

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 2017-18, 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 Companies Act 2013 and Listing Regulations, a meeting of the Independent Directors was held during the Financial Year 2017-18 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 2017-2018, 6 meetings of the Board were held, on 06.05.2017, 20.06.2017, 09.09.2017, 04.11.2017, 08.01.2018 and 07.02.2018.

Details of Director's attendance during the Financial Year, directorships/committee memberships held by them as on 31st March, 2018 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	6	5	Yes	6	3	–
Mr. Rabindra * Srikantan Managing Director	Promoter, Executive Director	6	6	Yes	–	–	–
Prof. B.S. Sonde Director	Independent-Director	6	6	Yes	–	–	–
Mr. M.Lakshminarayan Director	Non Independent Non Executive Director	6	5	Yes	6	–	–

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. Shekar Viswanathan Director	Independent-Director	6	5	Yes	1	2	–
Ms. Preeti* Rabindra Director	Non Independent Non Executive Director	6	6	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 Mrs Preeti Rabindra, Director

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:
 - a) 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:

Sr. No.	Name of Director	Position	Status
1.	Mr. M.R.Vikram	Chairman	Independent Director
2.	Mr. Rabindra Srikantan	Member	Executive Director
3.	Prof. B.S. Sonde	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	4
Mr. Rabindra Srikantan	5	5
Prof. B.S. Sonde	5	5
Mr. M Lakshminarayan	5	4
Mr. Shekar Viswanathan	5	4

Meetings of Audit Committee held during the year: 06.05.2017, 02.09.2017, 04.11.2017, 08.01.2018 & 07.02.2018

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 Computershare 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.

- Composition

Sr. No.	Name of Director	Position	Status
1.	Prof. B.S. Sonde	Chairman	Independent Director
2.	Mr. Rabindra Srikantan	Member	Executive Director
3.	Ms Preeti Rabindra*	Member	Non executive Director - Non Independent Director

*Appointed as a member of . Stakeholders Relationship & Share Transfer Committee at the Board meeting held on 07.02.2018.

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
Rabindra Srikantan	4	4
Ms. Preeti Rabindra*	NA	NA

*Appointed as a member of . Stakeholders Relationship & Share Transfer Committee at the Board meeting held on 07.02.2018.

Meeting of Stakeholders relationship & share transfer Committee held during the year: 6.05.2017, 02.09.2017, 04.11.2017, & 07.02.2018.

During the year 2017-2018, 117 complaints were received all of which were resolved with nothing pending as on 31st March 2018. The shareholding in dematerialized mode as on March 31st, 2018 as being 93.63%.

As on 31.03.2018 there are 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 A (ii) of section II Part II of Schedule V of the Companies Act 2013, based on effective capital. 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 20th 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

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
4.	Mr. M Lakshminarayan	Member	Non Independent Non Executive Director

Meeting and attendance during the year

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

Meeting of Nomination & Remuneration Committee held during the year: 06.05.2017 & 07.02.2018

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 2017-2018

Name of Director	Salary & perquisites (Rs.)	Sitting Fees (Rs.)	Commission Rs.
Mr. M.R.Vikram	-	0.08	0.15
Mr. Rabindra Srikantan	8.4	-	1.68
Prof. B.S.Sonde	-	0.11	0.15
Mr. M.Lakshminarayan	-	0.08	0.15
Mr. Shekar Viswanathan	-	0.07	0.15
Ms. Preeti Rabindra	-	0.06	0.15

Shareholding in the Company of Non-Executive Directors as on 31.03.2018

Name	No. of Equity shares held
Mr. M.R.Vikram	3000
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

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. 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	1	1
Mr. M.R. Vikram	1	1
Mr. Shekar Viswanathan	1	–
Mr. Rabindra Srikantan	1	1
Ms. Preeti Rabindra	1	1

Meeting held on 7.2.2018.

IV. SHAREHOLDERS MEETINGS

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

Year	Date & Time	Venue	Special resolution Passed
2014-2015	14 th August 2015	Pai Vista, No 3/1, 27 th Cross, End of K R Road, Banashankri 2 nd Stage, Bangalore 560070	Approve Materially Related Party Transaction
2015-2016	22 nd June 2016	Pai Vista, No 3/1, 27 th cross, End of K R Road, Banashankri 2 nd Stage, Bangalore 560070	NIL
2016-2017	20 th June 2017	Pai Vista, No 3/1, 27 th Cross, End of K R Road, Banashankri 2 nd Stage, Bangalore 560070	1. Re-appointment of Mr Rabindra Srikantan as Manaing Director 2. Commission to Non-Executive & Independent Directors of the Company

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. Details provided in Annexure VIII forming part of the Board's Report.
- 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 2017-2018.

