



SAPHALATA

Investment Advisors Private Limited

VOTING POLICY

1. Introduction:

Saphalata Investment Advisors Private Limited (“AMC”) acts as an Investment Manager to SEBI registered Category III Alternative Investment fund, Saphalata Equity AIF (“AIF”) bearing registration number IN/AIF3/21-22/1027 and for all its existing and future schemes.

2. Purpose:

In terms of SEBI circular no. CIR/CFD/CMD1/168/2019 dated December 24, 2019, mandated AIFs to have a clear policy on voting and disclosure of voting activity to protect and enhance wealth of unitholders and to improve governance of investee companies. This policy is drafted in pursuance of above referred circular and provides general philosophy, broad guidelines and procedures for exercising voting rights. This Policy contains the principles that form the basis of all votes. The AMC believes that these principles are essential to ensure the long-term performance of the assets/funds managed by the AMC. It is hereby clarified that this Voting Policy shall not supersede or impede upon the inherent powers of the trustee and / or the investment committee as enshrined in the constitution or fund documents of the respective fund. For effective representation of the interests of the funds, AMC appoints authorized personnel to exercise voting rights attached to the securities of these portfolio companies at the general meetings, class meetings, debenture holders meeting or through postal ballot or electronically, as the case may be.

3. Philosophy of the Voting Policy:

As an investment manager with a delegated fiduciary responsibility towards investors of its funds, AMC believes that it should exercise its right to vote always in the best interests of investors of the funds managed by it. Generally, the funds make investments in portfolio companies as financial investors and day to day affairs / operations of the portfolio companies remain entrusted with the portfolio company's promoters, board of directors and/or management team, unless the fund has taken control of the management of the company by way of holding majority equity. The funds may have veto rights on certain reserved matters as may be specified in the investment agreements and/or articles of association of the



portfolio companies specially in case of Investment in unlisted securities, if allowed by the fund documents.

Kindly note that this Voting Policy attempts to:

- promote accountability of portfolio company's promoters, management and board of directors to its shareholders / debenture holders;
- align the interests of portfolio company's management with those of shareholders / debenture holders; and
- encourage portfolio companies to adopt best practices in terms of their corporate governance.

4. Decision making process:

- 4.1. When the funds make an investment in portfolio companies, AMC being the investment manager may execute investment agreement with the concerned unlisted or listed portfolio companies on behalf the fund. The terms of investment and the rights of the fund are agreed in such investment agreements. The rights of the funds are also typically restated in the charter documents of the portfolio companies. These rights inter-alia include veto rights, exit rights, information rights and right to appointment nominee directors/observers. For investment into listed equity shares, no such agreement is usually entered with portfolio companies.
- 4.2. The communication of the decision taken by company, which could include vote for/against/ abstinence from voting, shall be made through either the nominee director of the fund, if any, appointed on the board of directors of the portfolio investment or through Custodian or any other mode as may be suggested by the management of portfolio companies in compliance with applicable law.
- 4.3. The representation and voting by the authorized personnel in the meetings conducted by the portfolio companies could be through physical presence at the meeting, representation through proxy or through audio visual or other electronic mode offered by such portfolio company subject to applicable law.
- 4.4. Any of the Director (based on the inputs of Investment Team/Investment Committee, as the case may be of the concerned fund/scheme will decide when to use proxy votes and the manner in which votes through proxies are cast.



5. Guidelines for Voting:

- 5.1. For ensuring better corporate governance of listed companies, the AMC shall endeavour to vote on all resolutions which may affect its clients or fund's clients' interest, either by postal ballot or through attendance or e-voting.
- 5.2. The AMC shall not give proxy to brokers, for voting on its behalf.
- 5.3. The AMC shall be represented by the concerned fund manager or concerned analyst tracking the stock or such personnel as may be authorized by such fund manager or Board of Directors of the AMC.
- 5.4. The AMC can vote through the postal ballot or through attendance or e-voting.
- 5.5. The decision regarding the voting on the resolution, i.e. whether the Portfolio Manager/Investment Manager will vote for, abstain or against the resolution proposed by the Company/Issuer, will be taken by the portfolio manager/fund manager/authorized person.
- 5.6. The voting decision shall be arrived at by considering all available information including: contents of notice/explanatory statements, interpretation and application of the proposed items, impact of exercising or not exercising the vote, possible outcome of the vote, impact on the investment made by the concerned fund, etc. All the items proposed for vote should be addressed on a case to-case basis considering the interests of the investors of the respective fund. Other factors such as location of the general/class /debenture holders meeting, percentage of voting right, cost of voting (cost of travel and executive time), routine nature of the items on vote, etc may also be taken into consideration to arrive at the voting decision.
- 5.7. Decision may be taken to abstain from voting in certain circumstances cases such as follows
 - where insufficient information is available on the item proposed for vote; or
 - where a potential conflict of interest may be involved or where AMC does not have a clear position on the item proposed for vote or where item proposed for vote is routine / administrative in nature or where decision of nominee directors / fund has been separately



