

**SCHEME:** Unifi High Yield Fund (Scheme of Unifi AIF)

**Report on Implementation/Discharge of Stewardship Responsibilities April 2022- March 2023.**

SEBI vide its circular no. CIR/CFD/CMDI/168/2019 dated December 24, 2019 (“SEBI circular”) has mandated all Mutual Funds and all categories of AIFs to formulate a “Stewardship Code” in relation to their investments in listed equities. In accordance with Principle 6 of the SEBI circular, institutional investors should report periodically on their stewardship activities. Unifi Capital Private Limited ("UCPL") is an investment manager to Unifi AIF (the ‘Fund’) which is the SEBI registered Category III Alternative Investment Fund bearing SEBI Registration number - IN/AIF3/12-13/26. Unifi High Yield Fund (the “Scheme”) is a scheme under the said Fund. The purpose 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 Investors.

Accordingly, the following report provides the implementation status of every principle as prescribed under SEBI Circular and as elaborated in our stewardship code/policy pertaining to our stewardship activities / responsibilities during the financial year ending March 2023:

S No.	Principles of Stewardship Code	Status
1	Formulation of Policy, its disclosure and review	<p><b>Complied.</b></p> <p>The Policy on discharge of Stewardship responsibilities has been approved and adopted by Unifi AIF with effect from 1 July 2020. It will be reviewed periodically, to ensure it stays updated as per extant regulations. The policy document and report on how principles mentioned in Stewardship code is being implemented is hosted in Unifi website.</p>
k2	Managing Conflicts of Interest	<p><b>Complied.</b></p> <p>During the period, there were no instances where conflict of interest situations surfaced in any of our listed equity investments affecting our stewardship responsibilities. Unifi AIF did not invest in any listed companies which in turn are unit holders of the fund that could have potentially impacted on our ability to act independently. Also, Unifi Capital (investment manager of Unifi AIF) also does not offer merchant banking or corporate finance solutions to any listed company and is a pure play Fund Manager.</p>
3	Monitoring of Investee Companies	<p><b>Complied.</b></p> <p>Our team is actively monitoring the investee companies based on the public disclosures made in stock exchanges and financial media. We take part in the earnings calls and shareholders’</p>

		meetings that is called for by the investee companies during the currency of our investment. Key financial updates are shared to the unit holders along with the quarterly note / Annual report.
4	Intervention and Collaboration with Investee Companies	<p><b>Complied.</b></p> <p>The Stewardship Code includes guiding principles for intervention in investee companies and collaboration with other institutional investors. We will intervene as it may deem fit, with the objective of playing a constructive role in enhancing the value of the investment in the equity of the investee companies to benefit the unitholders of schemes.</p>
5	Voting Policy	<p><b>Complied.</b></p> <p>We have exercised all the voting rights in accordance with our approved proxy voting policy and stewardship policy.</p> <p>The investment team follows the guidelines for voting as per the approved voting policy. Each resolution of the investee companies is evaluated carefully, and votes are cast in the best interest of the unitholders.</p> <p>During Financial year 2023, we voted on shareholders resolutions of Embassy Office Parks REIT, Virescent Renewable Energy INVIT, Natco Pharma &amp; Tamilnad Mercantile Bank.</p> <p>The description of the resolutions and the voting decisions taken are enclosed below and are also made available in our website</p>
6	Reporting of Stewardship Activities	<p><b>Complied.</b></p> <p>A disclosure pertaining to our stewardship activities during the period is placed on website on implementation of every principle.</p>

