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Puravankara Limited

Valuation Report as at 31-Mar-2025
Employee Stock Option
IND AS 102: Share Based Payment



KPAC

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1 Report Highlights and Certification

1.1 Overview

KP Actuaries and Consultants LLP (''KPAC'') has been requested by Puravankara Limited (the 'Company') to assist them with determination of fair value of Employee Stock Option (ESOPs) grants and preparation of financial reports in respect of ESOPs granted to employees, in accordance with IND AS 102: Share Based Payment for the period ending 31-Mar-25.

It must be noted that this Report has been prepared for the use and purposes of the Company only. It should be noted that the treatment of such a scheme may be different in the books of any of the Group Entities (where applicable), including its treatment at a consolidated level. We take no responsibility for any reporting done by any of the Group Entities or reporting done at consolidated level on the basis of this Report.

The results set out in the Report are based on requirements of IND AS 102: Share Based Payment and its application to the Plan. They have been prepared for specific requirements of IND AS 102: Share Based Payment and should not be used for any other purpose. This Report may not be used or relied upon by any other party or for any other purpose. We shall not responsible for the consequences of any unauthorized use of the Report.

The Report has been specifically prepared for the above-mentioned purpose and should not be used for any other purpose. The Report is based on my understanding of the IND AS 102: Share Based Payment and its application to the scheme.

This Report is provided solely for the Company's use and for the specific purposes indicated above. Except where I expressly agree in writing, it should not be disclosed or provided to any third party, other than as provided below. In the absence of any such consent or an express assumption of responsibility, no responsibility whatsoever is accepted by me for any consequences arising from any third party relying on this Report or any advice relating to its content. The Company may make a copy of this report available to its auditors, but I make no representation as to the suitability of this Report for any purpose other than for which it was originally provided and accept no responsibility or liability to the Company's auditors in this regard. The Company should draw the provisions of this paragraph to the attention of its auditors when passing this report to them.

This Report is a summary of the Plan's financial position at a particular time; it does not predict the plan's future financial condition or its ability to pay benefits in the future and does not provide any guarantee of the future financial soundness of the plan.

This Report is a summary of the scheme as at 31-Mar-25 and does not predict the scheme’s future valuation or consequent charge to Income Statement in the subsequent reporting periods. The Report has been prepared in accordance with applicable provisions, to the extent they are relevant and material, under the relevant Actuarial Practice Standards / Guidance Notes issued by the Institute of Actuaries of India at the current valuation date.

All numbers in this Report relating to the valuation dates earlier than the current valuation date have been produced from the previous reports provided by the Company.

All monetary amounts mentioned in this Report are in INR, unless mentioned otherwise.

This Report must be considered in its entirety as individual sections may be misleading if considered in isolation.

1.2 Appropriateness of scheme information, data and valuation assumptions

To prepare this Report, we have **relied on the completeness and accuracy of the information provided** to us orally and in writing by or on behalf of the Company and its employees. We have reviewed the participant data for internal consistency and general reasonableness but we have not audited the information provided or completed any detailed validation checks on the information provided. The Company is solely responsible for the validity, accuracy and comprehensiveness of this information; if the data or plan provisions supplied are not accurate and complete, the valuation results may differ significantly from the results that would be obtained with accurate and complete information.

The **assumptions used in this Report have been discussed and provided by the Company.** Any changes in assumptions are mentioned in this Report.

Assumptions, as discussed in the Report, may be changed from one valuation to the next because of changes in mandated requirements, scheme's experience, changes in expectations about the future and other factors. To prepare this Report, assumptions, as described in this Report, are used to select a single scenario from the range of possibilities. The results of that single scenario are included in this Report. However, future is uncertain, and the scheme's actual experience can differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different.

Any decision about scheme changes or other management decisions relating to this scheme should be made only after careful consideration of alternative future financial conditions and scenarios and not solely on the basis of this Report.

