

Date: 26<sup>th</sup> December 2018

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|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| <b>BSE Limited,</b><br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Mumbai – 400 001 | <b>National Stock Exchange of India Ltd.,</b><br>Exchange Plaza, C-1, Block G,<br>Bandra Kurla Complex,<br>Bandra (E), Mumbai – 400 051 |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|

Scrip Code: 540879

Symbol: APOLLO

ISIN: INE713T01010

Dear Sir(s),

**Subject: Certified True Copy of the Special Resolutions passed by the Shareholders, by way of Postal Ballot including e- voting**

With reference to our letter dated 24<sup>th</sup> November, 2018 whereby we have intimated regarding the dispatch of postal ballot notice dated 1<sup>st</sup> November, 2018 to the shareholders of the company seeking their approval by means of special resolution for the Employee Stock option Scheme 2018 and related matters as set out in postal ballot notice, we are enclosing herewith the Certified True Copy of the Special Resolutions passed on Monday, 24<sup>th</sup> December, 2018, by the Shareholders of the Company by way of Postal Ballot including e- voting for the above mentioned purpose.

We request you to kindly take the above on record and bring to the notice of all concerned.

Thanking You

For Apollo Micro Systems Limited



**Vitta Chaitanya Siva Shankar**  
Company Secretary & Compliance Officer



Enclosures: As above

## **APOLLO MICRO SYSTEMS LIMITED**

Regd. Off: Plot No. 128/A, Road No. 12, IDA-Mallapur, Uppal Mandal, R.R. Dist – 500076, Telangana, India.

Tel No: 040 – 27167000 – 099, Fax No: 040 - 27150820

sales@apollo-micro.com, www.apollo-micro.com

CIN No: L72200TG1997PLC026556

**CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED ON MONDAY 24<sup>th</sup> DECEMBER, 2018 BY THE MEMBERS OF APOLLO MICRO SYSTEMS LIMITED, BY WAY OF POSTAL BALLOT INCLUDING REMOTE E- VOTING**

**SPECIAL BUSINESS**

**Item No. 1**

**To approve and adopt Apollo Employee Stock Option Scheme 2018 (ESOS 2018) and to consider and, if thought fit, to pass the following Resolution, as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of the Companies Act, 2013 and the Rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time (the **"SEBI SBEB Regulations"**), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, any rules, guidelines and regulations issued by the Reserve Bank of India or any other regulatory or governmental authority and any other applicable laws for the time being in force and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as the **"Board"** which term shall be deemed to include any duly constituted committee, including the Nomination and Remuneration Committee constituted by the Board to exercise its powers conferred by this Resolution) consent of the Members be and is hereby accorded to the Board to introduce and implement the 'Apollo Employee Stock Option Scheme 2018' (the **"ESOS 2018"**), the salient features of which are furnished in the explanatory statement to the Notice and the same be implemented through a Trust to be set up for this purpose.

**RESOLVED FURTHER THAT** consent be and is hereby accorded to the Board to create, grant, offer, issue and allot at any time, to or for the benefit of, such persons who are in permanent employment of the Company whether working in India or outside India, including any managing or whole-time directors of the Company, such number of stock options exercisable into not more than 10,00,000 equity shares of Rs. 10/- each (the **"Equity Shares"**) being 4.82% of the paid-up equity share capital of the Company as on 31st March, 2018 (or such other number adjusted in terms of ESOS 2018 as per applicable law), at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the SEBI SBEB Regulations or other provisions of law as may be prevailing at that time.

**"RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger, sale of division and others, if any additional Equity Shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 10,00,000 Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued."

**RESOLVED FURTHER THAT** in case the Equity Shares are either sub-divided or consolidated, then the number of Equity Shares to be transferred on exercise of Stock Options and the exercise price of Stock Options shall automatically stand augmented or reduced, as the case may

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be, in the same proportion as the present face value of Rs. 10/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the employees who have been granted Stock Options under the Scheme 2018.

**RESOLVED FURTHER THAT** the maximum number of Securities issued/granted in terms of this resolution, to any single Employee (including any Director) during any one year shall be less than 1% (one percent) of the issued and paid-up equity shares of the company.

