



PNB Housing Employees Stock Option Scheme II, 2018

PNB HOUSING FINANCE LIMITED

CIN: L65922DL1988PLC033856, Registered Office: 9th Floor, Antriksh Bhawan, 22 KG Marg, New Delhi - 110001, India.

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9th Floor, Antriksh Bhawan, 22 KG Marg, New Delhi - 110001, India.
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PNB Housing Employees Stock Option Scheme II, 2018

1. Name, Objectives and Term of the Scheme

- 1.1 This employees stock option scheme shall be called the 'PNB Housing Employees Stock Option Scheme 2018' ("**ESOP II 2018**" / "**Scheme**").
- 1.2 The objectives of ESOP II 2018 are to attract, reward and retain talented and key eligible Employees of the Company in the competitive environment and encourage them to align individual performance with the Company's objectives. The Company views Employee Stock Options as instruments that would enable the Employees to be co-owners and get a share in the value they would create in the Company and contribute to the goals Company in the years to come, thereby increasing the shareholders' value.
- 1.3 The ESOP II 2018 is established with effect from July 27, 2018 and shall continue to be in force until (i) its termination by the Board/ Nomination and Remuneration Committee in due compliance with the provisions of Applicable Laws; or (ii) the date on which all of the Employee Stock Options available for Grant under the ESOP II 2018 have been granted and exercised, whichever is earlier.

2. Definitions and Interpretations

In this Scheme, unless the context clearly indicates a contrary intention, the following words or expressions shall have the meaning assigned herein:

2.1 Definitions

- i. "**Abandonment**" means absence of an Employee from work without a reasonable excuse for an unreasonable period of time without having communicated to the Company on such absence.
- ii. "**Acceptance Form**" means the form that the Option Grantee has to submit indicating his/ her acceptance of the Grant made to him/her to participate in the Scheme.
- iii. "**Applicable Laws**" means every law relating to Employee Stock Options, to the extent applicable, including and without limitation to the Companies Act, Securities and Exchange Board of India Act, 1992, SEBI SBEB Regulations, and all relevant tax, securities, exchange control or corporate laws or amendments thereof including any circular, notification issued thereunder, of India or of any relevant jurisdiction or of any Recognized Stock Exchange on which the Shares are listed or quoted.
- iv. "**Board**" means the Board of Directors of the Company.
- v. "**Cause**" means any of the acts or omissions by an Option Grantee in addition to any provisions prescribed in the Company Policies/ Terms of Employment amounting to violation or breach of terms of employment determined as per procedures of the Company after giving the Option grantee a reasonable opportunity of being heard as per the principles of natural justice.
- vi. "**Change in Capital Structure**" means a change in the capital structure of the Company as a result of re-classification of Shares, sub-division of Shares, issue of bonus Shares, conversion of Shares into other shares or securities of the Company and any other change in the rights or obligations in respect of Shares, issue of Shares on rights basis and any other form of Share issuance.
- vii. "**Companies Act**" means the Companies Act, 2013 and rules made thereunder and includes any statutory modifications or re-enactments thereof.
- viii. "**Company**" means PNB Housing Finance Limited, a company incorporated under the provisions of the Companies Act, 1956 with CIN: L65922DL1988PLC033856 and having

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its registered office at 9th Floor, Antriksh Bhawan, 22 KG Marg, New Delhi - 110001, India.

