

This document outlines a comprehensive set of **Stewardship and Proxy Voting Guidelines**. These guidelines are synthesized by combining the most rigorous and "best-in-class" standards, , while ensuring strict compliance with the **SEBI Circular (CIR/CFD/CMD1/168/2019)** on the Stewardship Code.

Comprehensive Stewardship & Voting Guidelines

Part I: The Stewardship Framework (SEBI Compliance)

This section establishes the operational framework required by SEBI for Mutual Funds and Alternative Investment Funds (AIFs).

Principle 1: Discharge of Stewardship Responsibilities

- **Policy Formulation:** We will maintain a comprehensive policy on monitoring and engaging with investee companies on performance, strategy, governance, and ESG risks¹.
- **Outsourcing:** If voting or monitoring is outsourced to external agencies, we retain the final responsibility for stewardship and will verify that the agency exercises due diligence².
- **Training:** We will implement a mandatory training policy for all investment personnel regarding these principles³.

Principle 2: Managing Conflicts of Interest

- **Priority of Interest:** The interests of the client/beneficiary shall always take precedence over the interests of the entity⁴.
- **Conflict Identification:** We will identify specific conflict zones, including:
 - Investee companies that are associates or group companies of our entity.
 - Investee companies that are also substantial clients of our entity⁵.
- **Mitigation Mechanisms:**
 - **Segregation of Duties:** Complete separation of the voting function from client relations/sales functions⁶.
 - **Recusal:** Personnel with actual/potential conflicts must recuse themselves from decision-making on specific resolutions⁷.
 - **Blanket Bans:** In severe conflict cases, we may institute a blanket ban on trading or voting in specific securities⁸.

Principle 3: Monitoring Investee Companies

- **Continuous Monitoring:** We will monitor investee companies on operational performance, strategy, capital structure, and ESG risks⁹.
- **Levels of Monitoring:**
 - *Active Monitoring:* For companies where we hold significant stakes.
 - *Passive Monitoring:* For small investments, though intervention remains an option if governance fails¹⁰.
- **Insider Trading:** We will strictly adhere to insider trading regulations while seeking information for monitoring purposes¹¹.

Principle 4: Active Intervention & Collaboration

- **Intervention Triggers:** We will intervene in cases of poor financial performance, corporate governance failures, excessive remuneration, or ESG risks¹².
- **Escalation Matrix:**
 1. **Level 1:** Constructive discussion with management.
 2. **Level 2:** Letter to the Board/Independent Directors.
 3. **Level 3:** Collaboration with other institutional investors (e.g., via AMFI)¹³.
 4. **Level 4:** Voting Against resolutions at shareholder meetings¹⁴.

Principle 5: Voting & Disclosure

- **Independent Decision Making:** While we subscribe to proxy advisory services, we will conduct in-depth internal analysis and not blindly support management or advisor recommendations¹⁵.
- **Transparency:** We will disclose our voting policy, actual voting decisions (For/Against/Abstain), and the rationale for each vote quarterly on our website¹⁶.

Principle 6: Periodic Reporting

- **Client Reporting:** We will report to clients/beneficiaries annually on how stewardship responsibilities were fulfilled¹⁷.
 - **Website Disclosure:** A report on the implementation of these principles will be updated annually on our website¹⁸.
-

Part II: Voting Guidelines (Best of Class Standards)

1. Board of Directors & Composition

A. Independence & Tenure

- **Definition of Independence:** We adopt a strict definition. A director is **Non-Independent** if:
 - They have served more than **10 years** (aggregate) on the board, including service on the boards of holding/subsidiary/group companies¹⁹.
 - They are an "Affiliate Promoter" (related to promoters, holding senior positions in group companies, or nominee of the promoter)²⁰.
 - They are a representative of a shareholder owning >2% of stock (Glass Lewis standard)²¹ or have a material pecuniary relationship²².
- **Cooling-off Period:** We require a **3-year** cooling-off period for former employees or directors transitioning from executive to independent roles²³.
- **Board Balance:**
 - If the Chairperson is Non-Executive/Independent: At least **1/3** of the board must be independent.
 - If the Chairperson is Executive or Promoter-affiliated: At least **50%** of the board must be independent²⁴²⁴²⁴²⁴.

B. Leadership & Structure

- **Chair/CEO Split:** We generally vote **AGAINST** combining the role of Board Chair and CEO/MD. We believe in the separation of powers to prevent concentration of authority²⁵.
- **Gender Diversity:** We require at least one **Independent Woman Director** on the board for top 1,000 companies (stricter than the law requiring just one woman director)²⁶²⁶²⁶²⁶.
- **Attendance (Hygiene Factor):** We will vote **AGAINST** the re-election of any director who attended less than **75%** of board/committee meetings without a valid reason (illness/emergency)²⁷²⁷²⁷²⁷.