## Unifi AIF - High Yield Fund

## Details of Voting on resolutions of the investee companies during the period April 2022 - March 2023

Quarter	Name of the company	Date of Board / Shareholders Meeting	Type of meeting	Type of resolution	Description of resolution	Voting	Rationale for the voting decision
Q1 23	Embassy Office Parks REIT	13/06/2022	AGM	Ordinary	To consider, approve and adopt the audited standalone financial statements and audited consolidated financial statements of Embassy REIT as at and for the financial year ended March 31, 2022 together with the report of the statutory auditors thereon, and the report on performance of Embassy REIT	FOR	Procedural. Hence approved. The Auditors (E&Y) have not expressed any qualifications on the financial statements of the company.
Q1 23	Embassy Office Parks REIT	13/06/2022	AGM	Ordinary	To consider, approve and adopt the valuation report issued by iVAS Partners, represented by Mr. Manish Gupta, partner, Independent Valuer for the valuation of the portfolio as at March 31, 2022	FOR	Manish Gupta, Partner at iVAS Partners, is a Registered Architect with Council of Architecture (COA) and a member of the Royal Institute of Chartered Surveyors (MRICS) and Institution of Valuers (IOV), with over 13 years of experience in the real estate industry. He has utilized the market intelligence provided by CBRE (global leader in commercial real estate services and investments) and independently reviewed the cash flows to arrive at the Market Value of the respective assets as per the SEBI (REIT) Regulations. We have no negative observations from the report.
Q2 23	Virescent Renewable Energy Trust	15/07/2022	Postal Ballot	Ordinary	Appointment of Ms. Daisy Devassy Chittilapilly (DIN: 09577569) as Independent Director on the Board of Investment Manager of VRET	FOR	We have reviewed the profile of Ms. Daisy Devassy Chittilapilly. The profile appears suitable for a position on the board.
Q2 23	Virescent Renewable Energy Trust	15/07/2022	Postal Ballot	Ordinary	Appointment of Mr. Aditya Narayan (DIN: 00012084) as Director on the Board of Investment Manager of VRET	FOR	We have reviewed the profile of Mr. Aditya Narayan. The profile appears suitable for a position on the board.
Q2 23	Virescent Renewable Energy Trust	27/07/2022	AGM	Ordinary	Adoption of standalone and consolidated financial statements for the year ended 31 March 2022	FOR	Procedural. Hence approved. Auditors have not expressed any qualifications on the financial statements of the company.
Q2 23	Virescent Renewable Energy Trust	27/07/2022	AGM	Ordinary	Adoption of valuation report for the year ended 31 March 2022 issued by S Sundararaman	FOR	S Sundararaman is registered with the Insolvency and Bankruptcy Board of India (IBBI) as registered valuer. The valuation report is prepared in compliance with SEBI InvIT Regulations and the valuer has confirmed that the valuation of InvIT Asset is carried out on a fair and unbiased basis.
Q2 23	Virescent Renewable Energy Trust	27/07/2022	AGM	Ordinary	Ratify appointment of MSKA & Associates, Chartered Accountants as statutory auditors for five years till the conclusion of the 2026 AGM and authorize the investment manager to fix their remuneration	FOR	Procedural. Hence approved.
Q2 23	Natco Pharma Ltd.	30/09/2022	AGM	Ordinary	Adoption of standalone and consolidated financial statements for the year ended 31 March 2022	FOR	Procedural. Hence approved. Auditors have not expressed any qualifications on the financial statements of the company.
Q2 23	Natco Pharma Ltd.	30/09/2022	AGM	Ordinary	Appoint Dr. Pavan Ganapati Bhat (DIN: 09691260) as Director and Executive Vice President (Technical Operations) for two years from 9 August 2022 and fix his remuneration as minimum remuneration	FOR	Dr. Pavan Bhat, 54, has been associated with the company as Executive Vice President (Technical Operations) of the company. He has over 25 years of experience in the pharmaceuticals industry and has been working with NATCO for six years. He has previously worked in leadership roles with Mylan in USA. Hence approved.
Q2 23	Natco Pharma Ltd.	30/09/2022	AGM	Ordinary	Approve remuneration of Rs. 225,000 to be paid to S.S. Zanwar & Associates as cost auditors for FY23	FOR	The remuneration paid to the cost auditor in FY23 is reasonable compared to the size and scale of operations.

