

IND-SWIFT LABORATORIES LIMITED
S.C.O 850, Shivalik Enclave, NAC, Manimajar, Chandigarh-160101

1. Name, Objective and Term of the Scheme

- 1.1 This Scheme Shall be called the "Employee Incentive Scheme 2014" hereinafter referred to as "ESOP 2014".
- 1.2 The objective of the ESOP 2014 is to motivate the employees, to foster a sense of ownership and belonging and to retain the best talents in the challenging business environment, to add in the long term successful growth of the company.
- 1.3 The ESOP 2014 is established with effect from 30th September, 2014 and shall continue to be in force until (i) its termination by the board or (ii) the date on which all of the options available for issuance under the ESOP 2014 have been issued and exercised.
- 1.4 The Board of Directors may subject to compliance with Application Laws, at any Time alter, amend, suspend or terminate the ESOP 2014.-

2 Definitions and interpretation

2.1 Definitions

The term defined in this ESOP 2014 shall for the purposes of the ESOP 2014, have the meaning herein specified and term not defined in this ESOP 2014 shall have the meanings as defined in the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 2013 and rules made there under, the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time or in any Statutory modification or re-enactments thereof, as the case may be.

- i. "Agreement" means the Employee Stock Option Agreement between the Company and the Option Grantee Evidencing the terms and condition of an individual Employee Stock Option.
- ii. "Applicable Law" means the legal requirements relating to Employee Stock Option, including, without limitation, the Company Act, 2013, SEBI Act, the Guidelines and all relevant Tax, Securities, Exchange Control or Corporate Laws of India or any relevant jurisdiction or of nay Stock Exchange on which the share are listed or quoted.
- iii. "Board" means the Board of Directors of the Company.
- iv. "Companies Act" means The Companies Act, 2013 and include any statutory modifications or reenactments thereof.

- v. "Company" means Ind-Swift Laboratories Limited.
- vi. "Compensation Committee" means a Committee constituted by the Board of Directors from the time to administer ESOP 2014.
- vii. "Director" means a member of the Board of the Company.
- viii. "Eligibility Criteria" means the Performance and such other parameters as may be decided by the Compensation Committee in its discretion from time to time.
- ix. "Employee" means
- (i) a permanent employee of the company who has been working in India or outside India; or
 - (ii) a director of the Company, whether whole time director or not but excluding an independent director; or
 - (iii) an employee as defined in clauses (a) or (b) of a subsidiary, in India or outside India, or of holding company of the company or of an associate company but does not include-
 - a) an employee who is a promoter or a person belonging to the promoter group; or
 - b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the company;
- x. "Employee Stock Option" or "Option" means the option granted to an Employee, which gives such Employee the right to purchase or subscribe at a future date the share underlying the option at a pre-determined price.
- xi. "Exercise" of an Option means expression of an intention by an Employee to the Company to purchase the Share underlying the Options vested in him, in pursuance of the ESOP 2014, in accordance with the procedure laid down by the Company for exercise of options.
- xii. "Exercise Period" means such time period after vesting within which the Employee should exercise the options vested in him in pursuance of the ESOP 2014.
- xiii. "Exercise Price" means the price payable by an Employee in order to exercise the option granted to him in pursuance of the ESOP 2014.
- xiv. "Grant" means issue of Option to the Employees under the ESOP 2014.
- xv. "Market Price" means the latest available closing price, prior to the date of the meeting of the Board of Director/ Compensation Committee in which option are granted on the stock exchange on which the share of the company are

listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

- xvi. "Option Grantee" means an Employee having a right but not an obligation to exercise an Employee Stock Option in pursuance of the ESOP 2014.
- xvii. "Parent Company" means any holding company of the Company.
- xviii. "Permanent Incapacity" means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevent 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 Compensation Committee based on a certificate of a medical expert identified by such Committee.
- xix. "Promoter" means (a) the person or persons who are in over all control of the company; (b) the person or persons who are instrumental in the formation of the company or programme pursuant to which the share were offered to the public (c) the person or persons named in the offer document as promoter(s). Provided that a director or officer of the co company if they are acting as such only in their professional capacity will not be deemed to be a promoter.
- xix. "Promoter Group" means (a) an immediate relative of the promoter (i.e. spouse of that person, or nay parent, brother, sister or child of the person or of the spouse); (b) persons whose shareholding is aggregated for the purpose of disclosing in the offer document "shareholding of the promoter group".
- xx. "Recognized Stock Exchange" means the NSE, BSE or any other stock exchange in India on which the company's Share are listed or to be listed.
- xxi. "Retirement" means retirement as per the rules of the Company.
- xxii. "Scheme/ Plan/ ESOP 2014" means this Employee Incentive Scheme 2014 under which the Company is authorized to grant Employee Stock Option to the Employees.
- xxiii. "SEBI Act" means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarification issued there under.
- xxiv. "SEBI Guidelines" means the Securities & Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999, as amended and includes all regulations and clarification issued there under.
- xxv. "Share" means equity share of the Company arising out of the exercise of Employees Stock Option granted under the ESOP 2014.

- xxvi. "Subsidiary Company" means any present or future subsidiary company of the company, as defined in the Company Act, 2013.
- xxvii. "Vesting" means earning by Option Grantee, of the right to apply for Share of the Company against the Employees Stock Option granted to him in pursuance of the ESOP 2014.
- xxviii. "Vesting Period" means the period during which the vesting of the Employees Stock Option granted to the Employee, in pursuance of the ESOP 2014, takes place.
- xxix. "Vesting 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.
- 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.

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;
- e) a reference to a Schedule include a reference to any part of that schedule which is incorporated by reference.

3 Authority and Ceiling

- 3.1 The Shareholders at their meeting held on 30th September, 2014 have resolved to issue to employees under ESOP 2014, not more than 2500000 (Employee Stock Option) each conferring a right upon the employee to apply for one equity share of the company against each option, in accordance with the terms and conditions of such issue.
- 3.2 If an Employees Stock Option expire or become unexercisable without having been exercised in full, the unpurchased share, which were subject thereto, shall become available for future Grants or Sale.
- 3.3 Where share are issued consequent upon exercise of an Employees Stock Option under the ESOP 2014, the upper limit of the number of Share referred to in Clause 3.1 above will stand reduced to the extent of such Share issued.

3.4 In case of a share-split where the face value of the share is reduced to below Rs.10, the maximum number of share available for being granted under ESOP 2014 shall stand modified accordingly, so as to ensure that the paid up value (No of share x Face value per share) of the total shares that can be issued remains unchanged. Thus, for instance, if the face value of each share is reduced to Rs. 5, the total number of shares available under ESOP 2014 would be 5000000 equity shares of Rs. 5 each.

4. Administration

4.1 The ESOP 2014 shall be administered by the compensation Committee. All question of interpretation of the ESOP 2014 or any Employees Stock Option shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2014 or such Employees Stock Option.

4.2 The Compensation Committee shall in according with the Scheme and applicable laws determine the detailed terms and conditions of the Employees Stock Option, including but not limited to:

- a) The quantum of Employees Stock Option to be granted under the ESOP 2014 per Employee, subject to the ceiling as specified in Para 3.1;
- b) The Eligibility Criteria;
- c) The schedule for vesting of Employees Stock Option
- d) The conditions under which the Employees Stock Option vested in Employees may lapse in case of termination of employment for misconduct;
- e) The procedure for making a fair and reasonable adjustment to the number of Employees Stock Option and to the Exercise Price in case of a corporate action such as rights issue, bonus issue, merger, sale of division and others. In this regard the following shall be taken into consideration by the compensation Committee:
 - (i) the number and / or the price of the Employees Stock Option shall be adjusted in a manner such that the total value of the ESOP 2014 remains the same before and after such corporate action;
 - (ii) for this purpose global best practice in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
 - (iii) the vesting period and the life of the Employees Stock Option shall be left unaltered as far as possible to protect the right of the option grantee.
- f) The procedure and terms for the Grant, Vest and Exercise of Employees Stock Option in case of Employees who are on long leave;

