

None of the Directors or Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise, in the proposed resolution, except to the extent of the stock options that may be granted to them under RSU Scheme 2022.

The Board of Directors recommends this as Special resolution for the approval of Shareholders.

ITEM NO. 9

Approval of Employees Stock Option Scheme (ESOP Scheme III 2022) of the Company.

With the objective of rewarding and motivating key employees for their long association and in recognition of their dedicated services to the Company and also to attract and retain the best talent in the competitive environment and encourage them to align individual performance with Company's objectives, the Company has been granting stock options. The adverse market conditions have impacted the earlier granted options under existing ESOP Schemes.

With rising competition across NBFC/HFC segments as well as the emergence of new age skills in the area of digital, data science, risk and information technology, it has become imperative for the Company to broad-base its equity based long term incentives to attract and retain talent across levels.

Hence, the Company proposes to extend the grant of Options to employees at senior management level as part of the overall compensation structure. The Scheme will ring fence critical employees of the Company for business continuity.

The Board of Directors of your Company has recommended and authorized the Nomination and Remuneration Committee to implement the ESOP Scheme III 2022 in the Company.

For the purpose of this ESOP Scheme III 2022, option means an employee stock option granted to an employee, which gives the employee the right, but not an obligation, to purchase or subscribe at a future date, at pre-determined price subject to certain pre-defined vesting criteria based on performance.

The details as required under Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations"):

a) Brief description of the ESOP Scheme III 2022:

The Company proposes to introduce the ESOP Scheme III /2022 to strengthen the link between Company performance, compensation, to attract and retain key employees (present and future) of the Company in the competitive environment and encourage them to align individual performance with Company's objectives. The Company views performance-based employee stock options ("Option") as instruments that would enable the employees to share the value they would create and contribute to the Company in the years to come. The Options granted under the ESOP Scheme III 2022 shall vest on satisfaction of vesting conditions which are a combination of Company and individual performance and can thereafter be exercised resulting in allotment of equity shares of the Company.

The Nomination and Remuneration Committee ("Committee") shall administer ESOP Scheme III 2022. All questions of interpretation of the ESOP Scheme III 2022 shall be determined by the Committee and such determination shall be final, conclusive and binding.

b) Total number of Options, Stock Units, Shares or Benefits to be granted:

The total number of Options to be granted under the ESOP Scheme III 2022 shall not exceed 20,00,000 (Twenty lakh only). Each Option when exercised shall be converted into 1 (one) fully paid-up equity share of the Company. The Option may be granted in one or more tranches as may be decided by the Committee. In case of any corporate action(s) such as right issues, bonus issues, change in capital structure, merger, split, consolidation of shares, the ceiling of 20,00,000 (Twenty lakh only) shares shall be deemed to be increased/decreased, as may be determined by the Committee, to facilitate making a fair and reasonable adjustment to the entitlements of participants under ESOP Scheme III 2022 such that the total value to the employee of the ESOP remains the same after the corporate action.

c) Identification of classes of employees entitled to participate and be beneficiaries in ESOP Scheme III 2022:

Following classes of employees are entitled to participate in ESOP Scheme III 2022.

- Employees of the Company with the designation Assistant General Manager and above (or any re-classification to equivalent grades) or any grade as might be approved by Nomination and Remuneration Committee;
- Whole Time Director of the Company, whether a Managing Director or not (excluding Independent Director);
- Such other persons, as may from time to time be allowed under Applicable Laws and as may be decided by the Committee.

d) Requirements of vesting and period of vesting:

Options Granted under this Scheme would vest based upon the criteria as may be decided by the Committee and specified in the Grant Letter. The vesting period shall commence any time after the expiry of 1 (one) year from the date of the Grant of such options and shall end over a maximum period of 5 (five) years from the Grant date. The number of Options and terms of the same made available to the employees (including vesting) may vary at the sole discretion of the Committee.

e) Maximum period within which the Options shall be vested:

The maximum period within which Options granted under ESOP Scheme III 2022 shall vest will not be more than 5 (five) years from the date of grant of such Options. Further, no vesting will be done prior to one year from the date of grant of options.

f) Exercise price or pricing formula:

Exercise price of each ESOP will be the Fair Market Value of each share on the date of the ESOP grant as approved by the Nomination and Remuneration Committee which shall be the closing price of share of the Company on the stock exchange where there is highest trading volume, on the day immediately prior to the date of grant.

g) Exercise period and the process of Exercise:

Eligible Employee(s) will be permitted to exercise vested Options on and from the date of vesting of the Options within 3 years from the date of the vesting of respective options. The vested Options shall be exercisable by the employees by submitting an application to the Committee expressing his/her desire to exercise such vested Options in such manner and in such format as may be prescribed by the Committee. The vested Options shall lapse if not exercised within the specified exercise period.