communicated in writing to the portfolio company

- 5.8. The actual exercise of the proxy votes in the AGMs/EGMs of the investee companies will cover the following matters: Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti-takeover provisions. Changes to capital structure, including increases and decreases of capital and preferred stock issuances. Stock option plans and other management compensation issues; Social and corporate responsibility issues. Appointment and Removal of Directors. Related party transactions Any other issue that may affect the interest of the shareholders in general and interest of the clients in particular.
- 5.9. Whenever there is a change in Auditors, Independent Directors, Key Management personnel of the investee companies, the AMC shall be vigilant and make more enquiries, including asking the Company/Issuer to provide reasons for the same.
- 5.10. AMC may consider the recommendations made by its external legal, financial or tax advisors for determining the vote cast (either for or against) concerning a particular matter which are not in the best interests of the investors of the fund. However, no recommendation shall be binding on the company.
- 5.11. The AMC may engage, through specific written agreements, independent proxy voting services to assist in the voting of proxies. The proxy voting service will work with custodians to ensure that all proxy materials are received by the custodians and are processed in a timely manner. Proxy voting services must vote all proxies in accordance with the proxy voting policies established by the AMC. Proxy voting services will refer proxy questions to the AMC for instructions under circumstances where:
 - The application of the proxy voting guidelines is unclear;
 - A particular proxy question is not covered by the guidelines; or
 - The guidelines call for specific instructions on a case-by-case basis.
- 5.12. The AMC shall reserve voting rights and all lent securities, if any, shall be made available to be voted. The AMC shall vote for lent securities as per the prescribed guidelines, since the concerned schemes are owners of the lent securities



- 5.13. The AMC may discuss any corporate governance issues that require support from other shareholders with them
- 5.14. Investment in companies that have invested in any of the funds, AMC shall not discriminate for / against any company that has invested in the funds directly or through its group entities. All companies will be treated at par for the purpose of this voting policy.
- 5.15. The AMC shall exercise voting in the exclusive interest of the clients. There shall be strict separation of the AMC's PMS business and Investment Manager to the AIF fund business. Appropriate controls and mechanisms are in place to manage conflict of interest, that may arise.
- 5.16. Information on AGM / EGM – the details of AGM / EGM including the proposals shall be provided by Custodian to Operations team. Dealing Manager or team shall co-ordinate with fund manager or Director for necessary voting decision.

6. Governance Measures & Voting Principles

The following principles outline the AMC's expectations of investee companies in which investments are made. They act as a guiding framework by which AMC executes the ownership responsibilities. These governance measures and voting principles shall be applied to all the companies including the group /associate companies of the AMC and to the companies that have subscribed to the units of the schemes.

6.1. Act in the long-term interests of shareholders

The overriding objective of companies should be the creation of long-term shareholder value. Corporate governance practices should focus board attention on this objective and there needs to be clear strategy in place in order to achieve this. As part of achieving this objective companies need to establish good environmental and social performance as this helps protect long term returns.

6.2. Align incentive structures with long-term interests of shareholders

Corporate incentive structures need to be aligned with longer -term shareholder interests. Whilst compensation programs should not restrict the company's ability to attract and retain talented executives, they should not exceed what is required and they should not contain backdated components



6.3. Ensure strong independent presence within board structure

The board should include a strong presence of independent non-executive directors such that no individual or small group of individuals can dominate the Board's decision taking. Companies should establish key committees of the board which include the audit, compensation and nomination/governance committees. The proper working of these committees should be safeguarded by an adequate representation of genuinely independent directors.