1.3 Summary of Results

The following table summarises the number of Employee Stock Options outstanding and the value of Employee Stock Option Outstanding as at 31-Mar-2025 :

Grants Made During	No. of O/S grants	Fair value of options outstanding as at valuation date*	Balance in ESOP O/S Account**
FY 2023 - 24	641,931	164,014,687	75,185,421
Total	**641,931**	**164,014,687**	**75,185,421**

Calculated as number of options outstanding as on 31-Mar-25, multiplied by the respective fair value of the options as on the date of grant, ignoring the vesting conditions and performance conditions.

***** The above value of ESOP Outstanding Account has been determined by reference to the fair value of options (given in Section 3.3 below) and pro-rating to reflect the length of the vesting period and applicable performance conditions.***

ESOP O/S Account shows the cumulative balance in the ESOP Outstanding Account after adjusting the balance for options exercised (if any) during the period and allowing for transfers (if any) to General Reserve on account of lapsation of vested Options.

1.4 Certification

I am available to answer any questions on the material contained in the Report, or to provide explanations or further details as may be appropriate.

I am not aware of any direct or material indirect financial interest or relationship, including investments or other services that could create a conflict of interest that would impair the objectivity of my work.

The Company should notify me promptly after receipt of this Report if the Company disagrees with anything contained in this Report or is aware of any information that would affect the results contained in this Report that have not been communicated to me or incorporated herein. The Report will be deemed final and acceptable unless the Company promptly provides a notice to me.

I am not aware of any direct or material indirect financial interest or relationship, including This Report is based on my understanding of applicable accounting standard(s), laws and regulations as on the current valuation date. It should be noted that I am not an accountant or auditor and not responsible for the interpretation of, or compliance with, accounting standards; citations to, and descriptions of accounting standards provided in this Report are for reference purpose only. It should also be noted that I am not engaged in the practice of law. This Report does not constitute and is not a substitute for legal advice.

Based on the inputs provided by the Company (Benefit Structure, Valuation Assumptions and Data, as mentioned in this Report) and based on the Valuation Methodology (as described in this Report), I certify that the Fair value of Options Outstanding as on 31-Mar-25 is INR 164,014,687.

May 21, 2025

Date

2 Scheme Details

All costs, liabilities and other factors under the Plan were determined in accordance with generally accepted principles and procedures. The benefit valued in this Report are summarised below:

Name of the Plan	Puravankara Employee Stock Option Plan 2022
Type of Plan	Equity Settled Share Based Payment Transaction
Plan Description	The Puravankara Employee Stock Option Plan 2022 has been formulated by the Board / Committee appointed by the Board, which Committee shall be constituted to comply with Applicable Laws. The Plan has been approved by a resolution passed on 27-September-2022 at the Annual General Meeting of the shareholders. This ESOP Plan 2022 shall subsist or continue purely at the discretion of the Board and/or the Nomination and Remuneration Committee and can be terminated at any time at the sole discretion of the Board and/or the Nomination and Remuneration Committee in accordance with applicable law but without the consent of, and without notice to the Eligible Employees. **The valuation report deals with various grant dates of ESOPs done under the said scheme.**
Vesting Schedule	The vesting schedule is specified in the Grant Letter of each employee. The vesting schedule for the grants valued in this report has been confirmed and provided by the Company and is a mix of both service and performance conditions. There shall be a minimum vesting period of one year and maximum vesting period of five years in all cases with the per tranch vesting of 20% of the options granted. Further, as confirmed by the Company, performance related metrics are captured in the below table.
Option Pricing approach	Black-Scholes Method
Exercise Period	The Exercise period shall not be more than 3 (Three) years from the date of respective vesting of Options. The options granted may be exercised by the Grantee at one time or at various points of time within the exercise period as determined by the Committee from time to time.
Exercise Price / Strike Price	As per policy, exercise price might vary for each grant and is set by the Board. Refer to section 4.1 for more details
On exercise, 1 Option is equivalent to	1 Share

Performance Vesting Conditions	
As confirmed by the company, the vesting of the options shall also depend on achieving the desired level of performance metrics in terms of Revenue and Profit (Non-market based vesting condition) generated by the Company. The performance metrics are explained as follows:	
Revenue Targets :	Attainment of the Sales Target (based on agreement execution) at the consolidated level for the Puravankara Group, carrying a weightage of 40%.
Profit After Tax Targets :	Achievement of Profit After Tax, as reflected in the consolidated audited financials, with a weightage of 60% for option vesting.

