

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015)

### I COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is an ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation. These values and principles set the context to manage our Company affairs in a fair and transparent manner. We at ASM believe, that sound corporate governance is critical to enhance and retain investor trust and consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance of the Company.

Effectual Corporate governance requires a clear understanding of the respective roles of the Board and the senior management and their relationships with others in the corporate structure. During the year under review, the Board continued its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies, prudent business plans, monitoring of major risks of the company's business and ensuring that the company pursues policies and procedures to satisfy its legal and ethical responsibilities. At the core of its corporate governance practice is the board, which is responsible for safeguarding and advancing the interests of the shareholders, acting as their representative in establishing corporate policies and reviewing management's execution of those policies. The Board of Directors fully support and endorse Corporate Governance practices and attempt to go beyond the statutory requirements.

### II BOARD OF DIRECTORS

The Board is primarily responsible for the overall management of the Company's business.

The Board comprises of 6 members, three of whom are Independent Directors, two Non Executive Non Independent Directors and one Executive Director being the Managing director. The company has a Non-Executive Chairman and the number of Independent Directors is more than one third of the total number of Directors. The company is in compliance with the requirements relating to the composition of Board of Directors, in line with Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) 2015.

The Chairman is primarily responsible for ensuring that the Board provides effective governance to the company and in doing so presides over meetings of the Board and shareholders of the company. The Chairman takes a lead role in managing the Board and facilitating effective communication among Directors.

The Managing Director is responsible for corporate strategy, planning and other management matters. The Managing Director and the senior management personnel being responsible for achieving annual business targets, acquisitions, new initiatives and investments make periodic presentations to the Board on their responsibilities and performance.

Board meetings are held generally at the Registered Office Bangalore, India. The agenda for each Board meeting along with explanatory notes are distributed in advance to the Directors. The Board meets at least once a quarter to review the quarterly results and other items of agenda and also on the occasion of the Annual General meeting of the shareholders.

During the Financial Year 2018-19, information as mentioned in Schedule II Part A of the Listing Regulations has been placed before the Board for its consideration.

In accordance with Section 149 read with Schedule IV to the Act and Listing Regulations, a meeting of the Independent Directors was held during the Financial Year 2018-19 without the attendance of the Non-Independent Directors and members of the management.

The Independent Directors have undergone a formal induction programme to familiarise them with the business and operations of the Company. The details of the familiarization programme is available on the Company's website at <http://www.asmltd.com/policy-disclosures>.

During the financial year 2018-19, the Board has accepted all the recommendations of its Committees.

During the financial year 2018-2019, 7 meetings of the Board were held, on 24.05.2018, 16.06.2018, 02.07.2018, 04.08.2018, 03.11.2018, 06.02.2019 and 29.03.2019

i) Details of Director's attendance during the Financial Year, directorships/committee memberships held by them as on 31st March, 2019 are given below:

Name & Designation	Category	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM held on 20th June, 2017	No. of Director-ships of other public companies	No. of Committee Positions held in Other companies #	
						Member	Chairman
Mr. M R Vikram Chairman	Independent, Director	7	7	Yes	6	3	–
Mr. Rabindra * Srikantan Managing Director	Promoter, Executive Director	7	7	Yes	–	–	–
Prof. B.S. Sonde** Director	Independent, Director	7	6	Yes	–	–	–
Mr. Shekar Viswanathan Director	Independent, Director	7	5	Yes	1	2	–

Name & Designation	Category	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM held on 20th June, 2017	No. of Director-ships of other public companies	No. of Committee Positions held in Other companies #	
						Member	Chairman
Mr. M. Lakshminarayan Director	Non Independent Non Executive Director	7	7	Yes	7	4	1
Ms. Preeti* Rabindra Director	Non Independent Non Executive Director	7	7	Yes	–	–	–

# Chairmanship/Membership in Board, Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies as per Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

\* Mr. Rabindra Srikantan, Managing Director, is the spouse of Ms. Preeti Rabindra, Director

\*\* (upto 31.3.2019)

ii. Name of other listed entities where Directors of the company are directors and the category of Directorship:

Name of the Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship
Mr. M R Vikram Chairman	Ahlada Engineers Ltd. GTN Industries Ltd.	Independent Director
Mr. M. Lakshminarayan Director	Kirloskar Oil Engines Limited WABCO India Limited TVS Electronics Limited Rane (Madras) Limited Wendt (India) Limited Suprajit Engineering Limited	Independent Director

iii. Skills / Expertise / Competencies of the Board of Directors

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

- Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates
- Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company
- Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making,
- Financial and Management skills
- Technical / Professional skills and specialized knowledge in relation to Company's business

### III. BOARD COMMITTEES

The Board has four committees namely, Audit committee, Stakeholders Relationship & Share transfer committee, Nomination & Remuneration committee and Corporate Social Responsibility (CSR) Committee. The quorum for meetings is either two members or one-third of the members whichever is higher. Usually the committees meet four times a year and the recommendations of the committees are submitted to the Board for approval. The Board has complete access to any information within the company.