- g) The procedure for cashless exercise of Employees Stock Option, if required;
- h) Approve forms, writings and/ or agreements for use in pursuance of the ESOP 2014.
- i) Frame suitable policies and systems to ensure that there is no violation of securities laws, as amended from time to time, including- (a) securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, by any employee.
- j) Frame any other byelaws, rules or procedures as it may deem fit for administering ESOP 2014.

5 Eligibility and Applicability

- 5.1 Only Employees (present and future including director(s)) are eligible for being granted Employees Stock Options under ESOP 2014. The employees include Directors Working in or outside India. The specific employees to whom the options would be granted and their eligibility criteria would be determined by the Compensation Committee.
- 5.2 The Scheme shall be applicable to the Company, its subsidiary companies in India or abroad and any successor company thereof and may be granted to the Employees and a Director of the Company whether working in or outside India or its subsidiaries, as determined by the Compensation Committee on its own discretion.
- 5.3 Grant of Employee Stock Options shall be evidenced by the Employee Stock Option Agreement in such form, as the Compensation Committee shall from time to time determine. Such agreement shall be deemed to incorporate all of the terms of the ESOP 2014, as if the same were set out therein.
- 5.4 Unless otherwise provide by the Compensation Committee at the time the Employee Stock Option are granted, the Employee Stock Options granted to an Employees shall be subject to the terms and conditions set forth in this Scheme and the Agreement as approved by the Compensation Committee.
- 5.5 Appraisal Process for determining the eligibility of employees to ESOP- 2014
- The appraisal process for determining the eligibility of the employees will be specified by the Board/Compensation committee and will be based on criteria such as seniority of the employee, length of service, performance record, merit of the employee, further potential contribution by the employee and/or by Board/Compensation Committee.

The ESOP Compensation Committee constituted under the ESOP Guidelines reviews the performance appraisal system of the Company.

- 5.6 The quantum of option to be granted shall not exceed 500,000 equity shares per eligible employee of the Company.
- 5.7 Options under the Scheme shall be granted, at the discretion of the Compensation Committee, to the selected employees as per the Letter of Offer for the grant of the options issued to the employees.
- 5.8 The Compensation Committee, based on the market price and market conditions, and if circumstances so warrant, in order to make the Scheme achieve the purpose for which it is set up, may decide to re-price the options already granted and will comply with all rules and regulations applicable, if any, and all necessary prior approval at the time of re-pricing.
- 5.9 The employee shall communicate his acceptance within 60 days from the date of grant, specifying the number of options accepted. If the employee does not communicate his acceptance within the 60 days period, the offer shall lapse.

6 Vesting Schedule / conditions

- 6.1 Options granted under ESOP 2014 would vest not less than one year and not more than 5 years from the date of grant of such options vesting of options would be subject to continued employment with the Company and thus the options would vest on passage of time. In addition to this, the Compensation Committee may also specify certain performance parameters subject to which the options would vest. The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the agreement entered into by the Company with the option grantee at the time of grant of options.
- 6.2 In certain cases of corporate actions, the Compensation Committee shall also be authorized to change or vary or accelerate the vesting schedule in specifying circumstances, provided the change, variation and acceleration will be effected only if the minimum vesting period prescribed under the Scheme has been completed.

7 Exercise

- a) The exercise price shall be the market price prevalent at the time of grant of options with the authority to be the Board/Committee thereof to grant discount upon the said market price, at its sole discretion.
- b) The Employee Stock Options granted shall be capable of being exercised within a period of 3 years from the date of vesting of options or such lesser period as may be decided by the Compensation Committee from time to time.
- The Options will be exercisable by the Employees by a written application to the designated officer of the company to exercise the Options, in such manner,

and on execution of such documents, as may be prescribed by the Board/Compensation Committee under the scheme.