h) Appraisal process for determining the eligibility of employees under ESOP Scheme III 2022:

The appraisal process for determining the eligibility shall be decided by the Committee from time to time.

i) Maximum number of Options to be issued per employee and in aggregate:

The number of Options that may be granted per employee of the Company in any financial year and in aggregate under the ESOP Scheme III 2022 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company at the time of grant Options.

j) Maximum quantum of benefits to be provided per employee under the ESOP Scheme III 2022:

Same as above of point (i).

k) Implementation or administration of ESOP Scheme III 2022:

The ESOP III 2022 shall be implemented and administered by the Nomination and Remuneration Committee of the Company.

l) Source of acquisition of shares under the ESOP Scheme III 2022:

The ESOP Scheme III 2022 contemplates primary issuance of new shares by the Company.

m) Amount of loan to be provided for implementation of the ESOP Scheme III 2022 by the Company to the trust, its tenure, utilization, repayment terms, etc.:

Not applicable

n) Maximum percentage of secondary acquisition:

Not applicable

o) Disclosure and Accounting Policies:

The Company shall comply with the accounting policies and disclosure requirements prescribed under Regulation 15 of SEBI SBEB Regulations.

p) Method of option valuation:

The Company shall adopt the fair value method as per applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India or prescribed under any other statutory provisions from time to time for valuation of options.

In case, the Company opts for expensing of share-based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.

The Shares allotted pursuant to Exercise of Options by the Eligible Employees shall not be subject to any lock-in restrictions, unless so required under any applicable law.

The conditions under which the Options shall lapse and the time period for exercise in the event of resignation or termination is specified in the Scheme.

Pursuant to Section 62(1)(b) of the Act, further equity shares may be issued to persons other than existing Shareholders of the Company subject to approval by way of Special Resolution. Further, consent of the Shareholders is also required under SEBI ESOP Regulations by way of a Special Resolution.

As the ESOP Scheme III 2022 provides for issue of Shares to be offered to employees of the Company,

Consent of the Shareholders is being sought pursuant to Section 62(1) (b) and all other applicable provisions, if any, of the Act and as per Regulation 6 of the SEBI SBEB Regulations.

None of the Directors or Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise, in the proposed resolution, except to the extent of the stock options that may be granted to them under ESOP Scheme III 2022.

The Board of Directors recommends this as Special resolution for the approval of Shareholders.

Item No. 10
Approval of amendment in the Employees Stock Option Scheme 2016.

The Company had introduced and implemented the 'PNBHFL Employees Stock Option Scheme 2016' ("ESOS 2016"). The ESOS 2016 as originally envisaged has come into force on April 22, 2016 when the Shareholders of the Company approved ESOS 2016 by way of a special resolution. The objective of the ESOS 2016 was to facilitate employee participation in the ownership of the Company by offering equity shares ("Shares") of the Company to eligible employees of the Company.

The Company had granted several employee stock options ("Options") from time to time to employees of the Companies with the following vesting schedule:

Plan A:

Upon completion of 1st year	25%
Upon completion of 2nd year	25%
Upon completion of 3rd year	25%
Upon completion of 4th year	25%

Plan B

Upon completion of 1st year	20%
Upon completion of 2nd year	20%
Upon completion of 3rd year	20%
Upon completion of 4th year	20%
Upon completion of 5th year	20%

ESOS Scheme 2016 has specific vesting schedule for employees as mentioned above. The Nomination



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and Remuneration Committee (“Committee”) cannot grant Options with different vesting schedule to employees under the ESOS 2016.

In order to attract talent and motivate employees, certain degree of flexibility in the vesting schedule is required so that different vesting schedule for employees on the basis of their role, responsibility, performance, designation etc. can be made while granting ESOPs under the Scheme.

It is proposed to amend the ESOS 2016 to authorize the Committee to determine the vesting terms including vesting schedule and percentage within the minimum vesting period of 1 (One) year and maximum vesting period of 5 (Five) years at the time of grant of Options under the ESOS 2016. There is no change in the minimum and maximum vesting period in the ESOS 2016.

The proposed amendment in the ESOS 2016 is not detrimental to the interests of the employees and that the beneficiaries of the proposed revision/ amendment shall be such eligible employees of the Companies whom fresh grant will be made. Provisions of Regulation 7 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI SBEB Regulations”) read with Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 provides that the Company may vary the terms of the Options granted not yet exercised by the employees by way of the Shareholders’ approval through special resolution, provided that such variation is not prejudicial to the interests of the existing option grantees.