Updates provided to the Board include the following:

- ◆ Annual operating plans, budgets, capital budgets and updates,
- ◆ Quarterly results of business operations.
- ◆ General notices of interest.
- ◆ Dividend data
- ◆ Minutes of Committee meetings.
- ◆ Materially important litigations, show cause notice, prosecution and penalty notices.
- ◆ Details of joint ventures, acquisitions of companies or collaboration agreements.
- ◆ Information on recruitment and remuneration of senior officers immediately below the Board level.
- ◆ Non-compliance of any regulatory, statutory or listing requirements including shareholder services such as non-payment of dividend and delays in share transfer.
- ◆ Any major development in the Human resources front.
- ◆ Any issue involving public or product liability claims of a sizeable nature.
- ◆ Sale of assets, investments, subsidiaries of material nature, not in the regular course of business.

#### 1. Audit Committee

The Audit committee is constituted according to the provisions of Section 177 of the Companies Act 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

- ◆ Terms of Reference

The Board has constituted the Audit Committee and terms of reference include:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;

- g) Evaluation of internal financial controls and risk management systems;
  - h) Monitoring the end use of funds raised through public offers and related matters.
  - i) To oversee the vigil mechanism as prescribed by the rules.
  - j) To discuss issues with internal and statutory auditors.
- ♦ Composition as on 31.03.2019

Sl. No.	Name of Director	Position	Status
1.	Mr. M.R. Vikram	Chairman	Independent Director
2.	Mr. Rabindra Srikantan (Upto 12-11-2018)	Member	Executive Director
3.	Prof. B.S. Sonde (Upto 31-03-2019)	Member	Independent Director
4.	Mr. M Lakshminarayan	Member	Non-Independent Non-Executive Director
5.	Mr Shekar Viswanathan	Member	Independent Director

#### Secretary

**Ms. P.N.Lakshmi - Company Secretary**

#### By Invitation

The Chief Financial Officer and senior members of the Accounts department are present at the meetings. The representatives of the Statutory Auditors and Internal Auditors are also invited to the Audit meeting.

Meeting and attendance during the year

Members	No. of Meetings held	No. of Meetings Attended
Mr. M.R. Vikram	5	5
Mr. Rabindra Srikantan	5	3
Prof. B.S. Sonde	5	4
Mr. M Lakshminarayan	5	5
Mr. Shekar Viswanathan	5	4

Meeting of Audit Committee held during the year: 24.05.2018, .08.2018, 03.11.2018, 06.02.2019 & 29.02.2019

## 2. Stakeholders Relationship & Share Transfer Committee

#### ♦ Role of the Committee

The Committee reviews and administers transfer of shares, transmission of shares, rematerialisation, transposition and issuance of duplicate share certificates as and when required, redressal of investor complaints pertaining to transfer of shares, non-receipt of annual reports, non-receipt of dividend, etc. & reports the same to the Board periodically.

Share Transfers in Physical Mode.

In order to expedite the process of share transfers, the Board of Directors of the Company have delegated the power to the Registrar & Share Transfer Agents, Karvy Fintech Pvt Ltd, (The R&STA). The R&STA transfer the shares received in physical mode on a fortnightly basis. Summary of the shares transferred are sent to the company to be approved by the share transfer committee and noted by the Board.

In compliance with the listing agreement and SEBI, every quarter, the system is audited by a Practicing Company Secretary and Compliance Certificate to that effect is issued and filed with the Stock Exchange where the Company's shares is listed.