- ix. **“Company Policies/ Terms of Employment”** mean the Company’s policies for Employees and the terms of employment as contained in the employment letter and the Company’s policies in force from time to time, which include but are not restricted to provisions for securing confidentiality and non-poaching of customers, as may be applicable.
- x. **“Corporate Action”** means, any one or more of the following events:
 - a) The merger, de-merger, spin-off, acquisition, consolidation, amalgamation, sale of business, dissolution or other reorganization of the Company in which the Shares are converted into or exchanged for:
 - (i) A different class of Securities of the Company; or
 - (ii) Any Securities of any other issuer; or
 - (iii) Cash; or
 - (iv) Other property.
 - b) The sale, lease or exchange of all or substantially all of the assets or undertaking of the Company;
 - c) The adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up;
 - d) Rights issue and Bonus issue;
 - e) Split and consolidation of the share capital;
 - f) Acquisition (other than acquisition pursuant to any other sub-clause of this clause) by any company, person, entity or group of a Controlling Stake in the Company. For this purpose ‘Controlling Stake’ shall mean more than 50% of the voting share capital of the Company; and
 - g) Any other event, which in the opinion of the Board has a material impact on the business of the Company.
- vii. **“Director”** means a member of the Board of the Company.
- viii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Nomination and Remuneration Committee for granting the Employee Stock Options to the Employees.
- ix. **“Employee”** means (i) a permanent employee of the Company working in or out of India; or (ii) a whole-time or executive Director of the Company including the managing Director, but excludes:
 - a) an Independent Director;
 - b) Any such Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company; and
 - c) Promoters and persons belonging to Promoter Group.
- x. **“Employee Stock Option”** means an option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date Shares underlying such option at a pre-determined price.
- xi. **“ESOP II 2018”** means the Employees Stock Option Scheme 2018 under which the Company is authorized to grant Employee Stock Options to the Employees.
- xii. **“Exercise”** of an Option means expression of an intention by an Employee to the Company to subscribe the Shares underlying the Options vested in him, in pursuance of the ESOP II 2018, in accordance with the procedure laid down by the Company for Exercise of such Options.
- xiii. **“Exercise Period”** means such time period after Vesting within which the Employee

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should exercise the Options vested in him in pursuance of the ESOP II 2018.

- xiv. **“Exercise Price”** means the price approved by Nomination and Remuneration Committee being payable by an Employee in order to exercise the Options granted to him in pursuance of the ESOP II 2018.
- xv. **“Grant”** means issue of Options to the Employees under the ESOP II 2018.
- xvi. **“Grant Date”** means the date with effect from which Grant is approved by the Nomination and Remuneration Committee.
- xvii. **“Grant Letter”** means the letter issued by the Company intimating the eligible Employee of the Options granted to him entitling to subscribe specified number of Shares on payment of Exercise Price subject to satisfaction of prescribed terms and conditions.
- xviii. **“Nomination and Remuneration Committee”** means the Nomination and Remuneration Committee of the Board, as constituted or reconstituted from time to time under section 178 of the Companies Act, to administer and supervise the employee stock option plans of the Company including this Scheme.
- xix. **“Independent Director”** means an Independent Director within the meaning of the Companies Act and/or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xx. **“Market Price”** means the latest available closing price on the Recognized Stock Exchange on which the Shares of the Company are listed on the date immediately prior to the Grant Date.

Explanation- If such Shares are listed on more than one Recognized Stock Exchanges, then the closing price on such stock exchange having higher trading volume shall be considered as the market price.
- xxi. **“Option”** means an Employee Stock Option within the meaning of this Scheme.
- xxii. **“Option Grantee”** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP II 2018.
- xxiii. **“Permanent Disability”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Nomination and Remuneration Committee based on a certificate of a medical expert identified by the Nomination and Remuneration Committee.
- xxiv. **“Scheme”** means ESOP II 2018 as herein defined.
- xxv. **“Promoter”** means the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- xxvi. **“Promoter Group”** means the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Provided that where the Promoter or promoter group of the Company is a body corporate, the promoters of that body corporate shall also be deemed to be Promoters of the Company.

