

STEWARDSHIP CODE
VASUKI HIND CAPITAL PRIVATE LIMITED

1. INTRODUCTION

- 1.1. The purpose of this code is to describe the approach taken by Vasuki Hind Capital Private Limited to stewardship based on the principles indicated by SEBI in circular dated December 24, 2019, in relation to their investment in listed equities (“Code”). The purpose of the Stewardship Code is to enhance the quality of engagement between institutional investors and the investee companies to help improve the corporate governance practices with a view to enhance long term returns to unit-holders and the governance responsibilities.
- 1.2. This Code will be applicable on Vasuki Hind Capital Private Limited as an investment manager to the Fund in relation to their investments in listed equities.

2. EFFECTIVE DATE

This Code has been approved and adopted by the Fund Manager (*as defined below*) through its Board and shall come into effect from 28th October, 2021.

3. DEFINITIONS

- 3.1 “**Applicable Law**” means any central, state, local, municipal, foreign, international, constitution, law, statute, treaty, rule, regulation, ordinance, code, case law or principle of common law and includes any delegated legislation or a directive of a Governmental Authority.
- 3.2 “**Fund/Scheme**” means Vasuki India Fund, which is the first scheme of Vasuki India Trust
- 3.3 “**Governmental Authority**” means any governmental, legislative, executive, judicial or administrative body, municipality or any national state, provincial, local or other authority (including non-governmental), regulatory authority, court, tribunal or arbitral tribunal (including any branch, agency or commission thereof), exercising powers conferred by applicable Law in India or any other applicable jurisdiction, and shall include, without limitation, the President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same or any governmental, the Securities and Exchange Board of India, and the Reserve Bank of India.
- 3.4 “**Fund Manager**” means Vasuki Hind Capital Private Limited, the investment manager of the Fund.
- 3.5 “**Investor**” means a contributor of the Fund.
- 3.6 “**Memorandum**” means the private placement memorandum for Vasuki India Fund.

4. **STEWARDSHIP PRINCIPLES**

4.1. **Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.**

4.1.1. The primary stewardship responsibilities of the Fund Manager shall be:

- (i) To take into consideration, in the investment process, the investee companies' policies and practices on corporate governance matters;
- (ii) To seek productive engagement with the investee companies;
- (iii) To exercise voting rights in the investee companies in a manner consistent with the best interests of its Investors; and
- (iv) To maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.

4.1.2. The Fund Manager shall fulfil its stewardship responsibilities in the following manner:

- (i) The Fund Manager shall appropriately engage on any issue/matter which may affect an investee company's ability to deliver long-term sustainable performance and value. The matter may include performance (operational, financial, etc.), strategy, corporate governance (including board structure, remuneration, etc.), material environmental, social, and governance (ESG) opportunities or risks, capital structure, etc. Such engagement may be through detailed discussions with management, interaction with investee company boards, voting in board or shareholders meetings, etc.
- (ii) The Fund Manager shall endeavor to work collectively with other institutional investors and support collaborative engagements organised by representative bodies.
- (iii) The Code will be reviewed and updated as and when there is a regulatory requirement or business need.
- (iv) A training program will be undertaken for training of the key investment team explaining the responsibility under the Code along with amendments, if any. This may be done in the .

4.2. **Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.**

4.2.1. The Fund Manager should handle the matters carefully when the interests of clients or beneficiaries diverge from each other. The Fund Manager will ensure that the interest of the client/beneficiary is placed before the interest of the entity. The process of identifying and managing conflict of interest is detailed below.

4.2.2. While dealing with investee companies, the Fund Manager is faced with a conflict of interest, in

an instance, if a nominee of the Fund Manager has been appointed as a director or a key managerial person of the investee company, or the Fund Manager and the investee company are part of the same group. The Fund Manager would look out for any other situations that may potentially lead to a conflict of interest. Individual employees holding stocks of investee companies may also face conflict of interest when dealing with the same companies on behalf of the Fund Manager.

4.2.3. In order to ensure the protection and primacy of client's interests and to comply with the applicable regulations, the Fund Manager has implemented policy and procedures aimed at preventing situations involving conflicts of interests and resolving such situations should they arise.