Note that the assigned weightages reflect the percentages anticipated to vest in the event that any of the specified targets are achieved.

The exact details of each grant varies from employee to employee and the same has been provided by the Company.

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3 Valuation Methodology and Assumptions

3.1 Valuation Methodology used for determining fair value of options

In preparing this Report, the fair value of the Employee Stock Option (ESOPs) granted has been estimated using Black-Scholes model of pricing. The Black-Scholes model requires the consideration of certain variables such as share price, exercise price, volatility, risk free rate, expected dividend yield, and expected option life, for the calculation of fair value of the option. These variables significantly influence the fair value and any change in these variables could significantly affect the fair value of the Employee Stock Option (ESOPs).

The variables that influence the fair value of the Employee Stock Option (ESOPs) and the impact of changes in those underlying variables on the Employee Stock Option (ESOPs) value are presented below.

Black-Scholes Inputs	Fair Value of	
	Increase (↑)	Decrease (↓)
Share Price	Increase	Decrease
Exercise Price	Decrease	Increase
Volatility	Increase	Decrease
Risk-Free Rate	Increase	Decrease
Expected Dividend Yield	Decrease	Increase
Expected Life of Option	Increase	Decrease

The share based payment instruments valued in this Report are issued under the ESOP scheme - Puravankara Employee Stock Option Plan 2022. The Company has confirmed that all the instruments valued in this Report are equity settled and do not have market linked vesting criteria (rather have only time based vesting or non-market performance based vesting). In the past valuations, the Company has used Black-Scholes Option Pricing model to determine the fair value of these instruments, We have therefore considered the same approach to value these instruments.

The details of various assumptions / inputs used for the Black Scholes model and how the same have been determined are given later in this report.

3.2 Basic assumptions underlying the Black-Scholes option pricing model:

Efficient Markets: Assumes that no one can consistently predict the direction of the market or an individual stock. At any point of time, the price of the underlying security can move up or down with the same probability.
Interest Rates are Known & Constant: Assumes the risk-free rate to represent this constant and known rate.

Returns are Normally Distributed: This assumption suggests that returns on the underlying stock / any underlying security are normally distributed.

Liquidity: The Black-Scholes model assumes that markets are perfectly liquid and it is possible to purchase or sell any amount of stock or options or their fractions at any given time.

No Taxes and Transaction Cost: This assumption suggests that there are no transactions costs and commissions

3.3 Specific assumptions used in the Black-Scholes Option Pricing Formula:

The principal financial assumptions used in the valuation are shown in the tables below. All values relating to grants made until 31-Mar-24 have been taken from the previous valuation reports provided by the Company and reproduced here for reference.

Grant Date	Stock Price	Strike Price	Expected Term to maturity	Risk free Rate of interest	Volatility (Std)	Dividend
31-Jan-24	259.30	5.00	2.50	7.14%	50.21%	0.00%
31-Jan-24	259.30	5.00	2.66	7.14%	50.79%	0.00%
31-Jan-24	259.30	5.00	3.66	7.16%	51.39%	0.00%
31-Jan-24	259.30	5.00	4.66	7.16%	52.72%	0.00%
31-Jan-24	259.30	5.00	5.67	7.21%	52.53%	0.00%
31-Jan-24	259.30	5.00	2.50	7.14%	50.21%	0.00%
31-Jan-24	259.30	5.00	3.03	7.16%	49.85%	0.00%
31-Jan-24	259.30	5.00	4.03	7.16%	52.50%	0.00%
31-Jan-24	259.30	5.00	5.03	7.15%	51.90%	0.00%
31-Jan-24	259.30	5.00	6.03	7.23%	52.47%	0.00%

Fair Value of stock options granted till 31-Mar-2024 have been taken from the previous valuation certificate provided by the Company.

