

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 believe that sound corporate governance is critical to enhance and retain investor trust.

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 present Board comprises 6 members, three of whom are Independent directors, one Executive Director, being the Managing Director and two Non-Executive Non-Independent Directors. 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.

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 2015-2016, 6 meetings of the Board were held, on 26.05.2015, 14.08.2015, 15.10.2015, 29.10.2015, 15.02.2016, and 15.03.2016.

Details of Director's attendance during the Financial Year, directorships/committee memberships held by them as on 31st March, 2016 are given below:

Name & Designation	Category	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships of other public companies	No. of Committee Positions held in Other companies #	
						Member	Chairman
Mr. M R Vikram Chairman	Independent Director	6	6	Yes	8	4	-
Mr. Rabindra Srikantan Managing Director	Promoter, Executive Director	6	6	Yes	-		
Prof. B. S. Sonde Director	Independent Director	6	5	Yes	-	-	-
Mr. Shekar Viswanathan Director	Independent Director	6	3	No	2	4	1
Ms. Preeti Rabindra Director	Non Independent Non Executive Director	6	3	Yes	-	-	-
Mr. M. Lakshminarayan Director (Appointed w.e.f 31.03.2016)	Non Independent Non Executive Director	N.A	N.A	N.A	6	4	1

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.

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

Each member of the committee is an Independent director, according to the definition laid down in 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:

- a) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- b) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- c) examination of the financial statement and the auditors' report thereon;
- d) approval or any subsequent modification of transactions of the company with related parties;
- e) scrutiny of inter-corporate loans and investments;
- f) 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 :

Sl. No.	Name of Director	Position	Status
1.	Mr. M.R. Vikram	Chairman	Independent Director
2.	Prof. B.S. Sonde	Member	Independent Director
3.	Mr Shekar Viswanathan	Member	Independent Director
4.	Mr. Rabindra Srikantan (Special Invitee)		Executive 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	4	4
Prof. B.S.Sonde	4	4
Mr. Shekar Viswanathan	4	3

2. Stakeholders Relationship & Share Transfer Committee

- Role of the Committee

The Committee reviews and administers transfer of shares, transmission of shares, rematerialisation, transposition 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 Computer share 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 Exchanges where the Company's shares are listed.

- Composition

Sr. No.	Name of Director	Position	Status
1.	Prof. B.S. Sonde	Chairman	Independent Director
2.	Mr. Rabindra Srikantan	Member	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	4
Mr. Rabindra Srikantan	4	4

During the year 2015-2016, 140 complaints were received all of which were resolved with nothing pending as on 31st March 2016. The shareholding in dematerialized mode as on March 31st, 2016 as being 91.15 %.

BSE has confirmed that as on 31.03.2016 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. The Non-Executive Directors are paid remuneration only by way of sitting Fees.

- Terms of reference

Brief Terms of Reference is as follows-

- to determine salaries and benefits to Senior management Employees and Directors of the Company.
- develop and recommend to the Board Corporate Governance Guidelines applicable to the Company
- lay down policies and procedures to assess the requirements for induction of new members on the Board

- Composition

Sr. No.	Name of Director	Position	Status
1.	Mr. Shekar Viswanathan	Chairman	Independent Director
2.	Mr. M.R. Vikram	Member	Independent Director
3.	Prof. B.S. Sonde	Member	Independent Director

Meeting and attendance during the year

Members	No. of Meetings held	No. of Meetings attended
Mr. M.R. Vikram	2	1
Prof. B.S.Sonde	2	2
Mr. Shekar Viswanathan	2	2

Details of Remuneration payable to Directors for the year FY2015-16

Name of Director	Salary & perquisites	Sitting Fees
Mr. M.R. Vikram	-	₹. 2,090,000/-
Mr. Rabindra Srikantan	₹. 8,400,000/-	-
Prof. B.S.Sonde	-	₹. 2,105,000/-
Mr. Shekar Viswanathan	-	₹. 2,060,000/-
Ms. Preeti Rabindra		₹. 2,030,000/-
Mr. Lakshminarayan*	-	-

- (Appointed w.e.f 31.03.2016)

Shareholding in the Company of Non-Executive Directors as on 31.03.2016

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

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 Schedule VII of Companies Act 2013.

Terms of Reference

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

Sr. No.	Name of Director	Position	Status
1.	Prof. B.S. Sonde	Chairman	Independent Director
2.	Mr. Shekar Viswanathan	Member	Independent Director
3.	Mr. M.R. Vikram	Member	Independent Director
4.	Mr. Rabindra Srikantan	Member	Executive Director

Meeting and attendance during the year

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

Non- Mandatory Compliance:

During the year the following committees were additionally formed to advise the Board on the proposal relating to transfer of identified business of the company.

