

# 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

### i. Composition of Board:

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 or through video conferencing. 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 2021-22, 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 2021-22 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 2021-22, the Board has accepted all the recommendations of its Committees

During the financial year 2021-22, 7 meetings of the Board were held, on 26.05.2021, 08.07.2021, 07.08.2021, 30.10.2021, 14.01.2022, 01.02.2022 and 15.02.2022.

Details of Director's attendance during the Financial Year, directorships/committee memberships held by them as on 31st March, 2022 are given below:

Name & Designation	Category	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM held on 10th July, 2020	No. of Directorships 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	–	–	–
Mr. M. Lakshminarayan Director	Independent Director	7	7	Yes	7	4	1
Mr. Shekar Viswanathan Director	Independent Director	7	6	Yes	1	–	–
Mr. Ramesh Radhakrishnan Director	Non Independent Non Executive Director	7	7	Yes	-	-	-
Ms. Preeti Rabindra Director*	Non Independent Non Executive Director	7	7	Yes	–	–	–

# Chairmanship/Membership in Board, Audit Committee and Stakeholders Relationship Committee in 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.

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 Director	Category of Directorship
Mr. M R Vikram Chairman	GTN Industries Limited Ahlada Engineering Limited	Independent Director
Mr. M. Lakshminarayan Director	* Kirloskar Oil Engines Limited * Wendt (India) Limited * ZF Commercial Vehicle Control Systems India Limited * Sansera Engineering Limited * TVS Electronics 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 - Mr. Rabindra Srikantan.
- Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company - Mr. Rabindra Srikantan, Mr. Lakshminarayan
- Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making. - Mr. Rabindra Srikantan, Mr. M. Lakshminarayan, Mr. M R Vikram, Mr. Shekar Viswanathan, Mr. Ramesh Radhakrishnan and Ms. Preeti Rabindra.
- Financial and Management skills
- Technical / Professional skills and specialized knowledge in relation to Company's business

iv. Confirmation as regards to Independence of Independent Directors:

- (i) All Independent Directors have given declarations that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. In the opinion of the Board, the Independent directors, fulfil the conditions of Independence specified in section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.
- (ii) None of the directors are related to each other within the meaning of the term “Relative” as per Section 2(77) of the Companies Act, 2013.
- (iii) No director shall hold office as a director in more than 10 public companies. No director of the Company shall serve on more than 10 committees or can act as chairman of more than five committees across all Indian public limited companies in which he/she is a Director. For the Purpose of this limitation, membership and chairmanship of the Audit committee and Stakeholders’ Relationship committee are only considered. No Independent director shall serve as Independent Director in more than seven listed companies or three listed companies in case he/she is a whole-time director in any listed company.
- (iv) A letter of appointment encompassing the terms and conditions of appointment, roles, duties and liabilities have been issued to the Independent Directors. The terms and conditions of appointment of the Independent Directors are disclosed in the Company’s website at : <https://www.asmltd.com/wp-content/uploads/2016/10/terms-and-condition-for-apt-of-id.pdf>

### 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;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.
- To oversee the vigil mechanism as prescribed by the rules
- To discuss issues with internal and statutory auditors.

- ♦ Composition as on 31.03.2022

Sl. No.	Name of Director	Position	Status
1.	Mr. M.R.Vikram	Chairman	Independent Director
2.	Mr. M Lakshminarayan	Member	Independent Director
3.	Mr. Shekar Viswanathan	Member	Independent Director

#### Secretary

#### Ms. Vanishree Kulkarni - 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
Mr. M Lakshminarayan	4	4
Mr. Shekar Viswanathan	4	4

Meeting of Audit Committee held during the year: 26.05.2021, 07.08.2021, 30.10.2021, and 01.02.2022

## 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, KFin Technologies 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 as on 31.03.2022

Sr. No.	Name of Director	Position	Status
1.	Mr. M R Vikram	Chairman	Independent Director
2.	Mr. Rabindra Srikantan	Member	Executive Director
3	Ms Preeti Rabindra	Member	Non executive Director

#### **Name and designation of Compliance Officer**

Ms. Vanishree Kulkarni, Company Secretary

#### **Meeting and attendance during the year**

Members	No. of meetings held	Attendance
M.R. Vikram	4	4
Mr. Rabindra Srikantan	4	4
Ms. Preeti Rabindra	4	4

Stakeholders relationship & Share transfer Committee Meetings held during the year: 26.05.2021, 07.08.2021, 30.10.2021, and 01.02.2022

During the year 2021-2022, 168 complaints were received all of which were resolved with nothing pending as on 31st March 2022. The shareholding in dematerialized mode as on March 31st, 2022 as being 95 %.