6.4. Disclose accurate, adequate, and timely information

Companies should disclose financial and operating results, ownership issues, and performance on key environmental, social, and governance (ESG) issues in an open and honest way. Annual audits of the financial statements carried out on behalf of shareholders should be required for all corporations. The audit must be carried out by independent external auditors.

6.5. Treat shareholders equitable and protect minority rights

Companies should ensure that the rights of all investors are protected. Shareholders should have equal access to information. Capital and voting structures are fundamental.

Shareholders should have the right to participate in key corporate governance decisions, including the right to nominate, appoint and remove directors individually, the right to appoint the external auditor and the right to approve major decisions which have material impact upon shareholder interests.

6.6. Facilitate the execution of shareholders rights

Shareholders should have the right to vote on key decisions concerning fundamental corporate changes, such as amendments to the articles of association, the authorisation of issuance or repurchase of shares, extraordinary transactions, key corporate governance decisions, remuneration schemes, and protection mechanisms against hostile takeovers. Shareholders should have the opportunity to place items on the agenda of shareholder meetings, propose resolutions, and call a shareholder meeting in accordance with local rules and regulations. Companies need to provide shareholders with reasonable notice of all



matters on which they can exercise their voting rights.

6.7. Ensure good environmental and social performances

AMC believes that good social and environmental performance protects shareholders longer term interests. Companies should therefore demonstrate that appropriate management structures are in place and provide full disclosure of their environmental and social practices and performance to investors.

7. General Voting Guidelines

This section provides general information on how AMC will vote on the most common voting items. This is not an exhaustive list.

7.1. Financial Statements / Director and Auditor Reports:

AMC will generally vote FOR the approval of financial statements unless:

- The statutory auditors express material/significant reservations or refuse to certify the accounts after having discovered serious irregularities.
- The general policy of the company management is clearly in contradiction with shareholder interests.

7.2. Appointment of Auditors and Approval of Audit Fees:

AMC will vote FOR the appointment or re-election of auditors and proposals authorizing the board of the company to fix the audit fees unless:

- An auditor has a financial interest or association with the company and is therefore not independent
- There is reason to believe that the independent auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position
- The board of the company has failed to disclose the company's audit & Non-audit fees

7.3. Article Amendments:

AMC will evaluate proposals seeking amendments to the Articles of Association and Memorandum of Association case by case, based on the given circumstances and on how the proposals would affect shareholder rights and interests.



7.4. Board elections:

Board Independence: The board should include a strong presence of independent non-executive directors so that no individual or group of individuals can dominate the board's decision making. Based on these considerations, and taking into account, the stock exchange listing requirements AMC will generally oppose a non-independent nominee if:

- Less than half of the board is composed of independent non-executive directors (Exception: In cases of a board with at least 50 percent of compulsory employee representatives and companies with a majority shareholder a minimum 33 percent of independent nonexecutive directors is acceptable).
- More than one-third of the board composed of executive directors.
- Less than three independent directors on the board.
- Nominee would serve both as chairman and CEO
- Outside directorships: where outside directorships are consistently disclosed, AMC will generally oppose executives and non-executives that hold an excessive number of outside directorships.
- Director attendance on board meetings: where board attendance is consistently disclosed AMC will generally oppose board nominees who have had a very attendance below 75%.
- Board Size: AMC expects boards to be neither so small to lack needed expertise or diversity in experience, nor so large as to become inefficient and hinder decision making.
- Board Information: where information on directors is consistently disclosed AMC will generally oppose board nominees if sufficient biographical information on the candidates has not been provided on time.

7.5. Discharge of Board and Management:

AMC will oppose discharge resolutions if:

- There are serious questions about actions of the board or management for the year in question.
- Legal action is being taken against the board by other shareholders.



7.6. Remuneration of directors:

- Approval of pay packages: AMC favours full disclosure of all remuneration components for each director serving on the board in order to vote in favour of a resolution approving remuneration. The different components making up the pay need to be identified and their respective policies explained. The pay should be transparent enough for shareholders to allow them to distinguish the remuneration of executives from that of non-executive directors.
- Remuneration of Non-Executive directors: AMC believes that the remuneration of non-executives should not be linked to short-term financial results. Remuneration could be paid in shares in accordance with the Companies Act, 2013 and Rules thereunder.
- Remuneration of Executive directors: Executive directors should be motivated by variable remuneration linked to company performance. A fixed salary, which should be determined by the board according to the recommendation of the Remuneration Committee. Variable performance linked remuneration, including stock options components are meant to reward exceptional performance and as such should ideally be linked to the performance of the company for that period.
- Employee Stock Option scheme: Company will vote FOR proposals for stock option schemes for employees, unless such schemes are detrimental to the interests of the employees or shareholders.