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- xxvii. **“Recognized Stock Exchange”** means the National Stock Exchange of India Limited, BSE Limited, or any other recognized stock exchange(s) in India on which the Shares are listed.
- xxviii. **“Retirement”** means retirement as per the rules of the Company.
- xxix. **“SEBI SBEB Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended and reenacted from time to time and includes any clarifications or circulars issued thereunder.
- xxx. **“Shares”** means equity shares of the Company having face value of Rs. 10 each and arising out of the Exercise of Employee Stock Options granted under the ESOP II 2018.
- xxxi. **“Unvested Option”** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.
- xxxii. **“Vested Option”** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option subject to fulfillment of Exercise conditions.
- xxxiii. **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the ESOP II 2018.
- xxxiv. **“Vesting Condition”** means the condition prescribed if any subject to satisfaction of which the Options granted would vest in an Option Grantee.
- xxxv. **“Vesting Period”** means the period during which the Vesting of the Option granted to the Employee, in pursuance of the ESOP II 2018 takes place.

2.2 Interpretation

In this Scheme, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender; and
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

Words and expressions used and not defined here but defined in the SEBI SBEB Regulations, Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires.

3. Authority and Ceiling

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- 3.1 The shareholders of the Company, pursuant to a special resolution dated July 27, 2018 have authorized the Nomination and Remuneration Committee to issue to the Employees, such number of Options under ESOP II 2018, in one or more tranches and on such terms and conditions, as may be determined by the Nomination and Remuneration Committee in accordance with the provisions of this Scheme, SEBI SBEB Regulations and in due compliance with other Applicable Laws. The Options to be granted from time to time and in aggregate shall be subject to availability of Shares reserved vide the aforesaid special resolution. The aggregate number of equity shares upon Exercise of all Options under this Scheme, shall not exceed **24,13,000 (Twenty Four Lacs Thirteen Thousand)** equity shares of face value of Rs. 10, each fully paid up, of the Company.

3.2 Option allocation plans

The Options reserved under the ESOP II 2018 shall be granted under two broad Option allocation plans namely Plan A and Plan B, as under:

- (i) **Plan A:** 19,10,500 Options/ Shares constituting 1.14% of the total equity share capital of the Company as on 31st May, 2018 will be for the current serving Employees as on the date of coming into force of the Scheme. The broad grade wise distribution shall be as determined by the Nomination and Remuneration Committee.
- (ii) **Plan B:** 5,02,500 Options/ Shares constituting about 0.3% of the total Share Capital of the Company as on 31st May, 2018 will be for the Employees being new hires, promotees, and achieving superior performance, as determined by the Nomination and Remuneration Committee.

- 3.3 The maximum number of Options that may be offered under the ESOP II 2018 per Employee and in aggregate whether in any one or more financial year(s), shall be less than **1% (One Percentage)** of the issued equity share capital (excluding outstanding warrants and conversions) of the Company at the time of the Grant of such Options. Subject to this ceiling, the Nomination and Remuneration Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each Employee.

- 3.4 If an Option expires or becomes un-exercisable due to any other reason, it shall become available for future Grants, subject to compliance with all Applicable Laws. The Nomination and Remuneration Committee will have powers to re-grant such Options.

- 3.5 Where Shares are issued consequent upon Exercise of Options, the maximum number of Shares that can be issued under ESOP II 2018 as referred to in Sub-clause 3.1 above will stand reduced to the extent of such Shares issued.

- 3.6 In case of a Share split where the face value of the Shares is reduced below Rs. 10/-, the maximum number of Shares available for being granted under ESOP II 2018 shall stand modified accordingly, so as to ensure that the cumulative face value (No. of shares X Face value per Share) prior to such split remains unchanged after the share split. Thus, for instance, if the face value of each Share is reduced to Rs. 5/-, the total number of Shares available under ESOP II 2018 would be ceiling specified in Sub-clause 3.1 x 2 number of Shares of Rs. 5/-each.

- 3.7 In case of a Share consolidation where the face value of the Shares is increased above Rs.10/-, the maximum number of Shares available for being granted under ESOP II 2018 shall stand modified accordingly, so as to ensure that the cumulative face value (No. of shares X Face value per Share) prior to such consolidation remains unchanged after the share consolidation. Thus, for instance, if the face value of each Share is increased to Rs. 20/-, the total number of Shares available under ESOP II 2018 would be ceiling specified in clause 3.1 ÷ 2 number of Shares of Rs. 20/-each.

