

activities undertaken by the Company falls within the ambit of “other Financial Services” in which 100% FDI is allowed under automatic route subject to the certain conditions

The existing FPI shareholding in your Company is over 19%.

In view of above and to make more space for FPIs to invest in the equity share capital of your Company in future, it is proposed to increase the FPIs investment limit up to 74% of its total paid-up equity share capital.

None of the Directors Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise, in the proposed resolution.

The Board of Directors recommends this resolution for the approval of members.

ITEM NO. 8

EXPLANATORY STATEMENT

In order to attract, reward and retain the talented and key Employees in the competitive environment and encourage them to align individual performance with company objectives, the Company intends to formulate and implement PNB Housing Employees Stock Option Scheme II 2018 (“ESOP II 2018” or the “Scheme”). The details as required under Regulation 6(2) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI SBEB Regulations”) are as under:

a) Brief description of the Scheme:

The Company proposes to introduce PNB Housing ESOP II Scheme 2018 to attract, reward and retain the 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 share the value they would create and contribute to the Company in the years to come. Options granted under the Scheme shall vest on satisfaction of vesting conditions which can thereafter be exercised resulting in allotment of equity shares of the Company. The Nomination and Remuneration Committee (“Committee”) shall administer ESOP II Scheme 2018. All questions of interpretation of the ESOP II 2018 shall be determined by the Committee and such determination shall be final, conclusive and binding.

b) Total number of Options to be granted:

The total number of options to be granted under ESOP II 2018 shall not exceed 24,13,000 (Twenty Four Lacs Thirteen Thousand). Each option when exercised shall be converted into 1 (one) fully paid up equity share of the Company. The options 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 as aforesaid of 24,13,000 (Twenty Four Lacs Thirteen Thousand) 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 II 2018 such that the total value to the employee of the options remains the same after the corporate action.

c) Identification of classes of employees entitled to participate in ESOP II 2018:

Following classes of employees are entitled to participate in ESOP II 2018.

- a) Permanent employees of the Company with the designation Senior Manager 1 and/or above;
- b) Director of the Company, whether a Managing Director or not (excluding Independent Director);
- c) 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 6 (six) years from the Grant date.

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

The maximum period within which options granted under ESOP II 2018 shall vest would not be more than 6 (six) years from the date of grant of such options.

f) Exercise price or pricing formula:

The exercise price shall be 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 will be permitted to exercise vested options on and from the date of vesting of the options for an exercise period as may be determined by the Committee and set out in the Grant Letter. However, in no event shall the Exercise Period exceed a period of 3 (three) years from the Vesting Date. The vested options shall be exercisable by the employees by submitting an application to the Company/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 II 2018:

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 II 2018 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company.

j) Maximum quantum of benefits to be provided per employee under the ESOP II 2018:

The maximum quantum of benefits underlying the options issued to an eligible employee shall be equal to the difference between the option exercise price and the market price of the shares as on the exercise date.

k) Implementation or administration of Scheme:

The Scheme shall be implemented and administered directly by the Company.

l) Source of acquisition of shares under the Scheme

The Scheme contemplates primary issuance of shares by the Company.

m) Amount of loan to be provided for implementation

of the Scheme(s) 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 or any other 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):

In case the Company has opted for Intrinsic Value method for expensing of the benefits of the scheme, 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, will be disclosed in the Directors' Report and the impact of this difference on profits and on Earnings Per Share ("EPS") of the Company will also be disclosed in the Directors' Report as per the SEBI SBEB Regulations.

As the ESOP II 2018 provides for issue of Shares to be offered to employees of the Company, Consent of the members 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.

A draft copy of the ESOP II 2018 is available for inspection as per details mentioned in note no. 17 to the accompanying notice of the Annual General Meeting.

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 II 2018.

The Board of Directors recommends this resolution for the approval of members.