As on 31.03.2022 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 and does not receive any commission from the subsidiary companies. 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 there under.
- ♦ Composition as on 31.03.2022

Sl. No.	Name of Director	Position	Status
1.	Mr. Shekar Viswanathan	Chairman	Independent Director
2.	Mr. M Lakshminarayan	Member	Independent Director
3.	Mr. M.R.Vikram	Member	Independent Director

Meeting and attendance during the year

Members	No. of meetings held	Attendance
Mr. Shekar Viswanathan	1	1
Mr. M Lakshminarayan	1	1
Mr. M.R.Vikram	1	1

Meetings of Nomination & Remuneration Committee held during the year: 01.02. 2022

**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 Board's Report.

Details of Remuneration paid to Directors for the FY 2021-2022

(Rs. in Mn.)

Name of Director	Salary & perquisites(Rs.)	Sitting Fees(Rs.)	CommissionRs.
Mr. M.R.Vikram	-	0.14	0.72
Mr. Rabindra Srikantan	24.50	-	0.72
Mr. M. Lakshminarayan	-	0.11	0.72
Mr. Shekar Viswanathan	-	0.12	0.72
Mr. Ramesh Radhakrishnan	-	0.07	0.72
Ms. Preeti Rabindra	-	0.12	0.72

Shareholding in the Company of Non-Executive Directors as on 31.03.2022

Name	No. of Equity shares held
Mr. M.R.Vikram	NIL
Mr. M. Lakshminarayan	NIL
Mr. Shekar Viswanathan	NIL
Mr. Ramesh Radhakrishnan	NIL
Ms. Preeti Rabindra	761048

#### 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 as on 31.03.2022**

Sl. No.	Name of Director	Position	Status
1.	Ms. Preeti Rabindra	Chairman	Non Independent Non Executive Director
2.	Mr. M.R. Vikram	Member	Independent Director
3.	Mr. Shekar Viswanathan	Member	Independent Director
4.	Mr. Rabindra Srikantan	Member	Executive Director

Meeting and attendance during the year

Members	No. of meetings held	Attendance
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: 26.05.2021 and 15.02.2022

#### IV. SHAREHOLDERS' MEETINGS

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

Year	Date & Time	Venue	Special Resolution Passed
2018-2019	20th June 2019	Pai Vista, No 3/1, 27th Cross, End of K R Road, Banashankri 2nd Stage, Bangalore 560070	<ol style="list-style-type: none"> <li>To make loan(s) / give guarantee(s) / provide To make loan(s) / give guarantee(s) / provide security(ies) in connection with loan(s) made / acquire by way of subscription, purchase or otherwise, the securities of any other bodies corporate</li> <li>Change of Object Clause of the Memorandum of Association of the Company</li> <li>Adoption of Object clause of Memorandum of Association as per provisions of Companies Act, 2013</li> </ol>
2019-20	10 <sup>th</sup> July 2020	Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	<ol style="list-style-type: none"> <li>Appointment of Mr. M Lakshminarayan (DIN: 00064750) as an Independent Director of the company</li> <li>Appointment of Mr. Ramesh Radhakrishnan (DIN: 02608916) as a Director of the Company</li> <li>Appointment of Branch Auditors</li> </ol>
2020-21	8 <sup>th</sup> July 2021	Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	<ol style="list-style-type: none"> <li>To Re-appoint Mr. Rabindra Srikantan (DIN: 00024584) as Managing Director for a period of five years w.e.f. 09.11.2020 and approval of remuneration</li> <li>Approval For Payment Of Commission To Non-Executive Directors</li> <li>Appointment of Branch Auditors</li> </ol>

- ♦ 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 2021-2022.

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 2021-2022, 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)
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 for home office and also allowed to reimburse expenses incurred in performing his duties. 2. 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. 3. 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, 2022.

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, 2022.