

**Nine Rivers Capital Holdings Private Limited**



**Stewardship Policy**

**July 07, 2022**

**Version 1**

## Content

Sr. No.	Contents	Page No
<b>1</b>	Introduction	3
<b>2</b>	Effective Date	3
<b>3</b>	Disclosure	3
<b>4</b>	Key Principles	4
<b>5</b>	Managing Conflicts of Interest	4
<b>6</b>	Monitoring of Investee Companies	5
<b>7</b>	Need for intervention in the Investee Companies	6
<b>8</b>	Intervention by collaboration with other Institutional Investors	7
<b>9</b>	Disclosure of voting activity	7
<b>10</b>	Other Disclosures	7

## 1. Introduction

Nine Rivers Capital Holdings Private Limited (“NRC”) is an independent asset management company focused on small cap public equities and alternative investments. NRC is registered with SEBI as a Portfolio Manager (Registration No: **INP 00000 4169**) and its flagship Aurum Small Cap Opportunities strategy has delivered superior returns since its inception in Dec 2012.

Nine Rivers Capital is the Investment Manager to Aurum SME Trust I, a Category 1 AIF - SME registered with SEBI. Details of the scheme managed under the aegis of the aforesaid AIF is as under:

<b>Fund/ Scheme Name</b>	<b>Type</b>	<b>SEBI Reg. No</b>
Aurum SME Fund I	Category 1	IN/AIF1/18-19/0641

The purpose of the Stewardship Code is to protect the interest of the unitholders who have invested in Aurum SME Fund I (“Fund”).

This document sets the guidelines to be followed by NRC in monitoring of investee Companies, engagement with the management of the investee companies, voting on resolutions pertaining to the investee companies, addressing any conflict of interest and disclosures related to the Stewardship Code. The policy has been framed to discharge Stewardship responsibilities in accordance with the guidelines issued by SEBI vide circular CIR/CFD/CMD1/168/2019 dated December 24, 2019 and has to be read in conjunction with other important policies of the company. This code will be applicable to investments in listed equities by funds managed by NRC. This policy has been duly approved by Board of Directors of NRC (“Board”) Any revision thereof in future shall also be approved by Board as and when required.

The primary objective 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 the unit-holders.

## 2. Effective Date

This Policy will be effective from July 07, 2022.

## 3. Disclosure

This policy, as amended from time to time will be disclosed on the website of the company alongwith other public disclosures as required by the Regulations.

#### 4. Key Principles

Oversight of Stewardship activities of Nine Rivers Capital shall be undertaken by the duly appointed Stewardship Officer (“SO”) by the Board of NRC. The SO shall be responsible for monitoring implementation and review of the Stewardship Code and training to the respective team members on an ongoing basis.

- The Stewardship Code will presently apply to only those listed investee companies, where the Funds managed by NRC collectively holds at least 3% of the paid-up equity share capital. The SO shall have the discretion to set a different threshold holding level beyond which the exposure to the investee company will be deemed to be ‘meaningful’ and would require NRC to apply the principles of the Stewardship Code.
- The Investment team of NRC under the guidance of the Investment Committee shall be responsible for ongoing monitoring of the investee companies through periodic engagement with the management of the investee companies, review of publicly available information, and interacting with industry participants in general. A structured operating framework/guidelines may be put in place by the Investment Committee to enable the Investment Team to effectively monitor Investee Companies and adhering with requirements of the Stewardship Policy on an ongoing basis.
- The Board may also periodically review the adherence of the Stewardship Code and record the same in its minutes.

#### 5. Managing Conflicts of Interest

NRC has a separate organization wide ‘Conflict of Interest Policy’ that is applicable to all its employees. The Investment team and all other employees are required to strictly adhere to the provisions prescribed in the aforesaid Conflict-of-Interest Policy. This policy addresses conflict of interest that may specifically arise between NRC and the Fund in respect of any investee company. Where there is any potential conflict of interest, NRC will –

- Execute its voting rights after consultation with and approval of the Investment Committee
- Record the rationale leading to the voting decision

NRC shall always take into account its Stewardship responsibilities to act in the best interest of the Fund’s unit holders.