**RESOLVED FURTHER THAT** all the lapsed options will be added back to ESOP pool and the Board be and is hereby authorised to allot these lapsed options to the eligible employees as per the ESOS-2018.

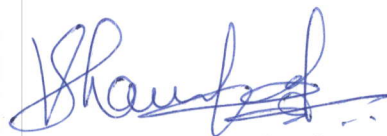
**RESOLVED FURTHER THAT** notwithstanding anything contained anywhere the employees are free to surrender their options voluntarily, if in their opinion, the options granted are not beneficial to them, even before the expiry of their exercise period.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the ESOS - 2018 on such terms and conditions as contained in the Explanatory Statement to this Item in the Notice and to make any modification(s), changes, variation(s), alteration(s) or revision(s) in the terms and conditions of the ESOS - 2018 from time to time including but not limited to, amendment(s) or revision(s) in the terms and conditions of the ESOS - 2018 from time to time including but not limited to amendment(s) with respect to vesting period and schedule, number of options, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the ESOS - 2018.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage, without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval there to expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any powers conferred herein, to the Nomination and Remuneration committee of Directors with a power to further delegate to any executives/officers of the company to do all such acts, deed, matters and things as also to execute such documents, writings, etc. as may be necessary in this regard."

**//Certified True Copy//**  
**For Apollo Micro Systems Limited**



**Vitta Chaitanya Siva Shankar**  
**Company Secretary & Compliance Officer**



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**SPECIAL BUSINESS**

**Item No. 2**

**To approve the use of the trust route for the implementation of Apollo Employee Stock Option Scheme 2018 (ESOS 2018) and secondary acquisition of the equity shares of the Company by the trust to be set up and to consider and if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 67 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time (the "SEBI SBEB Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, any rules, guidelines and regulations issued by the Reserve Bank of India or any other regulatory or governmental authority and any other applicable laws for the time being in force and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any duly constituted committee, including the Nomination and Remuneration Committee constituted by the Board to exercise its powers conferred by this Resolution) consent of the Members be and is hereby accorded to the Board to:

(a) implement Apollo Employee Stock Option Scheme 2018 (the "ESOS 2018") through the trust to be setup for this purpose in accordance with the SEBI SBEB Regulations;

(b) acquire, hold and deal in such number of equity shares of the Company acquired from the secondary market through the trust that may be set up in this regard, not exceeding 10,00,000 fully paid-up equity shares of the Company of face value of Rs. 10/- each (the "Equity Shares"), being below the ceiling of 5% of the paid-up equity share capital of the Company as on 31st March, 2018, as prescribed under the SEBI SBEB Regulations, for the purpose of implementation of the Scheme 2018, or for any other purpose(s) as contemplated under and in due compliance with the provisions of the SEBI SBEB Regulations;

**RESOLVED FURTHER THAT** the Equity Shares that can be acquired from the secondary market in any financial year by the trust shall not exceed 2% of the paid-up equity share capital (or such other limit as may be prescribed under the SEBI SBEB Regulations from time to time) as at the end of the financial year preceding the date of the intended acquisition.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division or other reorganisation of capital structure of the Company, the number of Equity Shares of the Company to be acquired from the secondary market by the trust shall be appropriately adjusted and to give effect to this resolution, the Board be and is

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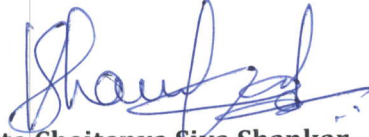
CIN No: L72200TG1997PLC026556



hereby authorised to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure a fair and reasonable adjustment to the Stock Options granted earlier. Further, the above ceiling of 4.82% equity shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any powers conferred herein, to any committee of directors, with power to further delegate such powers to any executives/ officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary in this regard."