C. Overboarding

- We will vote **AGAINST** a director if they sit on more than **6 public company boards** (Glass Lewis standard)²⁸.
- If the director is a full-time Executive/MD, they should serve on no more than **3 listed boards** as an Independent Director²⁹.

2. Audit & Financial Integrity

A. Auditor Appointment

- **Tenure:** We support auditor rotation. We will generally **NOT** support the reappointment of an audit firm if their tenure (including network firms) exceeds **10 years**³⁰.
- **Non-Audit Fees:** We will vote **AGAINST** the Audit Committee Chair if non-audit fees paid to the auditor exceed **50%** of the total fees, as this compromises independence³¹.
- **Resignation:** We will scrutinize auditor resignations closely. If an auditor resigns citing "lack of information" or "material irregularities," we will vote **AGAINST** the adoption of accounts and the Audit Committee Chair³².

B. Financial Statements

- **Adoption:** We will vote **FOR** adoption unless there are qualifications, adverse opinions, or concerns regarding the integrity of accounts³³.
- **Subsidiaries:** We expect financial statements of subsidiaries to be available on the website; absence thereof is grounds for rejection³⁴.

3. Remuneration & Compensation

A. Executive Remuneration

- **Pay-for-Performance:** Variable pay must comprise at least **50%** of total pay³⁵. We expect clear disclosure of performance metrics (e.g., EBITDA, ROE).
- **Absolute Caps:** We will vote **AGAINST** proposals that do not place an **absolute monetary cap** on remuneration. Open-ended commissions (% of profit) without a hard cap are unacceptable³⁶³⁶³⁶³⁶.
- **Minimum Remuneration (Losses):** In cases of inadequate profits, we generally vote **AGAINST** waivers for excess remuneration unless the excess is limited to fixed pay only (no variable pay during loss years)³⁷.
- **Personal Expenses:** We oppose the company bearing personal expenses (uncapped medical, travel for family) for promoters³⁸.

B. Non-Executive Director (NED) Pay

- **Commission Only:** NEDs should be paid commission/sitting fees only. We vote **AGAINST** stock options or performance-based equity for NEDs/IDs³⁹.
- **Limits:** Aggregate NED commission should generally not exceed **1%** of net profits⁴⁰.

C. ESOPs (Stock Options)

- **Dilution:** We generally oppose plans where dilution exceeds **5%** of issued capital (Mature companies) or **10%** (Growth companies)⁴¹.
- **Exercise Price:** Options should be issued at market price. If issued at a deep discount (>20%), vesting must be strictly performance-based (not just time-based)⁴².
- **Coverage:** We oppose granting ESOPs to Promoter Group members or Independent Directors⁴³.

4. Related Party Transactions (RPTs)

- **Omnibus Approvals:** We vote **AGAINST** "omnibus" approvals that lack specific details (names, transaction limits, duration). We do not support RPT approvals sought for **perpetuity**⁴⁴⁴⁴⁴⁴⁴⁴.

- **Royalty Payments:** We generally vote **AGAINST** royalty/brand usage payments to promoter entities (e.g., >2% of revenue) unless the promoter demonstrates ongoing tangible value addition (R&D, technology transfer) justifying the fee⁴⁵⁴⁵⁴⁵⁴⁵.
- **Financial Assistance:** We oppose providing guarantees/loans to entities where the company has less than **75% ownership** unless proportional counter-guarantees are provided by other shareholders⁴⁶.

5. Corporate Actions & Capital Structure

- **Mergers/Sales:** We require an independent **Fairness Opinion** and a **Valuation Report** for all schemes of arrangement. We will vote **AGAINST** if the transaction disproportionately benefits the promoter group⁴⁷.
- **Preferential Issues:** We generally prefer **Rights Issues** (equitable to all). We will vote **AGAINST** preferential allotments to promoters/select investors unless compelling strategic rationale is provided and dilution is limited (<20%)⁴⁸⁴⁸⁴⁸⁴⁸.
- **Blind Shells:** We vote **AGAINST** raising capital via "General Issuance Mandates" (Qualified Institutional Placements) if the specific use of funds and specific dilution impact are not disclosed⁴⁹.

6. ESG & Climate Accountability

- **Climate Risk:** For companies designated as "Significant GHG Emitters," we will vote **AGAINST** the incumbent director responsible for climate risk if the company fails to disclose TCFD-aligned reporting and Net Zero targets⁵⁰.
- **BRSR Compliance:** We will vote **AGAINST** the re-appointment of the Board Chair if the company fails to comply with mandatory Business Responsibility and Sustainability Reporting (BRSR) requirements⁵¹.

7. PSUs (Public Sector Undertakings)

- **Compliance:** We hold PSUs to the same governance standards as private companies. We will vote **AGAINST** the appointment of directors if the PSU board is non-compliant (e.g., lacks required Independent Directors or Woman Directors), regardless of government nomination⁵².