.16 per share, having a face value of INR 2.0 each and being fully paid-up. Based on our review of the terms and conditions of the CCPS, considering that the proposed CCPS are convertible into equity shares (1:1) and constitute equity-linked securities, the aforesaid floor price of the equity shares has been considered as the fair value of the CCPS.