

TCG Advisory Services Private Limited

VOTING POLICY

Name of the policy	Voting Policy
Version	V1
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Approved on <i>(also mention if approved in any meeting)</i>	27 th May 2020
Approved by (Name and Designation)	Chakravarthi Lokapriya Managing Director & Chief Investment Officer
Effective Date	July 01, 2020
Functional Domain	Investment Management
Person in Charge <i>(Name and Designation)</i>	Chakravarthi Lokapriya Managing Director & Chief Investment Officer
Period of Review	Based on change in regulation and other factors

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Highlights of the modification carried out	

TCG Advisory Services Private Limited (**‘TCG Advisory’ or ‘Investment Manager’**) acts as the Investment Manager to TCG Alternative Investment Fund (**the ‘Fund’ or ‘AIF’**) which has been established as a contributory determinate trust, settled under the Trust Act vide the Trust Deed, registered under the Registration Act. The Fund has been registered as a Category III AIF with SEBI vide registration number IN/AIF3/17-18/0324. The Fund invests in various securities as per the investment objectives of the Scheme. In the long term interest of the unit holder(s) and in terms of the principles enumerated by Securities and Exchange Board of India (SEBI) vide its circular CIR/CFD/CMD1/168/2019 dated December 24, 2019, TCG Advisory has framed the general voting policy and procedures for exercising the voting rights (Voting Policy) as it is mandated to all categories of AIF to have a clear policy on voting and disclosure of voting activity.

As an Investment Manager to various schemes of the Fund, TCG Advisory considers voting activity as one of the key responsibilities and an essential tool for ensuring good corporate governance. It aims to use its voting right as part of its engagement policy and will vote accordingly in the best interest of the unit holders. TCG Advisory will have a list of persons authorized to attend and vote at meetings of investee companies on behalf of the Fund where personal attendance is to be ensured.

We have a comprehensive voting policy which includes details of mechanisms of voting, circumstances in which voting should be for/ against/ abstain, disclosure of voting, etc.

Philosophy of voting policy:

The investment guidelines for the schemes of the Fund *inter alia* are generally to invest in companies which have acceptable standards of effective management, follow corporate governance norms and have sound fundamentals. Accordingly, as the decision to invest is generally an endorsement of sound management practices of the investee company on routine matters. However, when the Investment Manager believes that the interest of the shareholders of an investee company will be prejudiced by any proposal, the Investment Manager will attend and/or vote against such proposal.

The Investment Committee shall review all voting proposal routine as well as non-routine items but shall ensure that non-routine items like 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, appointment and removal of directors etc are identified and voted in the manner designed to abstain from voting where it has insufficient information or there is a conflict of interest or the Investment Manager does not have clear stance on the proposal or on based on the facts and circumstances as evident from the available information.

Although the Investment Manager will generally vote in accordance with the voting policy, but may act differently if the relevant facts and circumstances so warrant. Hence, the Investment Manager may deviate from the voting policy guidelines when it determines that the deviation is necessary to protect the interests of the unit holders.

Applicability:

The policy applies to exercise of the voting rights / proxy votes by the schemes of the Fund, in the Annual General meetings / Extra-ordinary General Meetings / meeting of creditors / preference shareholders of the investee company.

Voting policy inter-alia includes:

1) Mechanisms of voting (e.g. e-voting, physically attending meetings, voting through proxy, etc.)

With the introduction of voting through electronic means, TCG Advisory cast the votes on the voting platform offered by NSDL/CDSL and other service providers. At times even after through the electronic means, authorized person will attend the general meetings of the investee Committee as it provides an opportunity to pose question to the directors of the investee companies. Where, e-voting is not mandated or in cases of e-voting is not possible, TCG Advisory endeavors to vote through proxy.

2) Voting Guidelines:

While voting at the AGM/EGM of the investee company by the schemes, the SA generally follows the following guidelines. However, if the relevant facts and circumstances so warrant, the SA may act differently to protect the interest of our unit holders.