1. Transaction Advisory Committee: To advise the Board on the transaction and the legal, HR and tax compliances as per the laws of the land.

- Composition

Sr. No.	Name of Director	Position	Status
1.	Prof. B.S. Sonde	Chairman	Independent Director
2.	Mr. Shekar Viswanathan	Member	Independent Director
3.	Mr. M.R.Vikram	Member	Independent Director
4.	Ms. Preeti Rabindra	Member	Non Executive Director

Meeting and attendance during the year

Members	No. of meetings held	Attendance
Prof. B.S.Sonde	5	5
Mr. Shekar Viswanathan	5	5
Mr. M.R.Vikram	5	5
Ms. Preeti Rabindra	5	5

2. Legal Diligence Committee: Counsel and advice the Board on legal compliance of the transactions

- Composition

Sr. No.	Name of Director	Position	Status
1.	Mr. Shekar Viswanathan	Chairman	Independent Director
2.	Prof. B.S. Sonde	Member	Independent Director
3.	Mr. M.R.Vikram	Member	Independent Director
4.	Ms. Preeti Rabindra	Member	Non Executive Director

Meeting and attendance during the year

Members	No. of meetings held	Attendance
Prof. B.S.Sonde	5	5
Mr. Shekar Viswanathan	5	5
Mr. M.R.Vikram	5	5
Ms. Preeti Rabindra	5	5

3. Financial Diligence Committee- ensure compliance with the legal framework, integrity of financial accounting and reporting systems

- Composition

Sr. No.	Name of Director	Position	Status
1.	Mr. M R Vikram	Chairman	Independent Director
2.	Mr. Shekar Viswanathan	Member	Independent Director
3.	Prof. B.S. Sonde	Member	Independent Director
4.	Ms. Preeti Rabindra	Member	Non Executive Director

Meeting and attendance during the year

Members	No. of meetings held	Attendance
Prof. B.S.Sonde	5	5
Mr. Shekar Viswanathan	5	5
Mr. M.R.Vikram	5	5
Ms. Preeti Rabindra	5	5

4. HR Diligence Committee:

Terms of Reference: advice the Board on compliance with employee related regulatory authorities, proper maintenance of employee records, terms and conditions of appointment etc.

• Composition

Sr. No.	Name of Director	Position	Status
1.	Ms. Preeti Rabindra	Chairman	Non Executive Director
2.	Mr. Shekar Viswanathan	Member	Independent Director
3.	Mr. M.R.Vikram	Member	Independent Director
4.	Prof. B.S. Sonde	Member	Independent Director

Meeting and attendance during the year

Members	No. of meetings held	Attendance
Prof. B.S.Sonde	5	5
Mr. Shekar Viswanathan	5	5
Mr. M.R.Vikram	5	5
Ms. Preeti Rabindra	5	5

IV. SHAREHOLDERS MEETINGS

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

Year	Date & Time	Venue	Special resolution Passed
2012-2013	28th June 2013	Pai Vijay Hall, 33rd Cross, 11th Main 4th Block Jayanagar, Bangalore- 560 011	NIL
2013-2014	28th June 2014	Pai Vijay Hall, 33rd Cross, 11th Main 4th Block Jayanagar, Bangalore- 560 011	Appointment of Independent Directors/ Re-appointment of Managing Director & Increase in borrowing powers of Board s and Increase in borrowing powers of Board
2014-2015	14th August 2015	Pai Vista, No 3/1, 27th Cross, End of K R Road, Banashankri 2nd Stage, Bangalore 560070	Approve Materially Related Party Transaction

- ❖ 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. The company affirms that no employee has been denied access to the Audit Committee during the Financial Year 2015-2016.

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.

MANDATORY/NON-MANDATORY REQUIREMENTS

During the financial year 2015-16, 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.

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, Quarterly reports are also sent to each shareholder via email.

VII DISCLOSURE OF UNCLAIMED SHARES AS PER SCHEDULE V (F) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015

Unclaimed details as on 1st April 2015		transaction during the year		unclaimed details as on 31st March 2016	
shareholders	shares	shareholders	shares	shareholders	shares
19	1900	NIL	NIL	19	1900

Note: Voting rights in these shares will be frozen till the rightful owner of such shares claims the shares

VIII 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

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, 2016.