#### ♦ Compositions as on 31.3.2019

Sl. No.	Name of Director	Position	Status
1.	Prof. B.S. Sonde (upto 31.03.2019)	Chairman	Independent Director
2.	Mr. M.R. Vikram (appointed w.e.f. 01.04.2019)	Member	Independent Director
2.	Mr. Rabindra Srikantan	Member	Executive Director
3.	Ms Preeti Rabindra	Member	Non-Independent Non-Executive Director

#### Name and designation of Compliance Officer

Ms. P. N. Lakshmi, Company Secretary

Meeting and attendance during the year

Members	No. of meetings held	Attendance
Prof. B.S. Sonde	4	3
Rabindra Srikantan	4	4
Ms. Preeti Rabindra	4	4

Stakeholders relationship & Share transfer Committee Meetings held during the year: 24.05.2018 ,04.08.2018, 03.11.2018, 06.02.2019

During the year 2018-2019, 147 complaints were received all of which were resolved with nothing pending as on 31st March 2019. The shareholding in dematerialized mode as on March 31st, 2019as being 94.31 %.

AS on31.03.2019 there is no investor Complaints/queries pending to be solved by the company /Registrars & Share Transfer Agents.

### 3. Nomination and Remuneration Committee

The Managing Director, being the only Executive Director is paid remuneration within the limits envisaged under Schedule V of the Companies Act 2013. The remuneration is approved by the Board, Remuneration Committee as well as the Shareholders of the Company. At the Annual General meeting of the company held on the 20<sup>th</sup> of June 2017 the shareholders approved payment of increased remuneration to the Managing Director, within the limits of Schedule V of Companies Act 2013. This apart the shareholders also approved payment of commission to Non-executive & Independent Directors for a period of five years , from April, 1 2017 of a sum not exceeding 1% of the Net Profits calculated in accordance with provisions of Section 198 of the Companies Act 2013.

#### ♦ Terms of reference

Brief Terms of Reference is as follows-

1. To recommend to the Board the appointment removal of Directors, Key Managerial Personnel and Senior Management and the remuneration payable to them.
2. To formulate a criteria for determining qualifications, positive attributes and independence of Director and to recommend to the Board the Policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
3. Formulate criteria for evaluation of the Independent Directors and the Board and to carry out evaluation of every Director's performance.
4. Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
5. To perform such other functions as may be necessary or appropriate for the discharge of its duties and functions generally indicated under the Listing Regulations, Companies Act 2013 and the rules made thereunder.

#### ♦ Composition as on 31.3.2019

Sl. No.	Name of Director	Position	Status
1.	Mr. Shekar Viswanathan	Chairman	Independent Director
2.	Prof. B.S. Sonde (upto 31.03.2019)	Member	Independent Director
3.	Mr. M Lakshminarayan	Member	Non-Independent Non-Executive Director
4.	Mr. M.R.Vikram	Member	Independent Director

Meeting and attendance during the year

Members	No. of meetings held	Attendance
Mr. Shekar Viswanathan	2	1
Prof. B.S. Sonde	2	2
Mr. M Lakshminarayan	2	2
Mr. M.R.Vikram	2	2

Meetings of Nomination & Remuneration Committee held during the year: 03.11.2018 & 06.02.2019

**Performance evaluation criteria for Independent Directors-** The performance of Independent Directors is done by the entire Board of Directors (excluding the Director being evaluated), based on the criteria as formulated by the Nomination & Remuneration Committee, including factors such as- Personal attributes, Leadership & Initiative, Objectivity, Role & Accountability. Details of the same is provided in the Boards Report.

Details of Remuneration paid to Directors for the FY 2018-2019

(Rs. in Mn.)

Name of Director	Salary & perquisites (Rs.)	Sitting Fees (Rs.)	Commission Rs.
Mr. M.R.Vikram	-	0.12	0.17
Mr. Rabindra Srikantan	8.4	-	1.68
Prof. B.S.Sonde	-	0.07	0.17
Mr. M.Lakshminarayan	-	0.15	0.17
Mr. Shekar Viswanathan	-	0.08	0.17
Ms. Preeti Rabindra	-	0.10	0.17

Shareholding in the Company of Non-Executive Directors as on 31.03.2019

Name	No. of Equity shares held
Mr. M.R.Vikram	NIL
Prof. B.S. Sonde	NIL
Mr. M. Lakshminarayan	NIL
Mr. Shekar Viswanathan	NIL
Ms. Preeti Rabindra	380524

**4. Corporate Social Responsibility “CSR” Committee**

The CSR committee was constituted on 29th July, 2014 to develop the CSR policy which shall indicate the activities to be undertaken by the company as specified in Section 135 and Schedule VII of companies Act 2013.

♦ **Terms of Reference**

- To formulate and recommend to the Board a CSR Policy which shall indicate the activities undertaken by the Company.
- Recommend the amount of expenditure to be incurred on CSR activities and
- Monitor the CSR Policy of the company from time to time.