7.7. Share Issuance Requests:

A planned capital increase should attribute subscription rights to existing shareholders and to those with rights to shares. In weighing the appropriateness of an exclusion of such rights, AMC will carefully take into account the interests of both company and investors.

7.8. Authorized Capital:

AMC will vote FOR specific proposals to increase/decrease authorized capital, unless the specific purpose of the increase (e.g. a share-based acquisition or merger)/decrease does not meet the requirement of the purpose being proposed.

7.9. Share Repurchase Plan/Buy Back of Shares:



AMC will vote FOR share repurchase plans subject to necessary compliances with the applicable regulations.

7.10. Debt restructuring:

AMC considers proposals to increase common and/or preferred shares and to issue shares as part of a debt restructuring plan as non-routine and will evaluate such proposals based on the below indicative criteria

- Dilution, both of the ownership interests of existing shareholders and to future earnings.
- Whether the proposal would result in a change of control at the company. The threat of bankruptcy, its potential impact on shareholder value and whether a bankruptcy is the main factor driving the restructuring.
- AMC will generally oppose the proposal if there are clear signs of market abuse.

7.11. Mergers and Acquisition:

Votes on mergers and acquisitions are considered as non-routine items by AMC. Given the complex nature of most merger and acquisition proposals, such issues will be reviewed on a case by case basis from transparency, corporate governance as well as financial point of view. Issues that will be taken into account include:

- The impact of the merger on shareholder value
- The offer price i.e., cost vs. premium, swap ratio, impact on value, etc.
- Financial viability of the combined companies as a single entity.
- An analysis of the arm's length nature of the transaction, and potential conflicts of interest
- The presence or lack of a fairness opinion.
- Proposed changes in corporate governance and their impact on shareholder rights.
- Impact on community stakeholders and employees in both workforces.

7.12. Corporate Restructuring:

Corporate restructuring proposals are items linked to changes in the company structure, such as Spin-offs, Asset sales and Liquidations. Votes



concerning corporate restructuring are considered non-routine and evaluated on a case by case basis. Below indicative issues may be taken into account:

7.13. Spin-offs

- Potential tax and regulatory advantages
- Planned use of proceeds
- Market focus and managerial incentives Asset Sales
- Impact on the balance sheet and working capital
- Value received for the asset and the potential elimination of diseconomies Liquidations
- Management efforts to pursue other alternatives
- Appraisal value of the assets

7.14. Voting Procedures:

Confidential voting (secret ballot): AMC supports the introduction of confidential voting, in order to enable all shareholders to vote freely without being inhibited by any personal or material ties.

Voting: AMC may vote through ballot (as the case may be) or appointed proxy/ representative.

7.15. Inadequate Information:

AMC will abstain from voting proposals that are presented with inadequate information to make informed voting decisions or do not give shareholder ample time to evaluate all relevant information, provided the issue is of no major relevance for the shareholder value and/or unitholder interest. If it is of major relevance, AMC will oppose the proposal.

7.16. Environmental and Social Performance:

In general, AMC believes that good social and environmental performance protects shareholder longer term interests. Therefore, AMC will vote FOR resolutions that help to improve social and environmental performance while contributing to the protection of long-term shareholder value.

7.17. Other Matters:

7.18. The guidelines stated above do not form an exhaustive list. There may be



other matters which could potentially affect shareholder's interests. The AMC will vote for, against or abstain from voting in these cases in the manner which is beneficial to the shareholder's interests.