Risk free rate of interest: This is based on the yields on government bonds of term equivalent to the expected life of the option as on the date of grant.

Expected Volatility: It has been determined after observing the historical volatility of the Company depending on the expected term of the grants, as the share price history is available since Puravankara Limited is a listed Company.

Stock price: Company is listed on a Stock Exchange and hence market price of the Company is readily available.

Exercise price: It is the price at which a specific derivative contract can be exercised. The exercise price has been provided and confirmed by the Company.

Exercise period: It is the period for which the Company expects the options to be alive. The minimum life of stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the option cannot be exercised. As per the Company, the options granted can be exercised within three (3) years from the date of vesting, after which the options shall get lapsed. Thus, the expected remaining life of the option has been taken based on exercise term of the options (3 years from the date of vesting) and the vesting period.

Dividend yield: We have assumed the dividend yield to be Zero as provided by the Company. Though, we understand that the Company has historically paid dividends but does not foresee paying dividend in the future. Additionally, the Black-Scholes model works for companies with no dividend payment policy.

3.4 Demographic Assumptions

Particulars	Over the vesting period	
	31-Mar-24	31-Mar-25
Lapse / Attrition rate (Per Annum)	0%	0%
Probability of achieving the performance criteria w.r.t Performance Linked Options (**remaining tranches**)	100%	100%

Lapse / Attrition rate indicated above represents the Company's best estimate of un-vested options to lapse in the future determined considering various factors such as the nature of the Puravankara Employee Stock Option Plan 2022, nature of business, retention policy, industry factors, past experience, etc. At each valuation date, the estimated number of ESOPs are trued up to the actual number of ESOPs, and lapse rate assumption is only applied to the actual number of un-vested ESOPs outstanding over the course of the vesting period.

The probability of achieving the performance indicated above represents the Company's best estimate of options getting vested in the future. At each valuation date, the actual number of options vested due to achievement of performance related criteria shall be trued up.

It should be noted that the following information has been provided to us by the Company.

a. **1st Vesting – 31.01.2025:** Performance based on FY 2023–24.

Sales Target	Achieved 100%
PAT	Not achieved
Result	40% vesting for all employees.

b. **2nd Vesting – 31.03.2025 / 10.08.2025:** Performance based on FY 2024–25.

Sales Target	Not achieved
PAT	Not achieved
Result	No vesting for all the employees.

As confirmed by the Company, the corresponding options have lapsed on respective vesting dates due to the non-fulfillment of performance criteria and the same has been trued up in our working. Further, note that the probability of performance criteria of 100% mentioned above is applicable on the remaining tranches.

4 Valuation Results as per IND AS 102: Share Based Payment

The following tables summarizes the ESOP outstanding balance as at the valuation date, along with the consequent charge to Income statement:

a.) Summary of Employee Stock Option Outstanding

Grants Made During	No. of O/S grants 31-Mar-25	Fair value of options outstanding as at valuation date*	ESOP O/S Account 31-Mar-25*
FY 2023 - 24	641,931	164,014,687	75,185,421
Total	**641,931**	**164,014,687**	**75,185,421**

This shows the cumulative balance in the ESOP Outstanding Account after adjusting the balance for options exercised (if any) during the period and allowing for transfers (if any) to General Reserve on account of lapsation of vested Options.

b.) Expense to be recognised during the period

Particulars	31-Mar-25
Income Statement*	51,526,269

As confirmed by the Company, the ESOP Outstanding Account Balance on fair value basis as on 31-Mar-24 was 31,201,935. The same has been considered for determining the charge to income statement for the reporting period.

In the event of lapsation of vested options, the reversal of ESOP Outstanding Account cannot be taken to the Income Statement. The reversal may, however, be transferred to another appropriate component of equity account in the balance sheet, say, 'General Reserves'.