Weblink-

Policy on Materiality of Related Party Transactions, <http://bit.do//ASM-rpt>.

Policy on Materiality of Subsidiaries, <http://bit.do//ASM-Policy>.

MANDATORY/NON-MANDATORY REQUIREMENTS

During the financial year 2017-18, 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)

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 of home office and also allowed to reimburse expenses incurred for performing his duties.

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 2017		transaction during the year		unclaimed details as on 31st March 2018	
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, 2018.

IX SHAREHOLDER'S INFORMATION FOR THE FY 2017-2018

26TH ANNUAL GENERAL MEETING

1. Date & Time : 2nd July, 2018 at 9.30 a.m.
2. Venue : Pai Vista , No.3/1, 27th Cross, End of KR Road, Banashankari 2nd Stage, Bangalore – 560070, Karnataka, India
3. Date of Book Closure : 30.6.2018 to 02.07.2018 (Both days inclusive)
4. Financial Year of Company : April to March
5. Corporate & Registered Office : No. 80/2 Lusanne Court, Richmond Road, Bangalore- 560 025 Karnataka, India
6. Exchanges Listed at : BSE Limited, P J Towers, No. 25 Dalal Street, Mumbai – 400 001 Maharashtra, India
: The Listing fees for the financial year 2018-2019 has been paid
7. Stock Code : BSE - 526433
8. De-mat ISIN No. in NSDL & CDSL For Equity Shares : INE867C01010
9. Payment of Dividend : The Company paid interim dividend of Rs.2.50 per equity share of Rs. 10/- each, on 4th November, 2017. The Board has recommended final dividend of Rs. 2.50 per equity share of Rs. 10/- each, subject to the approval of the share holders at the ensuing AGM.

10. Unclaimed Dividend

Section 124 of the Companies Act, 2013, mandates that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). In accordance with the following schedule, the dividend for the years mentioned as follows, if unclaimed within the period of seven years will be transferred to IEPF.

Year	Dividend per share of Rs. 10/-	Date of declaration	Unpaid Amt as on 31.3.2018 (Rs.)	7 year period from transfer to unpaid A/c	Due date for transfer to IEPF
2010-2011	Rs. 2.00	11 th July 2011	382,338.00	13 th August 2018	12 th September 2018
2011-2012	Rs. 2.50	27 th June 2012	419,901.00	30 th July 2019	27 th August 2019
2012-2013 Interim	Rs. 1.20	31 st October 2012	234,736.00	3 rd December 2019	1 st January 2020
2012-2013 Final	Rs. 1.30	28 th June 2013	249,978.00	31 st July 2020	29 th August 2020
2013-2014 Interim	Rs. 1.00	28 th October 2013	195,436.00	30 th November 2020	29 th December 2020
2013-14 Final	Rs. 1.80	28 th June 2014	366,747.00	31 st July 2021	29 th August 2021
2014-15 Interim	Rs. 1.20	29 th October 2014	259,711.00	1 st December 2021	30 th December 2021
2014-15 Final	Rs. 0.80	14 th August 2015	185,745.00	19 th September 2022	17 th October 2022
2015-16 Interim	Rs. 1.80	15 th October 2015	389,480.00	19 th November 2022	18 th December 2022
2015-16 2 nd Interim	Rs. 6.00	15 th March 2016	1,443,018.00	19 th April 2023	18 th May 2023
2016-17 Interim	Rs. 2.50	19 th October 2016	681,505.00	23 rd November 2023	22 nd December 2023
2016-17 Final	Rs. 2.50	20 th June 2017	668,641.00	23 rd July 2024	21 st August 2024
2017-18 Interim	Rs. 2.50	4 th November 2017	700,989.00	8 th December 2024	6 th January 2025