4.2.4. The Fund Manager will manage the potential conflict of interest situations as under:

- a. In the usual course of the Fund Manager's business, any services engaged with investee companies including associates, sponsor & group companies shall be selected in the best interests of the Investors. The services shall be selected on an arms-length basis.
- b. The persons to recuse from decision making in case of the person having any actual/potential conflict of interest in the transaction.
- c. The basic principle to prevent conflicts of interests related to voting rights is to cast votes for or against proposals based on the investment strategy and objectives of the Fund. Further, there will be a clear segregation of the voting function and sales functions.

4.3. **Principle 3: Institutional investors should monitor their investee companies**

4.3.1. The Fund Manager will monitor following areas which shall, inter-alia, include:

- (i) Company strategy and performance - operational, financial etc.
- (ii) Industry-level monitoring and possible impact on the investee companies.
- (iii) Quality of company management, board, leadership etc.
- (iv) Corporate governance including remuneration, structure of the board (including board diversity, independent directors etc.) related party transactions, etc.
- (v) Risks, including Environmental, Social and Governance (ESG) risks
- (vi) Shareholder rights, their grievances etc.

4.3.2. The threshold for active monitoring of investee companies shall be 4% of the paid up capital of the investee company. If the shareholding of the Fund exceeds 4%, active monitoring shall be done by the Fund Manager. However, the Fund Manager can decide to intervene in companies where the investment is below threshold level, depending on the criticality of the issue.

4.3.3. The Fund Manager will engage with investee companies as part of the research process that

leads to an investment in an investee company, which might include meetings with management. Once an investment is made, the Fund Manager shall continue to monitor each investee company. As a part of this process, the fund manager/ analysts shall, where feasible, attend meetings/Conference calls conducted by the management of the investee company. Fund Manager/ analysts may also use publicly available information, sell side research and industry information.

4.3.4. While dealing with the investee company, the Fund Manager shall ensure compliance with the Policy on Prohibition of Insider Trading.

4.4. Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.

4.4.1. The Fund Manager may intervene on case-by-case basis in an investee company where the shareholding of the Fund exceeds 4% if it feels that its intervention is required to protect the value of its investment and discharging its stewardship responsibility.

4.4.2. The Fund Manager will intervene if, in its opinion, any act/omission of the investee company is considered material, including but not limited to poor financial performance of the company, corporate governance related practices, remuneration, strategy, ESG risks, leadership issues, litigation, insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance parameters, related party transactions etc.

4.4.3. The matrix that should be followed by the company for intervention is as follows:

- i. **Communication:** The Fund Manager shall communicate to the investee company's management any concerns of the Fund including steps to be taken to mitigate such concerns.
- ii. **Engagement:** In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by the Fund Manager within a reasonable timeframe, the Fund Manager shall take all reasonable steps to engage with the management of the investee company for constructive resolution of the Fund Manager's concerns.
- iii. **Collaboration:** The Fund Manager shall also consider collaboration with other institutional investors, professional/industry associations (eg. AMFI), regulators, and any other entities where it deems necessary and in particular, when it believes, a collective engagement will lead to a higher quality and/or a better response from the investee company. The Fund Manager may approach, or may be approached by, other

institutional shareholders to provide a joint representation to the investee companies to address specific concerns. The act of collaboration with other institutional investors shall not be deemed to be an act of collusion or persons acting in concert. The Fund Manager shall determine individually its position on any issue requiring collaborative engagement.

- iv.* **Escalation:** In case there is no progress despite the first three steps, the Fund Manager shall escalate the matter and engage with the board of directors of the investee company (through a formal written communication) and elaborate on the concerns. The Fund Manager may also consider discussing the issues at the shareholders meeting of the investee company. The Fund Manager may vote against decisions at appropriate forum.

4.5. Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.

To protect and enhance wealth of the Investors and to improve governance of the investee companies, it is critical that the Fund take its own voting decisions in the investee company after in-depth analysis rather than blindly supporting the management decisions. As a Fund Manager, it has a fiduciary responsibility to act in the best interest of the Investors. This responsibility also includes exercising voting rights, either at the general meetings of the investee companies or through postal ballots, in the best interest of the Investor.

The Fund Manager will manage voting rights with the same level of care and skill as it manages the Fund. In general, the Fund Manager does not have the intention to participate directly or indirectly in the management of the investee companies but it will use its influence as the representative of the shareholders amongst others by exercising its voting rights in accordance with the best interests of the Investors.

4.6. Principle 6: Institutional investors should report periodically on their stewardship activities.

Fund Manager shall report to the Investors on how it has fulfilled its stewardship responsibilities as per the Code in an easy-to-understand format as may be required under the applicable law.