## 6. Monitoring of Investee Companies

- While the Investment team is required to closely monitor all investee companies, due weightage shall be given to the 'materiality concept' and accordingly companies where the Fund owns 3% or more of the paid up capital of any investee company would require enhanced monitoring measures to be undertaken.
- Enhanced monitoring would entail the Investment team to monitor investee company's business strategy, performance, risks, capital structure, leadership effectiveness and succession planning, managerial remuneration, corporate governance performance, cultural, social and environmental matters, on a best effort basis. The Investment Team shall do such monitoring through analysis of publicly available information, management meetings, study of sell side research reports and interactions with other stakeholders of the industry/sector.
- The Investment Team shall endeavor to have at least one meeting with the investee company management in a year. In case of investee companies where the management is not accessible, the Investment Team shall make every effort to attend the shareholder meetings of such investee companies to interact with the management / board of such companies. In their interactions with the managements, the Investment Team shall not seek any unpublished price sensitive information.
- Other Monitoring areas will include the following:
  - Industry-level monitoring and possible impact on the investee companies.
  - Quality of company management, board, leadership etc.
  - Corporate governance including remuneration, structure of the board (including board diversity, independent directors etc.) related party transactions, etc.
  - Risks, including Environmental, Social and Governance (ESG) risks
  - Litigations
  - Shareholder rights, their grievances etc.
  - Monitoring on areas like succession planning, remuneration, on a best effort basis.

The Investment Committee is expected to meet on a half yearly basis and review the outcome of the monitoring of the investee companies and provide guidance on any significant findings and further suggest any new measures to enhance monitoring of the investee companies or course of actions basis any significant events that have/could have bearing on the performance of the any investee company. Basis the review at the Investment Committee meeting, the Board shall also be apprised of any significant events at the meeting of the Board.

## **7. Need for intervention in the investee companies**

Interventions may be required from the Investment Team from time to time, where concerns with respect to the investee companies on account of insufficient disclosures being made by the investee companies, non-compliance to regulations, performance parameters, governance issues, remuneration, litigations, corporate plans/ strategy, CSR and environment and social related matters etc. are observed.

Active engagement with management and through other means as discussed below is essential to protect value of the investment made in such investee companies and is a key requirement for effectively discharging Stewardship responsibilities.

Intervention by Investment Team can take place at following levels:

### **Direct Interaction**

The Investment Team reaches out directly to the investee company's management to discuss the concerns and apprehensions and actions and take note of actions by the management to mitigate the concerns.

### **Follow-up**

If there is no response from the management or there is any lack of action as promised despite the passage of a reasonable period of time, the Investment Team may re-engage with the management to reiterate the course of action or the plans of action discussed at the prior meetings.

### **Escalation**

In case there is no progress despite the first two steps, the matter shall be brought to the notice of the Investment Committee and under its advice further escalation with the Board of Directors of the investee company.

### **Reporting to regulators/authorities**

In cases where the concerns relate to matters of public interest and security or public laws and where there is no response or no action taken by the investee company despite the intervention at aforesaid levels, the Investment Committee may decide to report the matter(s) to the relevant regulator, authority or any Government body as may be required.

In all cases of engagement with the management and / or the Board of Directors of the investee company, the objective of the interactions should be to play a constructive role in enhancing the value of the investment in the equity of the investee companies and that

would ultimately benefit the unit holders of the Fund.

**It is to be strictly ensured that no unpublished price sensitive information is obtained while seeking information from the management/board of the investee companies.**

#### **8. Intervention by collaboration with other Institutional Investors**

- Where there are issues involved that have to be voted upon or issues where the other institutional shareholders interests in the investee company are also aligned with that of the Fund then collaboration with such institutional investors should be contemplated for a joint intervention in such companies for a more effective resolution of issues.
- Collaboration other than above with other investors at times of significant corporate or wider economic stress, or when the risks posed threaten to destroy significant value, may be the most effective and potent manner to engage with the investee companies to deliver desired results.
- Use and involvement of industry associations or forums to engage with the investee company, where appropriate may also be explored.

In taking collaborative action the Investment Team should be cognizant of legal and regulatory requirements, including on market abuse, insider dealing and concerted party regulations.

#### **9. Disclosure of voting activity**

NRC has a 'Voting Policy' in place. The Voting Policy lays down the rules related to voting on the issues related to the investee companies. The Voting Policy provides for mechanisms to be used for voting, guidelines on how to vote on certain specific matters/circumstances including list of such possible matters/circumstances and factors to be considered for a decision to vote for / against / abstain, conflict of interest issues, mechanism to be used for voting, use of proxy advisors and disclosure of voting, rationale for voting etc.

#### **10. Other Disclosures**

On an annual basis, NRC will disclose a report on its Stewardship policy implementation, as mandated under this Policy, on its website as part of public disclosures. The disclosures will also include the Disclosure under the Voting Policy on the resolutions put forth by the investee companies.

-----