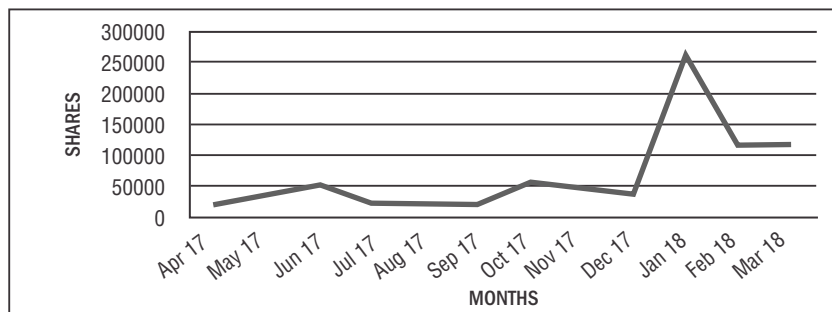
11. Shares Transferred to IEPF:

Pursuant to Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting Audit Transfer and Refund) Rules, 2016 as amended by the Ministry of Corporate Affairs with effect from 28th February, 2017 (“the Rules”), in case the beneficial owner has not encashed dividend warrant(s) during the last seven years, shares pertaining to such beneficial owners shall be required to be transferred to the Fund established by the Authority. Shareholders are therefore requested to contact Karvy Computershare Pvt Ltd, Registrar and Share Transfer Agent with respect to their unclaimed dividends. Accordingly, during the year, the Company transferred 103,333 shares to IEPF on November 30 2017.

12. Market Price Data: The month wise high and low prices and volume of shares of the Company traded on the Mumbai Stock Exchange (BSE) for the period April 2017- March 2018 is given below:

Month	High	Low	No. of Shares	Month	High	Low	No. of Shares
April-17	118.20	107.70	21,675	October-17	147.00	108.15	56,301
May-17	116.00	100.00	36,921	November-17	148.00	127.00	43,129
June-17	116.90	100.60	53,294	December-17	141.95	128.05	38,725
July-17	114.85	106.00	22,992	January-18	187.90	135.10	2,65,731
August-17	116.00	102.00	20,070	February-18	184.00	153.00	1,15,383
September-17	118.00	101.55	21,110	March-18	169.00	134.00	1,18,012

ASML- Volume of shares traded at BSE



13. Dematerialisation of Shares : 93.63 % of the capital has been dematerialised as on 31.3.2018
14. Market Capitalisation as on 31.3.2018 : Rs. 6895 Mn. (as per closing price in BSE)
15. No. of Employees as on 31.03.2018 : 613
 No. of Employees (Group) : 630
 (including contractual staff)
16. No. of Shareholders as on 31.03.2018 : 3938
17. Share Transfers : As the Company's shares are traded in dematerialized form, transfer requests are processed and approved in electronic form by NSDL/CDSL through their depository participants. Transfer of shares in physical form are processed by our Registrar and Share Transfer Agent, Karvy Computershare Pvt Ltd and approved by the Share Transfer Committee of the Company. Physical shares sent for transfers or dematerialisation are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents. During the year there were 400 physical transfer of shares.
18. Details of complaints received and solved from 1st April, 2017 to 31st March 2018

Complaints	Received	Attended	Pending
Non receipt of dividend	99	99	NIL
Non receipt of Annual Report	10	10	NIL
Others	2	2	NIL

19. Distribution of shareholding as on 31.03.2018.

No. of shares From To	No. of shareholders	% of holders	No. of Shares	% to total shares
1 - 5000	3630	92.18	435472	8.71
5001 - 10000	144	3.66	115613	2.3
10001 - 20000	79	2.00	118595	2.37
20001 - 30000	28	0.71	73460	1.47
30001 - 40000	20	0.51	71454	1.43
40001 - 50000	6	0.15	28080	0.56
50001 - 10000	15	0.38	103056	2.06
100001 & above	16	0.41	4054270	81.09
Total	3938	100	5000000	100.00

20. The company does not have any outstanding GDRS/ADRS/warrants or any convertible instruments.
21. Office locations
The addresses and contact details of offices/locations are given in this Annual Report elsewhere.
22. Web link where policy for determining 'material' subsidiaries is given below The Policy for determining 'material' subsidiaries is posted on Company's website : <http://bit.do/ASM-Policy>.
23. Disclosure of commodity price risk and commodity hedging activities
Your Company does not have commodity price risk being in the IT sector and hence no commodity hedging is done.
24. Non-compliance of any requirement of the corporate governance report of Sub- paras (2) to (10) of part c of schedule v of sebi (listing obligations and disclosure requirements) regulations, 2015, with reasons shall be disclosed
The Company has complied with all the requirements of the Corporate Governance report of sub- paras (2) to (10) of part C of Schedule V of Listing Regulations.
25. Share holding in physical & electronic form as on 31.03.2018:

Particulars	No. of shares	% of holding
Physical	318451	6.37
Electronic	4681549	93.63
Total	5000000	100.00

26. Shareholding pattern as on 31.03.2018

Category	No. of shares	% age
Indian Promoters (including Persons acting in concert)	3091903	61.84
Institutions/Banks	1100	0.02
Private Corporate Bodies	76210	1.52
Indian Public	1687280	33.29
NRI's/OCB's	40174	1.26
IEPF	103333	2.07
TOTAL	5000000	100.00

27. Investor Correspondence : All enquiries clarifications and Correspondences Should be addressed to Registrars & Share Transfer Agents or to the Compliance Officer at the Following address:

Registrars & Share Transfer Agents

Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B , Plot number 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad – 500032
Tel: 040 67162222
Email: einward.ris@karvy.com

Compliance Officer

Ms. P.N. Lakshmi
Company Secretary
80/2, Lusanne Court, Richmond Road
Bangalore- 560025
Tel: 080 66962309
E-mail ID : lakshmi.complianceofficer@asm ltd.com

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

ASM along with its subsidiaries has been providing world class Engineering and Product R&D development services with successful Offshore Development & 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 Bengaluru, Karnataka, India. The company's shares are listed with BSE Limited.

The Ministry of Corporate Affairs (MCA) vide notification dt February 16, 2015, notified the Ind AS applicability to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014. For ASM group Ind AS is applicable from 1st April 2017.

1. Industry Structure and Development

India is the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 67 per cent of the US\$ 124-130 billion market. The industry employs about 10 million workforces and more importantly, the industry has led the economic transformation of the country and altered the perception of India in the global economy. 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. As per Gartner report, Global Digital spend to increase from USD 180 Billion in 2017 to USD 310 Billion in 2020, growing over 20% YoY, a key driver of global economic development. India's IT industry is increasingly focusing on digital opportunities as digital is poised to be a major segment in the next few years. It is also currently the fastest growing segment, growing over 30 per cent annually.

As per Nasscom report the Indian ER&D segment, which is currently a \$27 billion market, continued to remain the fastest growing segment in IT services. The Indian ER&D segment has almost doubled in size since FY2012, driven by demand for smart/connected solutions led by the Internet of Things (IoT) revolution. Demand for migration, porting and re-platforming of traditional on-premise application to SaaS from both clients and ISVs opens significant opportunity to grow. Software and services have been redefining the ER&D market as increasing investments into technologies such as robotics, Artificial intelligence, 3-D printing, etc. have proved to be a major growth driver for this segment.

2. Opportunities

Starting on a sluggish mode, the 2017-18 fiscal witnessed an encouraging growth in the second half as the financial year is expected to close with revenues of \$167 billion. India continues to gain market share and with Indian IT sector, strong and stable fundamentals, the industry will continue to drive the country's growth. As per Nasscom, the IoT market in India is poised to reach USD 15 billion by 2020 accounting for nearly 5% of the global market. Increased penetration of affordable devices, combined with cloud computing, analytics and rising consumer expectations is driving the rapid growth of the IOT market. Currently, the IoT ecosystem in India comprises of 120 organizations playing across the value chain. The industry offers a slew of opportunities and scope for innovation thereby attracting the young mind to push their limit. Cloud

The Indian ER&D Services market has significantly evolved to meet the opportunity that lies ahead. The industry has invested in building capabilities and deeply entrenching itself in customer value chain. Thrust on verticalization and expansion of capabilities has built the industry capability across 11 verticals. Augmentation of electronic and mechanical engineering capabilities has enhanced the service offerings. The industry is also focusing on emerging demand areas such as turnkey plant engineering solutions, alternate power train systems, renewable energy solutions and infrastructure engineering.

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. Our process driven engineering and planning ensures in delivering quality products in the optimum time and cost. ASM is a pioneer in Mechanical, Electrical/Electronics System and Sub System design.