**//Certified True Copy//  
For Apollo Micro Systems Limited**



**Vitta Chaitanya Siva Shankar  
Company Secretary & Compliance Officer**



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**SPECIAL BUSINESS**

**Item No. 3**

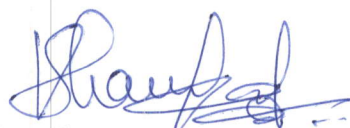
**To approve the grant of financial assistance / provision of money by the Company to the trust to fund the acquisition of its equity shares, in terms of the ESOS 2018 and to consider and if thought fit, to pass the following resolution as a Special Resolution**

**RESOLVED THAT** pursuant to the provisions of Section 67 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there-under (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time (the "SEBI SBEB Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, any rules, guidelines and regulations issued by the Reserve Bank of India or any other regulatory or governmental authority and any other applicable laws for the time being in force and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any duly constituted committee, including the Nomination and Remuneration Committee constituted by the Board to exercise its powers conferred by this Resolution) consent of the Members be and is hereby accorded to the Board to extend an interest free financial assistance / provision of money to the trust not exceeding Rs. 10 Crores (rupees Ten Crores only) for acquisition of up to 10,00,000 Equity Shares from the secondary market through the stock exchanges, representing 4.82% of the paid-up equity share capital of the Company for the purpose of implementation of the ESOS 2018, in accordance with the Companies Act, 2013 and Rules made there-under and the SEBI SBEB Regulations.

**RESOLVED FURTHER THAT** the aggregate of the monies lend by the Company to Trust for purchase of shares of the company from secondary market at any time shall not exceed 5% (five percent) of the aggregate of the paid-up capital and free reserves of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any powers conferred herein, to any committee of directors, with power to further delegate such powers to any executives/ officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary in this regard."

**//Certified True Copy//  
For Apollo Micro Systems Limited**



**Vitta Chaitanya Siva Shankar  
Company Secretary & Compliance Officer**



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## EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 1

To attract talented employees / Directors, it is necessary to provide incentive to the employees to remain with the company and to reward them with the opportunities to have a share in the success of the company. To achieve this objective, it is proposed to grant an option to the employees to subscribe to the shares of the company.

Accordingly, the Board of Directors (**"the Board"**) of the Company at its meeting held on Thursday, 1<sup>st</sup> November, 2018, subject to the approval of the members has approved introduction of the 'Apollo Employee Stock Option Scheme 2018' (hereinafter referred to as the **"ESOS-2018"**), subject to the approval of the Members and the provisions of the Companies Act, 2013 (**"the Act"**) and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time (the **"SEBI SBEB Regulations"**) and authorised Nomination and Remuneration Committee to formulate the detailed terms and conditions of the ESOS-2018 and to administer and implement the ESOS-2018 in accordance with the Companies Act, 2013 and SEBI SBEB Regulations.

The Members are informed that the Company intends to offer not more than 10,00,000 (Ten Lakh Only) equity shares of the face value of Rs. 10/- each under the ESOS 2018. Approval of the Members is being sought for issue of Stock Options to eligible employees of the Company. The ESOS-2018 will be implemented by the Trust.

The ESOS-2018 is being formulated in accordance with the Companies Act, 2013 and SEBI SBEB Regulations. The salient features of the ESOS -2018 are as follows:

#### 1. Administration

- 1.1. The Nomination and Remuneration Committee would be entrusted with the responsibility of being the operating Agency for administering the ESOS-2018.
- 1.2. The Committee shall be formulating Employee Stock Option Scheme (Scheme) from time to time for the benefit of the employees, Nomination and Remuneration Committee will specify, inter alia, the following:
  1. The total number of stock options to be granted;
  2. Identification of classes of employees entitled to participate in the Employees Stock Option Scheme;
  3. The appraisal process for determining the eligibility of employees to the Apollo Employees Stock Option Scheme 2018.
  4. The requirements of vesting and period of vesting;
  5. The maximum period within which the options shall be vested;
  6. The exercise price or the formula for arriving at the same;
  7. The exercise period and process of exercise;
  8. The Lock-in period, if any;
  9. Maximum number of options to be issued per employee and in aggregate;
  10. The method which the company shall use to value its options;

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11. The conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct;
12. The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee;
13. the grant, vesting and exercise of options in case of employees who are on long leave
14. 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 such as rights issues, bonus issues, merger, sale of division and others.