- i. The listed companies are mandatorily required to follow the Code of Corporate Governance prescribed by the Stock Exchanges under the listing regulations. Accordingly, taking into consideration the compliances of the code of Corporate Governance and prudent management practices by Investee companies, ordinary business like approval of Profit and Loss account and Balance Sheet, declaration of dividend, re-appointment of directors, appointment and remuneration of statutory auditors / cost auditors may not be objected by the TCG Advisory in the normal course unless otherwise it affects the interest of the unit holders.
- ii. Voting at the Extraordinary General Meetings or in respect of items requiring approval by special resolution on the following matters will be decided after taking into consideration percentage of equity holdings in the investee company, materiality and impact of the investment, conflict of interest, protection of shareholders interest etc.
 - a. **Corporate Governance matters (including changes in the state of incorporation, merger and other corporate restructuring and anti takeover provisions)** Mergers and acquisitions and Corporate restructuring proposals will be subject to careful review by the Investment Committee on a case-by-case basis to determine whether they would be beneficial to shareholders.
 - b. **Changes to capital structure, including increases and decreases of capital and preferred stock issuances:** The proposals for approval to alter the capital structure of the company, such as an increase in authorized capital will generally be supported if the Investment Committee believe would enhance the rights of common shareholders.
 - c. **Stock option plans and other management compensation issues:** In general, the TCG Advisory believes that compensation matters are normally best determined by a corporation's board of directors, rather than the shareholders. The TCG Advisory would generally support proposals for employee Stock option plans and other management compensation plans, but would

oppose excessive compensation, if the Investment Committee feel that approval of the plan would be against shareholder interest.

- d. **Social and corporate responsibility issues:** The TCG Advisory would generally support proposals on social issues that have demonstrable economic benefit to the issuer and long term economic value of the securities held in the scheme and are evaluated by the Investment Committee on case-by-case basis.
- e. **Appointment and Removal of Directors:** The TCG Advisory believes that a company's Board of Directors is likely to have better access to important, nonpublic information regarding a company's business and long term prospects, rather than the shareholders, and is therefore best-positioned to set corporate policy and oversee management. The TCG Advisory therefore believes that the foundation of good corporate governance is the selection of responsible, qualified, independent corporate directors who are likely to diligently represent the interest of the shareholders and oversee management of the corporation in the manner that will seek to maximize shareholder value over time. Hence, the TCG Advisory would generally support the Board's nominees in the election of Directors and generally support proposals that strengthen the independence of Board of Directors. In individual cases, consideration may be given to a director nominee's credential's of representing shareholder interests as a Director of the company issuing the proxy or other companies.
- f. **Related-party transactions**
In view of the increasing number of incidences of related-party transactions being seen in the corporate sector today which can have large-scale implications on the future of the underlying business of the investee company and its valuation, TCG Advisory will ensure its active participation in voting on such transactions to safeguard the interest of its unit holders.
- g. Any other issue that may affect the interest of the shareholders in general and interest of the Unit holder in particular.

iii. Depending on the nature of the agenda, after consulting the Investment Committee where necessary, may vote against the disapproved agenda to protect interest of unit holders.

3) Use of Services of voting advisor:

TCG Advisory may use their discretion to avail the services of the Proxy advisory(s) to aid in arriving at decision for voting. The investment committee duly constituted by the board of TCG Advisory is authorized to approve engagement of an external agency for proxy voting or other voting advisory services, scope of services, whenever TCG Advisory proposes to avail such services. TCG Advisory shall not be bound with the Proxy advisors' recommendations and they are permitted to have discretion whether to rely and/or act on the suggestions/recommendations given by such Proxy advisor(s).

4) Process:

Before exercising the voting, investment team will review the Annual Reports and the Notice of the meeting and issue suitable mandate for attending/voting at the meetings. The Executives and Officers for the TCG Advisory are authorised to attend and vote at the meetings of the investee companies.

5) Abstain from voting:

Taking into consideration, the nature and importance of the items contained in the agendas, TCG Advisory may not attend the meetings in case it is not materially affecting the investors' interest or any other reasons.

6) Conflict of interest:

Wherever TCG Advisory comes to know that there may be potential conflict of interest when it votes on an entity with which it may have some relationship or otherwise, TCG Advisory will exercise discretion carefully keeping in mind the best interest of the unit holders.

7) Disclosure of voting:

The information on voting exercised by the TCG Advisory may be disclosed in annual report to investors or on quarterly basis on the website, the disclosure will inter alia include

- (1) Name of the company
- (2) details of resolution
- (3) actual voting done by TCG Advisory i.e. *For, Against or Abstain* and
- (4) brief rationale of the voting decision taken

8) Review of policy:

The policy has been approved by the Board of Directors of the TCG Advisory and will be reviewed periodically based on the change in regulation and other factors.