- c) The consideration for the shares to be issued upon exercise of an option may, as determined by the Board at the time of granting the options, be in one or more tranches, consist of cash, cheque or consideration received by the company under a cashless exercise program implemented by the company or combinations of the foregoing methods of payment subject to fulfillment of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time or any other relevant SEBI Regulations.
- d) In the event of the death of an Employee while in employment with the company, all the Vested Options and Unvested Options may be Exercised by the Option Grantee's nominee immediately after, but in no event later than six months from the date of death.
- e) In the event of separation of an Employee from the Company due to reasons of Permanent Incapacity the Option Grantee may Exercise his or her Vested as well as Unvested Options immediately after Permanent Incapacity but in no event later than six months from the date of separation from employment.
- f) In the event of separation from employment for reasons of normal retirement or a retirement specifically approved by the Company,
 - (i) all Vested options should be exercised by the Option Grantee within 30 days from the date of such Option Grantee's retirement, and
 - (ii) all Unvested Options will lapse as on the date of such retirement, unless otherwise determined by the Compensation Committee whose determination will be final and binding.
- g) In the event of resignation, all Unvested options, on the date of submission of resignation, shall expire and stand terminated with effect from that date. However, all Vested Options as on that date shall be exercisable by the employee within 30 days from the date of resignation.
- h) In the event of termination of the employment of an Option Grantee due to breach of policies of the company or the terms of employment, all Employee Stock Option granted to such employee, including the vested Option which were not exercised at the time of such breach shall stand terminated with effect from the date of such breach; the date of such breach shall be determined by the Compensation Committee, and its decision on this issue shall be binding and final.
- i) The shares arising out of exercised of vested options would not be subject to any lock-in period after such exercise.

8 Other Terms and Conditions

- 8.1 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the company in respect of any Shares covered by the

Grant unless the Option Grantee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.

8.2 In the event of change in Capital Structure or a Corporate Action, the Compensation Committee shall have the discretion to adjust the number or exercise price of Options or both, as the case may be, provided the same is not detrimental to the interest of the employees.

8.4 Issue of Shares

8.4.1 After the Options are converted into Shares, the Shares so converted shall be allotted to the Employee, at the Exercise Price, subject to the terms and conditions as mentioned in this Scheme. No fractional shares shall be delivered pursuant to this Scheme.

8.4.2 The equity shares issued upon exercise of the options shall rank pari passu in all respect with the existing equity shares.

8.5 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case clause 7(d) would apply.

8.6 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to Exercise the Employee Stock Option except in the event of the death of the Option Grantee holder, in which case clause 7 (d) would apply.

8.7 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

8.8 Confidentiality:

The Optionee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, award, the Ind-Swift Equity Option Agreement or any connected matter. Any violation may result in cancellation of the award without prejudice to any other action, which may be taken in this regard.

8.9 Insider Trading/Fraudulent and Unfair Trade Practices:

The Optionee shall ensure that there is no violation of the SEBI (Insider Trading) Regulations, 1992 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 1995.

The Compensation Committee shall be entitled to frame such rules, regulations as may be necessary to ensure that there is no violation of the above referred regulations and/or practices.

8.10 New Plans:

Nothing contained in the Plan shall be construed to prevent the Employer Company directly from implementing any other new plan for awarding stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the Plan or any award made under the Plan. No Employee or other person shall have claim against the Company as a result of such action.

9 Deduction of Tax

10 The company shall have the right to deduct from the employee's salary, any of the employee's tax obligations arising in connection with the Employee Stock Option or the shares acquired upon the Exercise thereof. The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any have been satisfied by the Option Grantee.

11 Authority to vary terms

The Compensation Committee may, if it deems necessary, vary the terms of ESOP 2014, subject to the SEBI Guidelines and applicable Laws.