Other features of the ESOS 2016 shall remain as originally approved. The disclosure in terms of the part C of the schedule I of the Securities and Exchange Board of India (Share Based Employee Benefits 10 and Sweat Equity) Regulations, 2021:

a) Brief description of the Scheme:

The Company had formulated PNBHFL ESOP Scheme 2016 pursuant to a resolution passed by the Shareholders at their meeting held on April 22, 2016 and August 02, 2017. The Shareholders by Special resolution had authorized the Board or any other

committee which the Board may constitute from time to time to issue, offer and allot to the permanent employees of the Company (present or future) working in India or out of India; options exercisable into not more than 41,88,459 Equity Shares of INR 10/- each of the Company under the Scheme, on such terms and conditions as may be fixed in accordance with applicable law.

b) Total number of Options, Stock Units, Shares or Benefits to be granted:

The total number of Options to be granted under ESOS 2016 shall not exceed 41,88,459 (Forty one lakh eighty eight thousand four hundred and fifty nine only). Each Option when exercised shall be converted into 1 (one) fully paid-up equity share of the Company.

c) Identification of classes of employees entitled to participate and be beneficiaries:

Employees from Senior Manager-1 and above grade (or any re-classification to equivalent grades) including Managing Director are eligible to participate in the Scheme.

Such other employee, as may from time to time be allowed under Applicable Laws and as may be decided by the Committee.

d) Requirements of vesting and period of vesting:

Options Granted under this Scheme would vest based upon the criteria as may be decided by the Nomination and Remuneration Committee specified in the Grant Letter.

The vesting period shall commence any time after the expiry of 1 (one) year from the date of the Grant of such options and shall end over a maximum period of 5 (five) years from the Grant date.

e) Maximum period within which the Options shall be vested:

The maximum period within which Options granted under ESOS Scheme 2016 shall vest would not be more than 5 (five) years from the date of grant of such Options. Further, no vesting will be done prior to one year from the date of grant of options.

f) Exercise price or pricing formula:

Exercise price of each ESOP will be the Fair Market Value of each share on the date of the ESOP grant as approved by the Nomination and Remuneration Committee which shall be the closing price of share of the Company on the stock exchange where there is highest trading volume, on the day immediately prior to the date of grant.

g) Exercise period and the process of Exercise:

Eligible Employee(s) will be permitted to exercise vested Options on and from the date of vesting of the Options within 3 years from the date of the vesting of respective options.

h) Appraisal process for determining the eligibility of employees under ESOS 2016:

The appraisal process for determining the eligibility shall be decided by the Committee from time to time.

i) Maximum number of Options to be issued per employee and in aggregate:

The number of Options that may be granted per employee of the Company in any financial year and in aggregate under the ESOS 2016 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company at the time of grant Options.

j) Maximum quantum of benefits to be provided per employee under the ESOS 2016:

Same as above of point (i).

k) Implementation or administration of ESOS 2016:

The ESOS 2016 shall be implemented and administered directly by the Nomination and Remuneration Committee of the Company.

l) Source of acquisition of shares under the ESOS 2016:

The ESOS 2016 contemplates primary issuance of new shares by the Company.

m) Amount of loan to be provided for implementation of the ESOS 2016 by the Company to the trust, its tenure, utilization, repayment terms, etc.:

Not applicable

n) Maximum percentage of secondary acquisition:

Not applicable

o) Disclosure and Accounting Policies:

The Company shall comply with the accounting policies and disclosure requirements prescribed under Regulation 15 of SEBI SBEB Regulations.

p) Method of option valuation:

The Company shall adopt the fair value method as per applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India or prescribed under any other statutory provisions from time to time for valuation of options.

q) Declaration (if applicable):

Fair value method shall be opted by the Company for expensing the benefits of the Scheme.

In case, the Company opts for expensing of share-based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.

The Shares allotted pursuant to Exercise of Options by the Eligible Employees shall not be subject to any lock-in restrictions, unless so required under any applicable law.

The conditions under which the Options shall lapse and the time period for exercise in the event of resignation or termination is specified in the Scheme.



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Given the details of variation/ amendment, rationale thereof and beneficiaries of such variation, as per SEBI SBEB Regulations, your approval is sought for the variation/ /amendment to the ESOS 2016 in the lines stated above.

None of the Directors or Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise, in the proposed resolution, except to the extent of the stock options that may be granted to them under ESOS 2016.

The Board of Directors recommends this as Special resolution for the approval of Shareholders.

By order of the Board

sd/-
Sanjay Jain
Company Secretary & Head Compliance
Membership Number: F2642

Date: June 14, 2022
Place: New Delhi