Place : Bangalore
Date : 11.05.2016

Sd/-
Rabindra Srikantan
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

ASM along with its subsidiaries provides world class consulting and product development services in the areas of Engineering Services and Product R&D Services with successful Offshore Development and Support Centers in India and Overseas for its global clientele. The company is a public limited company incorporated in India and having its registered office in Bangalore, Karnataka, India. The company's shares are listed with BSE Limited.

These financial statements have been prepared in line with the requirements as specified under Generally Accepted Accounting Principles in India (GAPP) which comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) rules, 2014 and guidelines issued by the Securities and exchange Board of India (SEBI).

1. Industry Structure and Development

Banking on a sustained focus on customers, with add-on services, using innovative technologies, the \$120 billion Indian IT Industry witnessed a turnover of fortune in 2014. As per Nasscom estimates the industry is projected to register 15% expert growth this physical (2014-15) with revenues of \$13-14 billion as against 13% last fiscal (2013-14) with revenues of \$118 billion achieved. Indian IT spending will reach \$73.3 billion in 2015, up 9.4% from \$67.1 billion in 2014 as per Gartner Report. Although the industry had to face the headwinds of the economic slump globally in the first half of the year and its effects on the cut in government expenditure the current fiscal year demonstrated robust growth by the industry, which is constantly evolving and fuelling growth for the industry. The Nasscom Strategic Review 2015 also showed a shift in which segments like engineering, research and development, and digital emerged as out performers. Engineering, research and product development revenues were \$20 billion. Business process management was at \$26 billion and digital revenue, which represents social, mobility, analytics and cloud computing, grew from 4 per cent of the industry's export revenues to 12-14 per cent in 2014-15. As per Nasscom report IT services grew 12.6 per cent, BPM 11 per cent and engineering R&D as well as product development 13.2 per cent. The domestic market grew 14 per cent, fuelled by e-commerce revenues of \$14 billion to reach \$48 billion. The industry now employs 35 lakh professionals and added 2.30 lakh employees in 2014-15.

The future looks very promising as the Industry is gearing itself well to phase of challenges. Digitisation, disruptive technologies and innovation will fuel growth with new opportunities in the years ahead. As businesses look to newer areas and new economies, new and intelligent systems are required to be built with next- generation technologies and with superior cost- benefit performance.

2. Opportunities

India continues to be the topmost offshoring destination for IT companies followed by China and Malaysia in second and third position, respectively. Emerging technologies present an entire new gamut of opportunities for IT firms in India. Social, mobility, analytics and cloud (SMAC) collectively provide a US\$ 1 trillion opportunity. Cloud represents the largest opportunity under SMAC, increasing at a CAGR of approximately 30 per cent to around US\$ 650-700 billion by 2020. Social media is the second most lucrative segment for IT firms, offering a US\$ 250 billion market opportunity by 2020. The US\$ 12 billion plus rising Indian e-commerce business market is witnessing a rush of hiring and may need 100,000 people over the next six months, as per industry experts. The industry offers a slew of opportunities and scope for innovation thereby attracting the young mind to push their limit. Exports to the US, the largest market, grew above industry average during FY15 aided by economic revival and higher technology adoption.

We believe in our competitive strengths and with our Global Delivery Model and core competencies consider to address the changing economic scenarios as an opportunity to provide greater value to existing clients and add new clients. Our specific industry, domain and technology expertise allows us to enable clients to transform their businesses through innovative strategies and solutions. We have continuously invested in broadening our offerings to span consulting, IT services and business process management. Our suite of end- to -end business solutions includes business and technology consulting, enterprise solutions, system integration, application maintenance and product support, infrastructure management, product engineering , business process management and business solutions.

3. Outlook

This has been provided elsewhere in the Annual Report.

4. Risks and Concerns

a. Competition Risk

India's top IT outsourcing service providers, have thrived by offering infrastructure management and application development services to U.S. and European clients. Faced with increased competition and pressure on prices for routine services, companies are now looking to move up the value chain and boost growth by tapping high-margin businesses including artificial intelligence and automation, to tap some of those opportunities. Demand from Europe remained strong during the first half of FY15 but softened during the second half of the year due to

currency movements and economic challenges. Manufacturing, utilities and retail growth remained strong as clients increased discretionary spend on customer experience, digital, analytics, ERP updates and improving overall efficiency.

While India still remains as the preferred destination for outsourcing activities, many other countries have started providing similar type of services and are fast emerging as competitive. North America may account for the lion's share of India's IT exports but Europe is growing faster than the US and this will only gain momentum. Thus the Indian ITeS sector needs to make extra endeavor to remain competitive in terms of cost efficiency measures and scalability of various high end services to handle competition.