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4. Administration

- 4.1 The ESOP II 2018 shall be administered by the Nomination and Remuneration Committee. All questions of interpretation of this ESOP II 2018 shall be determined by the Nomination and Remuneration Committee and such determination shall be final and binding upon all persons having an interest in this ESOP II 2018.
- 4.2 The administration of ESOP II 2018 shall include, but not be limited to determination of the following as per provisions of the Scheme and Applicable Laws:
- a) The Eligibility Criteria of Employees;
 - b) The quantum of Options to be granted under the ESOP II 2018 to the eligible Employees subject to the ceiling as specified in Sub-clauses 3.1, 3.2 and 3.3;
 - c) The procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and to the Exercise Price in case of Corporate Actions as specified in SEBI SBEB Regulations such as rights issues, bonus issues, merger, sale of division and others. In this regard, the following shall, inter alia, be taken into consideration:
 - (i) the number and Exercise Price of Options shall be adjusted in a manner such that total value of the Options in the hands of the Option Grantee remains the same after such Corporate Action; and
 - (ii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Grantees.
 - d) The procedure and detailed terms for the Grant, Vest and Exercise of Options in case of Option Grantees in general and in case of Option Grantees on long leave;
 - e) Decide upon the right of an Employee to exercise all the options vested in him at one time or at various points of time within the Exercise Period;
 - f) Mode of payment of the Exercise Price (cheque, demand draft, deduction from salary, or any other mode);
 - g) The procedure for cashless Exercise of Options, if required;
 - h) Approve forms, writings and/or agreements, if entered by the Company, for use in pursuance of the ESOP II 2018; and
 - i) Frame suitable policies and procedures to ensure that there is no violation of the securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 or any statutory modification or re-enactment of these regulations by the Company, or any of the Employees, as applicable.

5. Eligibility and Applicability

- 5.1 Employees or categories of Employees as specified below subject to recommendation of the management of the Company and final determination by the Nomination and Remuneration Committee are eligible for being granted Employee Stock Options under ESOP II 2018:
- (a) Permanent employees of the Company of level/ grade of Senior Manager I and above;
 - (b) Director of the Company, whether a managing Director or not (excluding and Independent Director); and

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- (c) Such other Employees, as may from time to time be allowed under Applicable Laws, as may be decided by the Nomination and Remuneration Committee.

5.2 Subject to above, the Eligibility Criteria of Employees would be determined on the basis of one or more of the following parameters:

- (a) Tenure of the Employee;
- (b) Performance of the Employee;
- (c) The present and potential contribution of the Employee to the success of the Company;
- (d) High market value/difficulty in replacing the Employee;
- (e) High risk of losing the Employee to competition; and
- (f) Value addition by the new entrant if any.

5.3 The ESOP II 2018 shall be applicable to the Company, and any successor company thereof.

5.4 The Employee Stock Options granted to an eligible Employee shall be subject to the terms and conditions set forth in this Scheme and the Grant Letter.

6. Grant and Acceptance of Grant

6.1 Grant of Options

Each Grant of Option under the ESOP II 2018 shall be made in writing by the Company to the eligible Employees in such form as may be approved under ESOP II 2018 from time to time.

6.2 Acceptance of the Grant

- (a) Grant of Options shall be evidenced by submission of Acceptance Form along with such enclosures, as the Nomination and Remuneration Committee shall from time to time determine. Such Acceptance Form shall be deemed to incorporate all the terms of ESOP II 2018, as if the same were set out therein. In the event of inconsistency between the Acceptance Form and the ESOP II 2018, the ESOP II 2018 shall prevail.

- (b) An Option Grantee who desires to accept the Grant of Options must communicate such acceptance by delivering to the Company a copy of the Acceptance Form duly signed by the Option Grantee by the due date as specified in the Grant Letter being such a time period not exceeding 60 days from Grant Date.