8. Conflict of Interests

A conflict of interest occurs when the interests or benefits of the AMC (or any of its affiliates) interferes with the interests or benefits of the unitholders/shareholders or the investee company. The conflict may be actual or perceived, and may arise when the matter to be voted on concerns or pertains to:

- An affiliate of the AMC, such as another company belonging to a group company of the AMC
- An issuer of a security for which AMC (or any of its affiliates), acts as a sponsor, advisor, manager, custodian, distributor, underwriter, broker, or other similar capacity;
- An investee company with whom the AMC (or any affiliate) has an existing, material contract or business relationship;
- An investee company in which an investor has a significant interest;
- The AMC's affiliate may be a lender to the investee company;
- The investee company is engaged by AMC for distribution or products/services offered by AMC;
- A director or a key managerial person of AMC has a personal interest in the investee company, etc.

The above is not an exhaustive list, and the AMC may face other such situations creating conflict of interests, which will be dealt with in accordance with the manner laid down in this policy.

In any such situation where AMC may face a conflict of interest, AMC shall make its best efforts to avoid any such conflict and ensure that such conflicts are resolved in the best interest of its unitholders. The voting guidelines, approach etc. enumerated in this policy should help manage such conflict of interest situation.

In general, when a conflict of interest is present, the AMC (excluding any such member affected by such conflict) will take special care to ensure that the voting is in the shareholder's interest. Rationale for each voting



decision shall be recorded.

Any person involved in the proxy voting process with knowledge of any apparent or actual conflict of interest must disclose such conflict to the Compliance Department. The Compliance Department will review each such situation to determine whether an actual or potential conflict of interest exists in connection with the proposal(s) to be voted upon. Persons having any actual/potential conflict of interest in any investee company shall recuse himself/herself from decision making.

9. Reporting and disclosure

- 9.1. As stated in the Stewardship Policy, AMC is maintaining this policy as per the requirement stated in the circular issued by Securities and Exchange Board of India bearing number circular ref CIR / CFD / CMD1 / 168/ 2019 dated December 24, 2019, and shall at all times be in compliance with the said circular (including any amendments/modifications thereto).
- 9.2. With respect to the listed equity investments of the fund, AMC shall on an Annual basis, publicly disclose a report wherever voting is undertaken as per the requirement of the Voting Policy on its website. The report shall inter alia contain the following details:
 - Details of actual voting on the proposed resolution of the portfolio company
 - Rationale for such vote
 - If written opinion from third party consultants was taken for the decision on voting and scope of such opinion.
 - The AMC shall record and disclose specific rationale supporting its voting decision (for, against or abstain) with respect to each vote proposal/resolution for which the AMC has casted its vote and records shall be maintained in the format equivalent to as provided in Annexure 1.
- 9.3. The Voting Policy shall also be available on the Website of the AMC - <https://www.saphalata.co.in>

10. Disclaimer

AMC understands its fiduciary duty to vote and that voting decisions may affect the value of shareholdings. Therefore, AMC will generally attempt to process every proxy vote it receives for all domestic securities. However, there may be



situations in which AMC may be unable to vote a proxy, or may chose not to vote a proxy, such as where:

- proxy ballot was not received from the custodian,
- a meeting notice was received too late;
- the Investment Manager held shares on the record date but has sold them prior to the meeting date i.e. where the Investment Manager has no economic interest on the day of voting etc.;
- the Investment Manager believes it is not in the best interest of the investors to vote the proxy for any other reason not enumerated herein, etc.

There may be circumstances where the AMC believes it is in the best interests of a fund to vote differently than in the manner contemplated by the Guidelines. The ultimate decision as to the manner in which the AMC's representatives/proxies will vote rests with the fund manager.

The vote will be cast at AIF Level. However, in case fund manager/(s) of any specific scheme has strong view against the views of fund manager/(s) of the other schemes, the voting at scheme level shall be allowed subject to recording of detailed rationale for the same.

11. SEBI Guidelines to override and Policy Review

The policy and it's disclosures requirements are in line with provisions as prescribed by SEBI under applicable guidelines. The AMC shall comply with such guidelines with respect to the transparency and disclosure requirements pertaining to voting by AMC as maybe notified by SEBI from time to time.

- SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010
- SEBI Circular CIR/ IMD/DF/05/2014 dated March 24, 2014
- SEBI Circular SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016
- SEBI Circular CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019
- SEBI Circular SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021 SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024

12. Annexure 1



SAPHALATA

Investment Advisors Private Limited

Date

Company Name

ISIN

Type of meetings (AGM/EGM)

Type of Vote Proposal by Management or Shareholder Proposal's Description

Resolution Description

Fund Vote

Reason