♦ **Composition as on 31.03.2019.**

Sl. No.	Name of Director	Position	Status
1.	Prof. B.S. Sonde (up 31.03.2019)	Chairman	Independent Director
2.	Mr. M.R.Vikram	Member	Independent Director
3.	Mr. Rabindra Srikantan	Member	Executive Director
4.	Mr. Shekar Viswanathan	Member	Independent Director
5.	Ms. Preeti Rabindra	Member	Non-Independent Non-Executive Director

Meeting and attendance during the year

Members	No. of meetings held	Attendance
Prof. B.S. Sonde	2	1
Mr. M.R.Vikram	2	2
Mr. Shekar Viswanathan	2	2
Mr. Rabindra Srikantan	2	2
Ms. Preeti Rabindra	2	2

Meetings of Corporate Social Responsibility Committee held during the year: 24.05.2018 & 06.02.2019

**IV. SHAREHOLDERS' MEETINGS**

Date, time and venue of the last three AGM's

Year	Date & Time	Venue	Special resolution Passed
2015-16	22nd June 2016	Pai Vista, No 3/1, 27th cross, End of K R Road, Banashankri 2nd Stage, Bangalore 560070	NIL
2016-2017	20th June 2017	Pai Vista, No 3/1, 27th cross, End of K R Road, Banashankri 2nd Stage, Bangalore 560070	1. Re-appointment of Mr Rabindra Srikantanas Managing Director 2. Commission to Non-Executive & Independent Directors of the Company
2017-2018	2nd July 2018	Pai Vista, No 3/1, 27th cross, End of K R Road, Banashankri 2nd Stage, Bangalore 560070	NIL

- ◆ Whether special resolutions were put through postal ballot last year- details of voting pattern, person who conducted the postal ballot exercise. - NO

## V OTHER DISCLOSURES

- a) Disclosures on materially significant related party transactions of the Company of material nature with its founders, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

None

- b) Details of Non-compliance by the Company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

None

### VIGIL MECHANISM

The company has put in place a Vigil Mechanism which covers the aspect of employees or other stakeholders in the Company to report questionable financial or accounting matter, fraudulent financial information, violation of Company rules, policies and any other legal requirements. The said Policy has been communicated to the employees and is also available on the company's website. <https://www.asmltd.com> The company affirms that no employee has been denied access to the Audit Committee during the Financial Year 2018-2019.

Weblink-The company has in place Policy on Materiality of Related Party Transactions and Materiality of Subsidiaries and same is available on Company's website-Investor Relations-Corporate Governance-Policy Disclosures. <http://www.asmltd.com/policy-disclosures>.

### MANDATORY/ NON-MANDATORY REQUIREMENTS

During the financial year 2018-19, the Company

- (a) Duly complied with all the mandatory requirements of Regulations as per Chapter IV of SEBI (Listing Obligations and Disclosure Requirements ) Regulations 2015.
- (b) Compliance Report on Non-mandatory requirements under Regulation 27(1)
- (i) As per para A of Part E of Schedule II of the Listing Regulations 2015, a non-executive Chairman of the Board may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties. The Chairman of the Company being an Independent Director is paid for maintenance for home office and also allowed to reimburse expenses incurred in performing his duties.
- (ii) We communicate payment of dividend by email to shareholders in addition to dispatch of letters to all shareholders. We publish the voting results of shareholder meetings and make it available on our website : [www.asmltd.com](http://www.asmltd.com), and report the same to Stock Exchanges in terms of regulation 44 of the Listing Regulations.
- (iii) Modified opinion(s) in audit report -The Auditors have issued an un-qualified opinion on the financial statements of the Company

## VI MEANS OF COMMUNICATION

Quarterly Audited/Unaudited financial results and Annual results are published in a widely circulated newspaper, Business Line and also in Sanjayvani, a regional daily published from Bangalore. The results are also posted on the official website of the Company, [www.asmltd.com](http://www.asmltd.com), Quarterly reports are also sent to each shareholder via email.

## VII CODE OF CONDUCT

Annual declaration pertaining to compliance of Code of Conduct as per Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements ) , 2015

I, Rabindra Srikantan, Managing Director of ASM Technologies Ltd, to the best of my knowledge and belief, hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Financial Year ended 31st March, 2019.

This is to confirm that all the Board members and senior management personnel of the company have affirmed compliance of the Code of Ethics of the Company for the year ended 31st March, 2019.