For the current valuation period, the amount that need to be transferred from ESOP Outstanding Account to General Reserve pertaining to lapsed vested ESOPs is 7,542,783.

It should be noted that the cumulative charge recognised in Income statements against the options exercised during the period is NIL.

The ESOP Outstanding Account balance as on 31-Mar-2025 and the charge to income statement for the reporting period have been determined on fair value basis approach.

c.) The value of ESOP Outstanding Account as at 31-3-2025 has been dertermined based on the fair value of stock options, which are indicated below:

Particulars	Fair Value of Options	
	Base	Weighted
Fair value per Stock Option granted on 31-Jan-24 and vesting on 31-Jan-25	255.12	255.49
Fair value per Stock Option granted on 31-Jan-24 and vesting on 31-Mar-25	255.17	
Fair value per Stock Option granted on 31-Jan-24 and vesting on 31-Mar-26	255.45	
Fair value per Stock Option granted on 31-Jan-24 and vesting on 31-Mar-27	255.72	
Fair value per Stock Option granted on 31-Jan-24 and vesting on 31-Mar-28	255.98	
Fair value per Stock Option granted on 31-Jan-24 and vesting on 31-Jan-25	255.12	255.57
Fair value per Stock Option granted on 31-Jan-24 and vesting on 10-Aug-25	255.27	
Fair value per Stock Option granted on 31-Jan-24 and vesting on 10-Aug-26	255.55	
Fair value per Stock Option granted on 31-Jan-24 and vesting on 10-Aug-27	255.81	
Fair value per Stock Option granted on 31-Jan-24 and vesting on 10-Aug-28	256.07	

Fair value of the Stock Options granted till 31-Mar-24 have been taken from the previous valuation certificate provided by the Company. The final option price shown above has been calculated as the weighted average of the fair value of options at each vesting date, weighted by their corresponding vesting proportion

d.) **A summary of option activity under the employee share option plan as of 31-Mar-25, and changes during the year is presented below:**

Particulars	Share Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Weighted-Average Intrinsic Value
Stock options outstanding as at beginning	**1,313,056**	**3.59**	**4.25**	**182.83**
Stock options granted	-	-	-	-
Stock options forfeited/lapsed	(671,125)	2.25		
Stock options surrender	-	-		
Stock options exercised	-	-		
Stock options outstanding as at end	**641,931**	**5.00**	**4.81**	**254.30**
Stock options exercisable as at end	**75,523**	**5.00**	**4.81**	**254.30**
Stock options un-vested as at end	**566,408**	**5.00**	**4.81**	**254.30**
Weighted Average Fair Value as on grant date of options outstanding				***255.50***

As confirmed by the company, employee PPL04339 exited the organization effective 14 May 2025, which qualifies as a post-valuation date event. However, given that the stock options granted to this employee were proportionately higher than those granted to other employees, the impact of this has been reflected in the current valuation, as confirmed by the company. In line with the terms and conditions of the Employee Stock Option Plan, all outstanding stock options granted to the employee have been treated as lapsed for the purpose of this valuation.

e.) **Weighted average share price at the date of exercise**

None of the options are exercised during the period.

5 Limitations of the Report

This valuation report has been prepared as per Black-Scholes model and which takes into consideration the key inputs such as Historical Volatility, Exercise Price and Expected Dividends Yield. The inputs has been assessed using public market data and documents provided by the key management of the company, including the Puravankara Employee Stock Option Plan 2022 Scheme and historic financial data. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided to us.

The Valuation exercise was carried out under the following limitations:

Our Valuation & Analysis and the conclusions drawn there are based on number of factors which are dependent upon (a) the prevailing business and Industry conditions as on the respective valuation dates; (b) relevant industry and price information available from public sources; and (c) information, reports and explanations/representations provided by the Management. We presume that the Management of the Company has taken reasonable care to ensure that all relevant information which could have an impact over the Valuation has been duly disclosed and made available to us.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

This Report has been prepared solely for the purpose set out in this report. The information contained in this Report may not be relied upon by anyone other than the Management of the Company in any matter.