## **2. Total number of options to be granted:**

The total number of options to be granted under this scheme cannot exceed 10,00,000 (Ten Lakh Only) equity shares of the face value of Rs. 10/- each i.e., approx 4.82%, of the issued equity share capital of the Company as on date or such additional quantity as may be required on account of Corporate Action or acquisition of additional shares in case of increase of capital to maintain the above referred 4.82% of the paid-up capital of the Company. The options which lapse/expire or are forfeited will be available for grant to the eligible employees.

One option would be entitle the holders of the options a right to apply for one equity share of face value of Rs. 10/- each of the company, as may be decided by the Board. The option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

## **3. Identification of classes of employees entitled to participate in the ESOS-2018:**

Employees entitled to participate in the ESOS 2018 are:

- a. Permanent employee of the company who has been working in India or outside India;
- b. Directors (Including whole – time Directors) of the company at any time.
- c. An employee as defined in clauses (a) or (b) of a subsidiary, in India or outside India, or of a holding company of the company or of an associate company (present or future).
- d. Such other persons, as may from time to time, be allowed under prevailing laws and regulations and as may be approved by the board for this purpose.

Above persons are referred herein collectively as the “Eligible Employees”

An employee who is a promoter or belongs to promoter group; or a director who either by himself or through his relative or through anybody corporate, directly or indirectly holds more than 10 percent of the outstanding equity shares of the company at the time of granting of option shall not be eligible to participate in ESOS-2018. Independent Directors shall not be eligible to receive any stock options.

## **4. Requirements of vesting, period of vesting and maximum period of vesting:**

The Board or the Nomination and Remuneration Committee may, at its discretion, lay down certain criteria including, but not limited to, the performance metrics on the achievement of which the granted Stock Options would vest and which may be specified in the respective grant letters or the vesting letters to be issued in this regard. The detailed terms and conditions relating to such criteria for vesting, the period over which and the proportion in which the Stock Options granted would vest will be subject to the minimum and maximum vesting period as specified below.

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There shall be a minimum period of one year between the grant of options and vesting of options. The Vesting of options may be spread over a period of four years from the date of grant. The committee is empowered to implement and decide the vesting schedule to suit the needs of the organization.

The options may vest in tranches subject to the terms and conditions as may be stipulated by the Nomination and Remuneration Committee, which may include satisfactory performance of the Employee/Directors and their continued employment with the company, as the case may be, unless such employment is discontinued on account of death, permanent/total disability or on retirement.

**5. Maximum period within which the options shall be vested;**

The maximum period within which the options shall be vested is four years from the date of grant.

**6. Exercise price or pricing formula:**

The Equity Shares to be transferred pursuant to the exercise of the Options would be transferred at the market price of the Equity Shares or at such other price as may be decided by the Board or the Nomination and Remuneration Committee from time to time in compliance with the SEBI SBEB Regulations. Provided that the exercise price per option shall not be less than the face value of the equity share of the Company.

**7. Exercise period and the process of Exercise:**

The exercise period shall commence from the date of vesting, and will expire not later than five years from the date of vesting. The options will be exercisable by the Eligible Employees by a written application to the Nomination and Remuneration Committee to exercise the options, in such manner, accompanied by payment of the exercise price in such manner and on execution of such documents, as may be prescribed by the Nomination and Remuneration Committee from time to time. The options will lapse if not exercised within the specified exercise period.

**8. The appraisal process for determining the eligibility of employees to ESOS 2018:**

The process for determining the eligibility criteria for the eligible employees will be specified by the Nomination and Remuneration Committee, and will be based on, such criteria such as length of service, grade, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential, etc., and such other factors as may be appropriate and as may be decided by the Nomination and Remuneration Committee, in its discretion, from time to time. The Board or the Nomination and Remuneration Committee may decide to extend the benefits of the ESOS 2018 to new entrants or to existing employees on such basis as it may deem fit, in accordance with applicable law.

**9. The Lock-in period, if any:**

There shall be no lock-in period on shares transferred to employee pursuant to exercise of option.