We compete with other technology service providers in response to requests for proposals and in certain services there is increased competition resulting in pressures in pricing. The company's capability to offer innovative and value added solutions and services by integrating its diverse domain knowledge enables it to move ahead in an environment of increasing competition. Absence of vigilance against competition could result in contraction of revenues from business. The best practices and methodologies built up by the company for development and customization of solutions ensure that projects are completed with speed, optimal resources and meet customer needs. The unrivaled blend of engineering culture and technology skills adopted by the company and its strategic acquisitions and management resources adds to its capability to proffer innovative and value added solutions and services by integrating its diverse domain knowledge experience. The company has derisked its business from competition by virtue of its domain expertise in providing end to end total IT solutions.

b. Financial Risk

During the financial year 2015 Indian rupee witnessed steep decline against dollar and the key beneficiary was the IT industry which reported improved earning in rupee terms. Cross currency headwinds seems to be the major deterrent to impact the dollar revenue growth of technology companies. As rupee strengthened most market observers expected that IT companies would report weak set of numbers.

However the management of these companies showed optimistic view on the backdrop of increased client spending and higher contract wins as the macro-economic environment improved in the United States and Europe. Further payment delays or defaults, wage inflation and other cost escalations could also reduce the Company's earnings. With a significant portion of the company's revenues coming from exports, volatility in exchange rates may impact Company's business adversely. The company however mitigates the risks with robust accounts receivable management, centralised framework to control expenses and currency hedging strategies by the management. The company has a defined policy for managing its foreign exchange exposure. The company tracks the foreign exchange markets closely and takes appropriate hedging decisions from time to time if need be.

c. New Technologies and Business Models

In 2015-16, Nasscom expects the industry to add incremental revenues of \$20 billion to the existing revenues of \$146 billion with export revenues projected to grow 12-14 per cent and reach \$110-112 billion. The driving force behind the exports is discretionary spending. Companies are now opting to spend on IT and are not just confined to absolute essentials. App modernization and transformation, as well as cloud and infrastructure management should drive most of the growth.

Technologies in cloud, big data, analytics, mobility, social media and the Internet of Things(IoT) have become the order of the day. Indian companies are keeping track of these trends and gearing up to change their products and services to accommodate these areas where clients are looking for more innovations to enhance delivery. Digital also became mainstream during the year, with the industry increasingly investing in digitized solutions to drive future growth opportunities. Digital solutions in the year accounted for 12-14 % of the industry revenues. The year also witnessed hyper growth in technology start-up and product landscape and as per Nasscom India is already ranked as the fourth largest start-up hub in the world.

The company keeps itself up graded with the latest technologies solutions and assimilates changes to be successful in anticipating or responding to technological advances on timely basis. The service requirements from clients over the last two years is from a total outsourcing model to a blended outsourcing model to optimize the total cost of ownership. ASM has constantly expanded its infrastructure, technology and people skills to address the specialized markets in which is present. The acquisitions made by the company has enhanced the company's capabilities to provide innovative and state-of-the-art services in its business segments. In our effort to step up non-linear growth, some of the key designs by the Engineering Services group are being prototyped and will be manufactured in limited quantities through partner companies and delivered to strategic customers. The company also regularly audits and verifies its compliance with security and disaster recovery measures. ASM has centralized back up and data recovery systems and planned procedures for regular back up of all critical servers.

d. Geography Risk

Europe despite the economic crisis, demonstrated higher acceptance of global sourcing with markets such as Germany or France increasing outsourcing as a way to keep their costs under control and gain greater flexibility in light of the increasingly volatile markets in the euro zone and beyond. At the same time, the industry explored increasing opportunities in Asia, Africa and Latin America. Customer centricity was the key focus as the industry expanded its global delivery model accounting for 580 global centres across 75 countries.

For Indian IT companies there has been an increased focus on Europe as an outsourcing market to insure against a possible tightening of US immigration laws. Slowdown in the global economic environment and corporate IT spending budget could impact the company's business. Business environment in the past year has been volatile and uncertain. There has been stagnant and sluggish growth in some of the key markets like India and Europe. FY 2014 is characterized as the year of rapid transition and transformation leading the industry into expanding into newer verticals and geographies, attracting new customer segments, and transforming from technology partners to strategic business partners.

The company's firm roots and prominent presence in the home market provides it an opportunity to refine its international offerings with the derived benefits of synergy across operations and optimizations of resources. The company's well grinded skills tested in Indian markets enable it to spread efficiently its business across various geographies.