7. Vesting Schedule/ Conditions

7.1 Options granted under ESOP II 2018 would vest after expiry of minimum of **1 (One) year** but not later than maximum of **6 (Six) years** from the Grant Date of such Options. The minimum Vesting Period of one year shall not apply to cases of separation from employment due to death and Permanent Disability.

Provided that in case where Options are granted by the Company under the Scheme in lieu of options held by a person under a similar plan/ scheme in another company (Transferor Company) which has merged or amalgamated with the Company, the period during which the options granted by the Transferor Company were held by him shall be adjusted against the minimum Vesting Period required under this Sub-clause in due compliance with the provisions of SEBI SBEB Regulations.

7.2 The Vesting schedule for Options granted under respective Option allocation plans namely Plan A and Plan B as referred to in Sub-clause 3.2, shall be as under:

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(a) Plan A

Vesting dates	Vesting Percentage
1 st Anniversary of Grant Date	0% of the Options granted
2 nd Anniversary of Grant Date	15% of the Options granted
3 rd Anniversary of Grant Date	28% of the Options granted
4 th Anniversary of Grant Date	28% of the Options granted
5 th Anniversary of Grant Date	29% of the Options granted

(b) Plan B

Vesting dates	Vesting Percentage
1 st Anniversary of Grant Date	25% of the Options granted
2 nd Anniversary of Grant Date	25% of the Options granted
3 rd Anniversary of Grant Date	25% of the Options granted
4 th Anniversary of Grant Date	25% of the Options granted

7.3 Subject to provisions of Clause 8 of the Scheme on separation rules, Vesting of Options would be subject to continued employment with the Company and that the Option Grantee has not served any notice of resignation as on date of any Vesting. Each Vesting will be subject to satisfactory performance of the Option Grantee as per his/her annual performance appraisal rating. In addition to this, the Nomination and Remuneration Committee may also specify certain performance criteria subject to satisfaction of which the Options would vest.

7.4 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place would be outlined in the Grant Letter issued at the time of Grant of Options.

7.5 Vesting of Options in case of long leave

The period of leave shall not be considered in determining the Vesting Period in the event the Option Grantee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Nomination and Remuneration Committee.

8. Exercise

8.1 Exercise Price

The Exercise Price per Option shall be the Market Price per Share within the meaning of this Scheme determined with reference to Grant Date.

8.2 Exercise Period

(a) While in employment/ service

The Exercise Period in respect of a Vested Options shall be maximum of **3 (Three) years** from the date of Vesting of such Options. The exact Exercise Period of Options in case of any Grant shall be determined by the Nomination and Remuneration Committee at the time of Grant and shall be specified in the Grant Letter.

(b) Exercise Period in case of separation from employment/ service

Vested Options can be exercised subject to treatment of Unvested Options as per provisions outlined herein below:

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S. No.	Separations	Vested Options	Unvested Options
1	Resignation / Termination (other than due to Cause)	All the Vested Options as on date of submission of resignation/ date of termination shall be exercisable by the Option Grantee within 15 (Fifteen) days from the date of resignation/ termination or before the expiry of the Exercise Period, whichever is earlier.	All the Unvested Options on the date of submission of resignation / date of termination shall stand cancelled with effect from that date.
3	Termination due to Cause	All the Vested Options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination.	All the Unvested Options on the date of such termination shall stand cancelled with effect from the termination date.
4	Retirement	All the Vested Options as on date of Retirement can be exercised by the Option Grantee within 6 (Six) months from the date of retirement, or before the expiry of the Exercise Period, whichever is earlier.	<i>Unvested options granted to the employee would continue to vest in accordance with the respective vesting schedules even after retirement or superannuation in accordance with the ESOP Scheme.*</i>
5	Separation due to death	All Vested Options may be exercised by the deceased Option Grantee's nominee or legal heir(s) on submission of requisite proof, within 6 (Six) months from the date of death or before the expiry of the Exercise Period, whichever is later.	All the Unvested Options as on the date of death shall be deemed to vest immediately and may be exercised as per provisions applicable for Vested Options.
6	Separation due to Permanent Disability	All Vested Options as on the date of incurring such disability may be exercised by the Option Grantee within 6 (Six) months from the date of such disability or before the expiry of the Exercise Period, whichever is later.	All the Unvested Options as on the date of incurring such disability shall be deemed to vest immediately and may be exercised as per provisions applicable for Vested Options.
7	Abandonment	All the Vested Options shall stand cancelled with effect from such date as determined by the Nomination and Remuneration Committee.	All the Unvested Options shall stand cancelled with effect from such date as determined by the Nomination and Remuneration Committee.
8	Termination/ separation due to any other reason	The Nomination and Remuneration Committee shall decide whether the	All Unvested Options on the date of such termination shall stand cancelled with

