

Stewardship Code

1. Background

- Securities and Exchange Board of India ('SEBI') vide its Circular No. CIR/CFD/CMD1/168/2019 dated December 24, 2019 read with Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/55 dated March 30, 2020 has prescribed Alternative Investment Funds ('AIF') to adopt a stewardship code, in relation to their investment in listed equities with effect from July 01, 2020.
- **Vardan Ceqube India Investment Fund ('the Fund')** is a Category 2 AIF bearing SEBI Registration no. IN/AIF2/17-18/0363, that primarily invests in unlisted securities in accordance with its investment objective and Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ('SEBI AIF Regulations').
- The **Stewardship Code ('the Code')** is adopted to lay down the broad guidelines and principles to monitor and engage with the Fund's investee companies to protect the interests of the Fund's investors.
- Stewardship activities include engaging with investee companies on various matters including performance (operational, financial, etc.), strategy, corporate governance, material environmental, social & governance ('ESG') opportunities or risks, capital structure and other issues that could have a material impact on the long term returns of the Fund's investors.
- The Code is agreed and accepted by **Vardan Ceqube Advisors Private Limited ('the Investment Manager')** and members of the Investment Team and shall be reviewed on a regular basis to incorporate/adopt any change(s).

2. Responsibility Matrix

- Stewardship responsibilities are activities that ensure enhancement of value to the investors.
- It is the responsibility of the Fund to monitor and engage with listed portfolio companies so that the interest of the investors can be protected. The following would be responsible for the discharge of Stewardship responsibilities:
 1. **Investment Committee** –The Investment Committee of the Fund comprises of Mr. Vikram Kaushal, Mr. Amit Hirawat & Ms. Rina Kaushal, as per the Private Placement Memorandum ('PPM') of the Fund. The Investment Committee would be responsible for an effective oversight of the Fund's Stewardship responsibilities and recommend changes to the Policy, if any.
 2. **Stewardship Officer** – The Fund has appointed Mr. Vikram Kaushal as the 'Stewardship Officer' to oversee the discharge of Stewardship responsibilities and issue compliance report on an annual basis.
 3. **Investment Partner** – Mr. Vikram Kaushal shall act as the Investment Partner, for the investments in listed portfolio companies and shall be responsible for continuous

monitoring, actively engaging and avoiding conflict of interest. He will work in consultation with and seek necessary approvals from the Investment Committee.

3. Guiding Principle(s) of the Code

- The Code acts as a guiding principle to carry out stewardship activities, including the following Principles:
 - a) A comprehensive policy and guiding principles to fulfil the stewardship responsibilities
 - b) Managing conflict of interest to ensure investor(s) interest is placed first
 - c) Continuous monitoring of listed portfolio companies in which equity investments have been made
 - d) Identification of circumstances and the manner of intervention for regular assessment of portfolio companies
 - e) Participation in voting and disclosure of voting activities
 - f) Periodical reporting of stewardship activities
- The Fund shall carry out the stewardship activities for those portfolio companies, where equity investments exceed 5% of the combined Net AUM of the Fund or INR 10 crores, whichever is less.
- However, the Fund may decide to intervene in investee companies where the investment is below the threshold level, considering the significance of the issue. Towards fulfilling stewardship activities, it shall abide by the Code and shall be guided by the following principles:

a) Policy and guiding principles to fulfil the stewardship responsibilities:

- Before making an investment, the Fund would take into consideration, the historical performance, benchmarking with peers, industry attractiveness and corporate governance practices of investee companies;
- Take ownership to protect and enhance investor value through productive engagement with investee companies;
- Vote and engage with investee companies on all key matters of concern;
- The Fund may fulfil the purpose through periodic interaction with management of investee companies and voting on shareholders' resolutions with a view to enhance value creation for the Fund's investors and the investee companies;
- During interaction with investee companies' management, the Fund will advocate following best practices of corporate governance. It will collaborate with other institutional investors, investment professionals and support efforts organised by representative bodies.

b) Managing conflict of interest to ensure investors' interest is placed first

- While carrying out portfolio investments, the Fund may be faced with a conflict of interest, particularly relating to investment in companies where the Investment Manager and/or members of the Investment Team has direct personal interest.
- To ensure that there is no conflict of interest, the investment in companies where the Investment Manager and/or the members of the Investment Team has direct personal interest, the member(s) should raise the issue with the Investment Manager before the Fund makes the investment decision and resolve the conflict through the member exiting the position or holding the same for the duration the Fund holds the investment.

c) Continuous monitoring of listed portfolio companies in which equity investments have been made

- The Fund shall ensure that portfolio companies are closely monitored, through regular interactions with the management of investee companies, interaction with peers, benchmarking with peer performance, participation in conference calls organized by the company, attending conferences/events organized by intermediaries and reading research reports, presentations and annual reports released by the company and accessing other means of information, if any.
- The interactions with the management of the investee companies will be conducted in a private and confidential manner and ensuring compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015.

d) Identification of circumstances and the manner of intervention for regular assessment of portfolio companies

- The Fund shall intervene if, in its opinion, any act/omission of the investee companies is considered material on a case-to-case basis, including but not limited to insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance or governance issues, related party transactions, adverse corporate actions, or any other related matters.
- It may consider intervening in matters below the thresholds, if in the reasonable opinion of the Investment Manager, the issue involved may materially impact the overall value creation and/or corporate governance or the Fund's investment.
- The escalation matrix followed by shall be as follows:
 - a. **Communication:** The Investment Manager/Team shall communicate to the investee companies' management about concerns of the Fund including suggested steps, if any, to mitigate such concerns. If the matter comes to voting, the Fund shall communicate its opinion through exercise of its voting rights.
 - b. **Engagement:** In the event the investee companies' management fails to undertake corrective/constructive steps to resolve the concerns within a reasonable timeframe, the Fund shall take steps to engage with the Board of Directors of the investee companies through a formal written communication to highlight the Fund's concerns.

- c. **Collaboration:** The Fund shall also consider collaboration with other institutional investors, professional associations, regulators, and any other entities where it deems necessary.
- d. **Reporting:** If there is no response or action taken by the investee companies despite the above-mentioned steps, the Fund may approach the relevant authorities or can consider recourse to other legal actions.

e) Participation in voting and disclosure of voting activities

- The Fund will endeavour to offer its opinion on all key matters put to shareholders' vote. The matters may include (but not limited to) corporate governance, future prospects, Directors' appointment and compensation, capital expenditure, restructuring / merger & acquisitions and related party transactions.
- The Fund may also consider the recommendation / opinion of proxy advisory firms while voting. The Fund shall maintain a record of its voting on investee companies' resolutions and any material difference of opinion will be disclosed to the Fund's investors in its periodic communication.

f) Periodical reporting of stewardship activities

- The Fund shall report any significant action taken on its stewardship activities to its investors in its periodic communication.