11 Miscellaneous**11.1 Government Regulations**

This ESOP 2014 shall be subject to all Applicable Laws, and approvals from governmental authorities. The Grant and the allotment of shares under this ESOP 2014 shall also be subject to the Company requiring Employees to comply with all Applicable Laws and be subject to the approval of the Company's Counsel.

11.2 Inability to obtain authority

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

11.3 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 of the Company, give such person any right entitlement or expectation 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.

11.4 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.

11.5 The rights granted to an Option Grantee upon the grant of an Employee Stock Option shall not entitle the Option Grantee any rights or additional rights to compensation or damages in consequences of the loss or termination of his office or employment with the company of the group for any reason whatsoever (whether or not such termination is ultimate held to be wrongful or unfair).

- 11.6 . 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.
- 11.7 The Company shall confirm to the accounting policies mandated by the applicable law or the SEBI guidelines or any other relevant SEBI regulations or directions as is applicable to the accounting of such options.
- 11.8 The Board shall have the power to make consequential modifications or substitutions to the terms of the scheme, as may deem fit from time to time, provided that such modifications or alterations do not adversely affect the rights and interest of the option Grantees or the members of the Company and subject to the terms and conditions specified in the SEBI Guidelines.

12 Notices

All Notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2014 shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by an Option Grantee to the Company in respect of ESOP 2014 shall be sent to the address mentioned below:

ND-SWIFT LABORATORIES LIMITED

S.C.O 850, Shivalik Enclave, NAC, Manimajar, Chandigarh-160101

13 Governing Law and Jurisdiction

- 13.1 The terms and conditions of the ESOP 2014 shall be governed by and construed in accordance with the law of India.
- 13.2 The Courts of Chandigarh, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2014.
- 13.3 Nothing in this Clause will however limit the right of the Company to bring proceedings against any employee in connection with this ESOP 2014;
- i) in any other court of competent jurisdiction; or
 - ii) concurrently in more than one jurisdiction

14 Income Tax Rules

The applicable Income Tax and Rules as in force will be applicable.

15 General Risks

- 15.1 Participation in this ESOP shall not be construed as any guarantee of return on the equity investment.
- 15.2 All investments in shares or options on shares are subject to risk as the value of shares may go down or go up. In addition, employee stock option are subject to the following additional risks:
- i. Concentration: The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single company.
 - ii. Leverage: Any change in the value of the shares can lead to a significantly larger change in the value of the option as an option amounts to a levered position in the share.
 - iii. Liquidity: The options cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their options before they are exercised.
 - iv. Vesting: The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employee is terminated for gross misconduct.

16 Contract of Employment

- 16.1 This Scheme shall not form part of any contract of employment between Ind-Swift Laboratories Limited and the employee. The rights obligations of any

- individual under the terms of his office or employment with Ind-Swift Laboratories Limited shall not be affected by his participation in this scheme.
- 16.2 Nothing in this Scheme shall be construed as affording such an individual any additional rights as to compensation or damages in consequences of the termination of such office or employment for any reason.
- 16.3 This Scheme shall not confer on any person any legal or equitable rights against the company either directly or indirectly or give rise to any cause of action on law or equity against Ind-Swift Laboratories Limited:
- 16.4 This Scheme is purely at the discretion of Ind-Swift Laboratories Limited.

Risk Factors

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Scheme, including the risks and uncertainties described below, before making an investment in the Equity Shares. If any of the following risks actually occur, our business, profitability and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment in the Equity Shares. Unless specified or quantified in the Scheme, we are not in a position to quantify the financial or other implication of any of the risks. ESOPs are subject to the following additional risks:

1. Concentration: The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single company.
2. Leverage: Any change in the value of the share can lead to a significantly larger change in the value of the option as an option amounts to a leveraged position in the share.
3. Illiquidity: The options cannot be transferred to anybody, and therefore employees cannot mitigate their risks by selling the whole or part of their options before they are exercised.
4. Vesting: The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employee is terminated for gross misconduct.