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**10. Maximum number of options to be issued per employee and in aggregate:**

The maximum number of options granted per an eligible employee shall be less than 1% (one percent) of the Shares of the Company in any financial year and shall not be more than 5% (five percent) in aggregate to a single employee.

**11. Implementation and Administration**

The Scheme shall be administered by the Nomination and Remuneration Committee through a Trust. Further, secondary acquisition of the Equity Shares from the stock exchanges, for the purposes of implementing the ESOS 2018 would only be undertaken by the Trust. The Company believes that the implementation of the ESOS 2018 through secondary market acquisition is in the best interest of the Company and its shareholders and it will not create any dilution in their shareholding besides being easier and efficient in implementation. The Trust shall be authorised to acquire Equity Shares of the Company from the secondary market. The Company proposes to provide financial assistance to the Trust for this purpose, in accordance with applicable laws.

**12. Whether the ESOS 2018 involves new issue of Equity Shares by the Company or secondary acquisition or both**

The ESOS 2018 will only involve secondary acquisition of Equity Shares by the Trust through the recognised stock exchanges. The secondary acquisition of Equity Shares will be undertaken in compliance with the SEBI SBEB Regulations and other applicable laws.

**13. The amount of financial assistance / provision of money to be provided for the implementation of the ESOS 2018 by the Company to the trust, its tenure, utilisation, repayment terms.**

The Company shall make interest free financial assistance /provision of money, from time to time, for an amount upto Rs. 10 Crores (rupees Ten Crores only) to fund the acquisition of Equity Shares by the Trust from the stock exchanges through secondary acquisition, in terms of the ESOS 2018. Further financial assistance / provision of money, if any, to be provided to the Trust by the Company in pursuance of the ESOS 2018, on account of increase in the price of the Equity Shares, will be extended in accordance with applicable laws. The Exercise price received from the employees upon exercise of Stock Options shall be used for the purposes of repayment to the Company.

**14. Maximum percentage of secondary acquisition (subject to the limits specified under the SEBI SBEB Regulations) that can be made by the Trust for the purposes of the ESOS 2018**

In terms of the ESOS 2018 and in accordance with SEBI SBEB Regulations, the Trust that may be set up for the implementation of the ESOS 2018 may acquire Equity Shares through secondary acquisition such that secondary acquisition in a financial year shall not exceed 2% of the paid-up equity share capital of the Company as at the end of the previous financial year. As at 31st March, 2018, 2% of the paid-up equity share capital of the Company comprised 4,15,278 Equity Shares. Further, in terms of the SEBI SBEB Regulations, the total Equity Shares to be held by the Trust shall, at any point of time, not exceed 5% of the paid-up equity share capital as at the end of the financial year immediately prior to the year in which the shareholder approval is obtained.

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As at 31st March, 2018, 5% of the paid-up equity share capital of the Company comprised 10,38,194 Equity Shares.

**15. Method of Valuating the Options:**

To calculate the employee compensation cost, the Company shall use the Fair Value Method for valuation of the Options granted or such valuation method as may be prescribed from time to time in accordance with applicable laws. In the event the Company undertakes valuation as per the intrinsic value method, the difference between the employee compensation cost so computed and the cost that shall have been recognised if it had used the fair value of the Stock Options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings Per Share of the Company shall also be disclosed in the Directors' Report.

**16. The conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct:**

If the employee/Director voluntarily terminates employment with the Company or termination due to misconduct as per the rules of the company, the options to the extent not vested shall lapse/expire and be forfeited forthwith. The Committee may from time at its absolute discretion decide and fix the conditions under which option vested in employee may lapse.

**17. Specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee:**

The Committee shall decide at its absolute discretion the time within which the employee shall exercise the vested options in case of termination other than voluntary termination and resignation of employee, however in no case such time shall be more than one year from the date of such termination or resignation.

**18. Power to Surrender options**

The Employees are free to surrender their options voluntarily, whether vested or not, if in their opinion, the options granted are not beneficial to them, even before the expiry of their exercise period

**19. Disclosure and accounting policies**

The Company shall comply with such applicable disclosure and accounting policies as prescribed by the SEBI SBEB Regulations and those prescribed by the concerned authorities from time to time.