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	apart from those mentioned above	Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	effect from that date.
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*Amended vide NRC approval dated April 04, 2022: Insertion of New clause and deletion of below clause:

All the Unvested Options as on the day immediately preceding the date of Retirement shall be deemed to vest in the Option Grantee with effect from the day preceding the date of Retirement and can be exercised as per provisions applicable for Vested Options.

- 8.3 Exercisability of Vested Options and continuity of Vesting of Unvested Options in case of transfer of an Option Grantee from the rolls of the Company to that of its associate company or any of its subsidiary company or holding company shall be allowed to the extent permitted under SEBI SBEB Regulations as prevailing at the relevant time.
- 8.4 The Options shall be deemed to have been exercised when an Option Grantee makes an application in writing in prescribed format to the Company or by any other means as decided by the Nomination and Remuneration Committee, for the issuance of Shares against the Options vested in him, subject to payment of Exercise Price and compliance of other requisite conditions of Exercise including satisfaction of tax liability thereon.
- 8.5 The Options not exercised within the Exercise Period as mentioned in Sub-clause 8.2 shall lapse and the Employee shall have no right over such lapsed Options.

9. Lock-in

- 9.1 The Shares issued upon Exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such Exercise.

Provided however that the Shares allotted on such Exercise cannot be sold for such period from the date of allotment in terms of code of conduct for prevention of insider trading of the Company, if any, read with Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended or such other period as may be stipulated from time to time in terms of such Code.

10. Exit route in case of de-listing

- 10.1 If the Company gets de-listed from all the Recognized Stock Exchanges, then the Board shall have the power to set out terms and conditions for the treatment of Vested Options and Unvested Options in due compliance of the then prevailing Applicable Laws.

11. Change in Capital Structure and Corporate Action

- 11.1 Except as hereinafter provided and subject to the principle stated at Sub-clause 4.2(c), any Grant made under this Scheme shall be subject to adjustment, by the Nomination and Remuneration Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'Corporate Action' as defined in the Scheme.
- 11.2 If there is a 'Corporate Action' of the Company before the Options that are granted under this Scheme, are exercised, the Employee shall be entitled on Exercise of the Options, to such number of Resultant Shares to which he would have been entitled as if all the then outstanding Options exercised by him, had been exercised before such 'Corporate Action' had taken place and the rights under the Options shall stand correspondingly adjusted. In the event of a

Corporate Action such as bonus issue, stock split, etc., the Nomination and Remuneration Committee, subject to the provisions of applicable laws to the stock options, shall make fair and reasonable adjustments under the Scheme, as it deems fit, with respect to the number of Options, Exercise Price, distribution of sums and make any other necessary amendments to the Scheme for this purpose with respect to all the Corporate Actions in the Company. The Vesting Period and life of the options shall be left unaltered as far as possible.

Explanation: “Resultant Shares” for the purpose of this Clause means the shares or other securities issued in lieu of the Shares of the Company, due to any Change in Capital Structure or on any Corporate Action.