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Q2 23	Natco Pharma Ltd.	30/09/2022	AGM	Ordinary	Confirm payment of three interim dividends aggregating Rs 4.5 per share of face value Rs 2.0 each as final dividend for FY22	FOR	The total dividend payout for FY22 aggregates to Rs. 821.3 mn. The dividend payout ratio for FY22 is 59.0%.
Q2 23	Natco Pharma Ltd.	30/09/2022	AGM	Ordinary	Reappoint Dr. D. Linga Rao (DIN: 07088404) as Director liable to retire by rotation	FOR	Dr. D. Linga Rao, 69, is Director & President, Technical Affairs. He has been on the board since 11 February 2015. He attended all six board meetings held in FY22. He retires by rotation and his reappointment is in line with statutory requirements.
Q3 23	TamilNadu Mercantile Bank	30/11/2022	Postal Ballot	Ordinary	Appointment of Mr. S. Krishnan (DIN: 07261965) as Managing Director and Chief Executive Officer of the Bank and approval of Remuneration.	FOR	S. Krishnan, aged 60, was MD & CEO of Punjab and Sind Bank between September 2020 and May 2022. A Postgraduate in Commerce with Accountancy, qualified Cost Accountant and a Certified Associate of Indian Institute of Bankers, he is a veteran in banking with over 39 years of experience. S. Krishnan's proposed remuneration is at Rs. 14.2 mn, which is comparable to peers and is commensurate with the complexities of his role. As a good corporate governance practice, the company has provided comprehensive disclosures on his variable pay.
Q3 23	TamilNadu Mercantile Bank	30/11/2022	Postal Ballot	Special	Re-appointment of Mr. K Nagarajan (DIN: 02274426) as an Independent Director of the Bank	Abstain	B Vijayadurai, 48, is a practicing Chartered Accountant with over two decades of experience in Auditing, Accounting, Taxation and Finance. He has been associated with the company since February 2016, initially as non-executive non independent and from January 2018 as an independent director. During FY22, he attended 18 of 18 board meetings and his reappointment is in line with statutory requirements. However, we note that there is a pending litigation against B Vijayadurai. The Enforcement Directorate has issued a show cause notice dated 9 November 2017 and initiated an inquiry via a notice dated 8 August 2022 against B Vijayadurai, the bank and other directors with respect to the issue of bonus shares in the ratio of 1:500 in January 2016, to disputed shareholders, in violation of FEMA regulations. Although ED has issued a show cause notice to B Vijayadurai & Mr K Nagaraj wrt to issue of bonus shares but the decision to issue bonus shares was taken by the bank and it would have taken external legal advice as well for the same. From the information available in the public domain, it is difficult to ascertain role and involvement of B Vijayadurai & Mr K Nagaraj in issuance of bonus shares. So, we choose to abstain from the voting.
Q3 23	TamilNadu Mercantile Bank	30/11/2022	Postal Ballot	Special	Re-appointment of Mr. B Vijayadurai (DIN: 07403509) as an Independent Director of the Bank	Abstain	K Nagarajan, 65, is a High Court advocate with over 30 years of experience and has been associated with the company as a Law officer from June 1998 to June 1992, non-executive non-independent director from February 2016 and independent director from January 2018. During FY22, he attended 18 of 18 board meetings. However, we note that there is a pending litigation against K Nagarajan. The Enforcement Directorate has issued a show cause notice dated 9 November 2017 and initiated an inquiry via a notice dated 8 August 2022 against K Nagarajan, the bank and other directors with respect to the issue of bonus shares in the ratio of 1:500 in January 2016, to disputed shareholders, in violation of FEMA regulations. Although ED has issued a show cause notice to B Vijayadurai & Mr K Nagaraj wrt to issue of bonus shares but the decision to issue bonus shares was taken by the bank and it would have taken external legal advice as well for the same. From the information available in the public domain, it is difficult to ascertain role and involvement of B Vijayadurai & Mr K Nagaraj in issuance of bonus shares. So, we choose to abstain from the voting.