**20. Tax Liability**

Any tax liability on account of issue of options/shares shall be that of employee alone.

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## 21. Modifications to the Scheme

Subject to a special resolution passed at a General meeting the Board of Directors reserves the right to change the terms and conditions of the scheme at any time, at its discretion, however such changes shall be beneficial to the employees.

Consent of the Members by way of Special Resolution is required for grant of options in terms of the SEBI (Share Based Employee Benefits) Regulations, 2014 read with the provisions of the Companies Act, 2013.

The Directors, other than Independent Directors, and Key Managerial Personnel of the Company, and their relatives, are interested in the Special Resolution proposed under Item No. 1 to the extent of benefit may be granted to them. The Stock Options to be granted under the ESOS 2018 shall not be treated as an offer or invitation made to the public for subscription in the securities of the Company.

The Board accordingly recommends the resolution at Item no. 1 for approval of the members as a special resolution.



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**Item No. 2 and 3:**

**To approve the use of the trust route for the implementation of Apollo Employee Stock Option Scheme 2018 (ESOS 2018) and secondary acquisition of the equity shares of the Company by the trust to be set up;**

**AND**

**To approve the grant of financial assistance / provision of money by the Company to the trust to fund the acquisition of its equity shares, in terms of the ESOS 2018;**

As indicated in the explanatory statement pertaining to Item No. 1, the Board of Directors of the Company through a resolution dated 1<sup>st</sup> November, 2018 approved the broad framework of Apollo Employee Stock Option Scheme 2018 (the "ESOS 2018"). Further, the ESOS 2018 shall be administered by the Nomination and Remuneration Committee through a Trust. Further, in terms of the ESOS 2018 and in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended (the "SEBI SBEB Regulations"), the trust may acquire Equity Shares through secondary acquisition such that secondary acquisition in a financial year shall not exceed 2% of the paid-up equity share capital of the Company as at the end of the previous financial year. As at 31st March, 2018, 2% of the paid-up equity share capital of the Company comprised 4,15,278 Equity Shares. Further, in terms of the SEBI SBEB Regulations, the total Equity Shares to be held by the trust shall, at any point of time, not exceed 5% of the paid-up equity share capital as at the end of the financial year immediately prior to the year in which the shareholder approval is obtained. As at 31st March, 2018, 5% of the paid-up equity share capital of the Company comprised 10,38,194 Equity Shares.

In accordance with the SEBI SBEB Regulations, a separate resolution is required to be passed as a special resolution by Members of the Company, if the implementation of the ESOS 2018 involves setting up of a Trust, secondary acquisition of Equity Shares and provision of money whether by way of a financial assistance or otherwise. Therefore, separate resolutions are proposed for secondary acquisition of Equity Shares for the implementation of the ESOS 2018 through a Trust to be setup for this purpose and providing financial assistance / provision of money for such acquisition in accordance with applicable laws.

Upon approval of the Members and after complying with the procedural and statutory formalities, the Trust is empowered to acquire in one or more tranches, upto 10,00,000 Equity Shares of the Company from the secondary market through the stock exchanges, representing 4.82% of the paid-up equity share capital of the Company for the implementation of the ESOS 2018.

The Company proposes to provide financial assistance / provision of money to the Trust up to Rs. 10 Crores (rupees Ten Crores only). The financial assistance / provision of money shall be interest free and will be utilised for implementation of the ESOS 2018. As and when the exercise price is recovered from the employees, from time to time, upon exercise of options, the Trust shall repay the money to the Company.



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The relevant disclosures, as required under Section 67 read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 are as follows:

**1. the class of employees for whose benefit the scheme is being implemented and money is being provided for purchase of or subscription to shares:**

Employees entitled to participate in the ESOS are:

- Permanent employee of the company who has been working in India or outside India; or, as may be decided by the board / committee.
- Directors (Including whole – time Directors) of the company at any time.
- An employee as defined in clauses (a) or (b) of a subsidiary, in India or outside India, or of a holding company of the company or of an associate company.
- Such other persons, as may from time to time, be allowed under prevailing laws and regulations and as may be approved by the board for this purpose.