- 11.3 In the event of severance of employment of an Option Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the Options that have vested or unvested before such reconstitution / amalgamation / sell-off, shall be treated as per the adjustments to be made and recommended by the Nomination and Remuneration Committee at the time of such action. Nomination and Remuneration Committee also has a power to decide for the treatment of the Options (whether vested or not) of the Option Grantees who continue in the employment of the Company after such action.
- 11.4 In the event of a dissolution or liquidation of the Company, any Vested Options outstanding under the Scheme shall be cancelled if not exercised prior to such event and no compensation shall be payable in respect of the Options so cancelled.
- 11.5 In the event of a reverse merger in which the Company is not the surviving entity, the Options vested till the date of happening of this event shall be exercised by the employee within such time period as may be informed by the Nomination and Remuneration Committee at the time of the event. With regard to the Unvested Options, the new management shall take the decision which shall be final and binding.

12. Transferability of Options

- 12.1 The Options shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 12.2 Options shall not be transferable to any person except in the event of death of the Option Grantee in which case provisions of Sub-clause 8.2(b) would apply.
- 12.3 No person other than the Option Grantee to whom the Options are granted shall be entitled to exercise the Options except in the event of the death of the Option Grantee in which case provisions of Sub-clause 8.2(b) would apply. If due to Permanent Disability, an Option Grantee is unable to exercise the Options, the Nomination and Remuneration Committee may permit the nominee of the disabled Option Grantee to exercise the Options on his behalf.

13. Deduction of Tax

- 13.1 The liability of paying taxes if any, in connection with Exercise of Options granted pursuant to this Scheme shall be entirely on the Option Grantee and shall be in accordance with the provisions of Income-tax Act, 1961 and the rules framed thereunder.
- 13.2 The Company shall have the right to recover from Option Grantee or deduct from the Option Grantee's salary, any of the Option Grantee's tax obligations arising in connection with the Shares allotted. The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been fully satisfied by the Option Grantee.

14. Authority to vary terms

- 14.1 The Board on the recommendation of the Nomination and Remuneration Committee may from time to time amend, alter or terminate the Scheme or any Grant or the terms and conditions thereof, provided that no such amendment, alteration or termination of any Grant previously made may be carried out, which would impair or prejudice the rights of any Option Grantee.

Provided further that the Board shall not amend or vary the terms of the Scheme which were specifically approved by the shareholders while approving the Scheme in any manner, without the approval of the shareholders.

15. No Restriction on Corporate Action

- 15.1 The existence of the Scheme and the Grants made hereunder shall not in any way affect the right or the power of the Board or the shareholders or the Company to make or authorize any 'Change in Capital Structure' including any issue of Shares, debt or other securities having any priority or preference with respect to the Shares or the rights thereof.
- 15.2 Nothing contained in the Scheme shall be construed to prevent the Company from taking any Corporate Action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Scheme or any Grant made thereunder. No Employee or other person shall have any claim against the Company as a result of such action.

16. Listing of the Shares

- 16.1 Subject to receipt of necessary approvals in this regard, the Shares issued and allotted on Exercise of the Options shall be listed on the Recognized Stock Exchanges on which the Shares of the Company are listed or proposed to be additionally listed.

17. Accounting Policy and Disclosures

- 17.1 The Company shall follow the laws/regulations applicable to accounting related to Employee Stock Options, including but not limited to the IND AS/Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as prescribed by the Institute of Chartered Accountants of India or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein.
- 17.2 The Board shall also make the requisite disclosures of the Scheme, in the manner specified under the SEBI SBEB Regulations.

18. Certificate from Auditors

- 18.1 The Board shall at each annual general meeting place before the shareholders a certificate from the auditors of the Company that the Scheme has been implemented in accordance with the SEBI SBEB Regulations and in accordance with the resolution of the Company in the general meeting.

19. Miscellaneous

- 19.1 Rights as a shareholder
- (a) Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend,

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voting, etc.) in respect of any Shares covered by the Grant until the Option Grantee exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.

- (b) If the Company issues bonus or rights Shares, the Option Grantee will not be eligible for the bonus or rights Shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with Sub-clause 4.2(c) and Clause 11 of this Scheme.