3. Outlook

This has been provided elsewhere in the Annual Report.

4. Risks and Concerns

a. Competition Risk

Technologies are moving to Analytics, Big Data, Artificial Intelligence and Robotics. Indian IT industry is facing stiff competition from the outsourcing companies based in different parts of the world — China, Taiwan, Philippines, Eastern Europe and Latin America. There are tremendous emphasis on productivity, value additions, quality, customer experience, and effective communications, meeting the datelines, domain knowledge and agility. 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.

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 Company stays invested in enhancing the value proposition for its customers by way of deepening its domain expertise, technological capabilities and customer engagement. 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 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.

The IT sector would have to re-adopt technology disruptions by reshaping enterprises and focus on technology-led platforms, as the currency volatility and innovative technologies such as artificial intelligence, automation, etc have disrupted the sector's traditional products and solutions.

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. The risk policy of the Board covers some of this large macro level risk and the remedial measures taken by the company to face and mitigate some of these risks.

c. New Technologies and Business Models

Digital became mainstream during the year, with the industry increasingly investing in digitized solutions to drive future growth opportunities. The Indian IT companies need to speed up the process of adopting technology in order to stay future proof as today, the Industry is fraught with challenges and opportunities, with Artificial Intelligence (AI), automation and machine learning having permeated every facet of a business.

ASM has constantly expanded its infrastructure, technology and people skills to address the specialized markets in which is present. ASM, through the initiative of ARISE (ASM Research and Innovation Step for Excellence) has seen remarkable success in the "Co-Creation of IP led Product Innovation" and Platform Services for its clients. As a System Design House, ASM is fully equipped to handle complex Electronics, Mechanical and Embedded software design and development to complete the product under one roof. Further, working prototype and manufacturing results in the entire product realization for the client. 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.

d. Geography Risk

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, characterized by 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 capabilities enable it to spread efficiently its business across various geographies. The company has insulated its overall performance from the impact of market exigencies and vagaries with a domestic international spread of business and combinations of its various solutions and services. 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 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 Internal Control 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 internal control systems adopted by the company are adequate and appropriate to its operations so as to ensure uninterrupted functioning of its business. 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 Overview

a. Share Capital

The Company has at present only one class of shares. The authorized share capital is 7 Mn. Equity shares of Rs. 10/- each, constituting to Rs. 70.00 Mn. There was no increase in the issued, subscribed and paid up capital of Rs. 50.00 Mn during the year under review.

b. Shareholder Funds

The total shareholder funds was Rs. 530.75 Mn. as at 31st March, 2018 against Rs. 523.88 Mn as of the previous year end.

c. Fixed Assets

As on 31st March 2018 the Net block of assets stood at Rs. 55.26 Mn for the standalone.

d. Net Worth

The return on Net worth (RONW) for the year ended 31st March 2018 was 7% for the standalone.

e. Earnings per share

For the Standalone, Earnings per share for the year ended 31st March 2018 was Rs. 7.27.

f. Revenue

On the standalone front the company registered a total revenue of Rs. 761.91 Mn for the year ended 31st March 2018 compared to Rs. 742.03 Mn. the previous year. Domestic sales at Rs. 64.70 Mn. and Export sales at Rs. 697.21Mn contributed to the revenue.

g. Operating Profit(EBIDTA)

We earned an operating profit Rs. 85.72Mn representing 11.25% of total revenues for the year ended 31st March 2018 as compared to Rs. 125.47 Mn representing 16.90%of total revenues, during the previous year.

h. Net Profit after Tax

Net profit after tax was Rs. 37.03Mn.on the standalone front.

i. Developments in Human Resources/ Industrial Relations

The total employee strength of the company, as on 31st March, 2018 was 613.as compared to 543 the previous year.

ASM recognizes Human Resources as its biggest asset and its Human Resource Processes are focused towards attracting, developing & retaining talent so as to drive high levels of employee engagement, ensure a performance driven culture, drive business growth and be customer centric to going deeper with technology. 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.

CORPORATE GOVERNANCE 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 purpose of certifying of the Corporate Governance under Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period April 01, 2017 to March 31, 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further 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.

For **BMP & Co**
Company Secretaries

Date : 24.05.2018
Place : Bangalore

Pramod SM
Partner
FCS 7834 / CP No. 13784