Above persons are referred herein collectively as the “Eligible Employees”

An employee who is a promoter or belongs to promoter group or a director who either by himself or through his relative or through anybody corporate, directly or indirectly holds more than 10 percent of the outstanding equity shares of the company at the time of granting of option shall not be eligible to participate in ESOS-2018. Independent Directors shall not be eligible to receive any stock options.

**2. the particulars of the trustee or employees in whose favour such shares are to be registered;**

The shares acquired pursuant to ESOS-2018 will registered in the name of Mr. **Srisailam Aerpula**, the trustee. However the Trustees with the approval of majority of trustee can change the same from time to time.

**3. the particulars of trust and name, address, occupation and nationality of trustees and their relationship with the promoters, directors or key managerial personnel, if any;**

The name of the trust through which the ESOS-2018 is to be implemented is Apollo Employees Foundation. The Trust will be situated at Plot No 128/A, Road No. 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad, Telangana, India – 500076.

The details of the Trustees of “Apollo Employees Foundation” are detailed below:

| Name of the Trustee           | Address                                                                              | Occupation | Nationality |
|-------------------------------|--------------------------------------------------------------------------------------|------------|-------------|
| <b>Srisailam Aerpula</b>      | Plot No 128/A, Road No. 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad – 500076 | Service    | Indian      |
| <b>Rampally Shiva Shankar</b> | Plot No 128/A, Road No. 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad – 500076 | Service    | Indian      |
| <b>Varsha Jain</b>            | Plot No 128/A, Road No. 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad – 500076 | Service    | Indian      |

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None of the above Trustees and their respective relatives are related to Promoters, Directors and Key Managerial Personnel of the Company. Subject to the compliance of the provisions of applicable law, the aforesaid Trustees may be changed at any time. In accordance with the SEBI SBEB Regulations, none of the Trustees hold 10% or more beneficial interest in the Company.

**4. Any interest of key managerial personnel, directors or promoters in such scheme or trust and effect thereof;**

Directors/Key Managerial Personnel of the Company/their relatives other than i) Promoters (ii) those directors if any, holding directly or indirectly more than 10% of the outstanding equity shares of the company, and (iii) Independent Directors of the Company, shall be deemed to be interested or concerned in Scheme to the extent the Committee may grant the options. However they are no way concerned or interested in the Trust.

Promoters, those directors if any, holding directly or indirectly more than 10% of the outstanding equity shares of the company, and Independent Directors are not interested in the Trust or Scheme

**5. the detailed particulars of benefits which will accrue to the employees from the implementation of the scheme;**

The eligible employee to whom the committee has granted the options will get one equity share for each vested option on exercise.

**6. the details about who would exercise and how the voting rights in respect of the shares to be purchased or subscribed under the scheme would be exercised;**

As per Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 the trustees of a trust, which is governed under these regulations, shall not vote in respect of the shares held by such trust, so as to avoid any misuse arising out of exercising such voting rights.

In line with the requirements of the SEBI SBEB Regulations, the Trustees shall not exercise voting rights in respect of the Equity Shares held by the Trust pursuant to the Scheme 2018

None of the Directors and Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested in the resolutions with respect to appointment of Trustees, formation of trust and grant of financial assistance/provision of money to the said trust, except to the extent of the Equity Shares that may be offered to them under the ESOS 2018. The Stock Options to be granted under the ESOS 2018 shall not be treated as an offer or invitation made to the public for subscription in the securities of the Company.

Regulation 6 of the SEBI SBEB Regulations requires that any employee stock option scheme for offering Options to the employees must be approved by the Members by way of a Special Resolution. Accordingly, the resolutions set out as Item No.2 and 3 are being placed for the approval of the Members pursuant to the provisions of the Companies Act, 2013 and Regulation 6 of the SEBI SBEB Regulations and all other applicable provisions of law for the time being in force.



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The Board recommends Item No. 2 & 3 for approval of the Members of the Company by way of Special Resolution.



For Apollo Micro Systems Limited



Vitta Chaitanya Siva Shankar  
Company Secretary & Compliance Officer

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