19.2 Beneficiary nomination

Each Option Grantee, under the Scheme may nominate, from time to time, any nominee to whom any benefit under the Scheme is to be delivered in case of death of that Option Grantee, before the Exercise of Vested Options. Each such nomination shall revoke all prior nominations by the same Option Grantee and shall be in a form prescribed by the Company and will be effective only when filed by the Option Grantee in writing with the Company during the Option Grantee's life time.

19.3 Government Regulations

This ESOP II 2018 shall be subject to all Applicable Laws including any statutory modification(s) or re-enactment(s) thereof, and approvals from government authorities, if any and to the extent required.

19.4 Inability to obtain authority

The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such Shares.

19.5 General Risks

Participation in the ESOP II 2018 shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the price of the equity and the risks associated with the investments is that of the Option Grantee alone. The Option Grantee is encouraged to make considered judgment and seek adequate information /clarifications essential for appropriate decision.

- 19.6 The Grant of an Employee Stock Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and the Company give such person any right or entitlement to have an Employee Stock Option granted to him in respect of any number of Shares or any expectation that an Employee Stock Option might be granted to him whether subject to any condition or at all.

- 19.7 Neither the existence of this Scheme nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Scheme by being granted an Employee Stock Option on any other occasion.

- 19.8 The rights granted to an Option Grantee upon the grant of an Employee Stock Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

- 19.9 The Option Grantee shall not be entitled to any compensation or damages for any loss or

potential loss which he may suffer by reason of being unable to exercise an Employee Stock Option in whole or in part.

20. Notices

- 20.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of the ESOP II 2018 shall be in writing. The communications shall be made by the Company in any one or more of the following ways:
- i. Sending communication(s) to the address of the Option Grantee available in the records of the Company; or
 - ii. Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or
 - iii. Emailing the communication(s) to the Option Grantee at the official email address provided if any by the Company during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.
- 20.2 Any grievance or any other kind of communication to be given by an Option Grantee to the Company in respect of ESOP II 2018 shall be sent to the person at the address mentioned below:

Stage 1

Company Secretary,
PNB Housing Finance Ltd.
9th Floor, Antriksh Bhawan
22, Kasturba Gandhi Marg
New Delhi - 110001

Stage 2

In case the grievance is not resolved at Stage 1, then the same shall be forwarded to the below mentioned address:

Chief People Officer,
PNB Housing Finance Ltd.
9th Floor, Antriksh Bhawan
22, Kasturba Gandhi Marg
New Delhi - 110001

21. Governing Laws and jurisdiction

- 21.1 The terms and conditions of the ESOP II 2018 shall be governed by and construed in accordance with the Applicable Laws of India including the Foreign Exchange Laws.
- 21.2 The Courts in New Delhi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP II 2018.

22. Income Tax Rules

- 22.1 The Income Tax Laws and Rules in force will be applicable.

23. Severability

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- 23.1 In the event any one or more of the provisions contained in this ESOP II 2018 shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this ESOP II 2018, but this ESOP II 2018 shall be construed as if such invalid, illegal or unenforceable provision had never been set forth herein, and the ESOP II 2018 shall be carried out as nearly as possible according to its original terms and intent.

24. Confidentiality

- 24.1 Option Grantees must keep the details of the ESOP II 2018 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his/her peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates except disclosures to such authorities as required under law. In case Option Grantee is found in breach of this Confidentiality Clause, the Company shall have undisputed right to terminate any agreement and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this Confidentiality Clause shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Nomination and Remuneration Committee will have the authority to deal with such cases as it may deem fit.
- 24.2 The Option Grantee agrees that the Company may be required to disclose information of the Option Grantee during the process of implementation of the Options or while availing services relating to Options consulting, advisory services or Options Management services and/ or any other such incidental services. The Option Grantee hereby accords his/her consent that such confidential information regarding his/her Options entitlements may be disclosed by the Company to its officers, professional advisors, agents and consultants on a need to know basis.

-----End of Scheme-----