The company has insulated its overall performance from the impact of slowdown with a domestic international spread of business and combinations of its various solutions and services. The company moreover derives most of the revenues from off shoring business resulting in a healthier bottom line and protection from risks from any downward spiral in any economy. The company's growth is not dependent on any specific geographic area or specified industry segment.

5. Internal Control System and their adequacy

The Company has deployed adequate Internal Control Systems in place to ensure uninterrupted functioning of its business. The internal control systems adopted by the company are adequate and appropriate to its operations. The system has been designed to ensure that assets and interest of the company are protected and dependability of accounting data and its accuracy are ensured with proper checks and balances. The existing internal control systems and their adequacy are frequently reviewed and improved upon to meet the changing business environment.

The Company has internal audit to examine and evaluate the adequacy and effectiveness of Internal Control system. The internal audit ensures that the system designed and implemented to provide adequate internal control commensurate with the size and operations of the company. The Audit Committee of the company chaired by the independent director and consisting of other non-executive independent directors, periodically review and commend the quarterly, half yearly and annual financial statement of the company. A detailed note on the functioning of the audit committee forms part of the chapter on Corporate Governance in this Report.

The management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and independent Audit Committee of the Board of Directors.

6. Financial Condition and Operational performance

a. Share Capital

The Company has at present only one class of shares. The authorized share capital is 70,00,000 Equity shares of Rs. 10/- each, constituting to Rs.700.00 lakhs. There was no increase in the issued, subscribed and paid up capital of Rs. 500.00 lakhs during the year under review.

c. Shareholder Funds

The total shareholder funds was Rs.5673.96 lakhs as at 31st March, 2016 against Rs.4791.25 lakhs as of the previous year end, an increase of 18.42% YoY.

d. Profit & Loss account

The balance retained in the Profit & Loss Account as at 31st March 2016 is Rs.3740.65 lakhs after providing dividend for the year of Rs.390 lakhs and dividend tax of Rs.79.39 lakhs thereon. The total amount of profits appropriated to dividend including dividend tax was Rs. 469.39 lakhs.

e. Fixed Assets

During the year 2015-2016 the Company has added Rs.44.06 lakhs to the gross block of assets.

f. Net Worth

The return on Net worth (RONW) for the year ended 31st March 2016 was 23.83 % as against 17.28%, the previous year.

g. Income

Of the total revenues for the year ended 31st March, 2016 , Rs. 6,701.24 lakhs was derived from export operations and Rs. 3446.71 lakhs from domestic operations.

Sales include sale of software and Software services. Revenue from sale of software is recognized wherever the sale has been completed with the passing of the title and billed to the clients as per the specific contracts. Revenue from sale of software services is recognized on the basis of percentage of completion method. Miscellaneous income mainly consists of reimbursement of expenses.

h. Operating Profit (EBIDTA)

We earned an operating profit Rs. 688.18 lakhs representing 6.78% of total revenues as compared to Rs.1664.52 lakhs representing 15.21% of total revenues, during the previous year.

I. Earnings per share

Earnings per share increased by 63.28 % during the year to Rs.27.04 from Rs.16.56 per share the previous year.

j. Developments in Human Resources/ Industrial Relations

The employee strength of the company as on 31st March, 2016 was 527 while in respect of the ASM group, the total strength including contractual employees was 531. The reduction in manpower is due to the transfer of Enterprise Application business by the company during the year.

It is a well recognized fact that Human Resources are the most valuable assets, deployed and valued by an organization. Your company believes that people are the primary drivers in the success of an organization and hence people and HRD remain at the forefront of its mission. In this pursuit, the Company is providing timely and cost effective recruitment system for attracting the cream of talented professionals, ensuring a clear compensation and benefit policy in tune with the latest IT market trends. Our endeavors are driven by a strong set of values imbibed in us and policies that we abide by.

COMPLIANCE CERTIFICATE

TO THE MEMBERS OF ASM TECHNOLOGIES LIMITED

We have examined the compliance of conditions of Corporate Governance by **ASM TECHNOLOGIES LIMITED** (“the Company”), for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement of the Company entered into with the Stock Exchange for period 1st April 2015 to 30th November 2015 and as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as referred to in Regulation 15(2) of Listing Regulations to the period 1st December 2015 to 31st March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 11.05.2016
Place : Bangalore

For Sudhakar Pai Associates
Chartered Accountants

(CA B Sudhakar Pai)
Partner
Membership No 018187
Firm Reg No 004171S