

## **REPORT ON FULFILLMENT OF THE STEWARDSHIP RESPONSIBILITIES BY “MONARCH AIF”**

(For the Financial Year 2024-25)

**Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.**

The Fund has formulated a Stewardship code which was reviewed by the Board of the Investment Manager at its meeting dated September 16, 2024. The policy is reviewed periodically in to ensure compliance of the SEBI Circular CIR/CFD/CMD1/168/2019 dated December 24, 2019.

The code aims at the fulfillment of stewardship principles. The Stewardship code is also available at the [website](#) of the Investment Management entity of the Fund. The stewardship responsibilities are exercised properly and diligently.

The Key investment team monitors the investee companies and their financial performance. The team, in consultation with the Fund Manager, cast vote on behalf of the Fund in the investee companies meetings. They also engage with the management of the investee company whenever required, in the interest of investors.

The Key investment team is regularly trained under the supervision of the Fund Manager to implement the principles laid down in the code.

**Principle 2 - Institutional Investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.**

The Fund has identified various instances where the conflicts of interest may arise and has outlined measures to avoid or manage such conflicts. The policy on how to manage conflicts of interest in fulfilling stewardship responsibilities is clearly defined as a part of the code.

Employees involved in AIF activities must ensure at all the times that no conflict of interest arises and that the interests of investors are prioritized over the interests of the Company.

**Principle 3 - Institutional Investors should monitor their investee companies.**

The key investment team of the Fund is responsible for monitoring the investee company under the supervision of the Fund Manager. The team engages with the investee company as a part of research process whenever required. Once the investment is made, the team continues to monitor the investee company until the Fund exits.

The Fund has further set a threshold of 3% of the share capital of Investee Company which shall be referred to as materiality threshold. If the investee company hits the materiality threshold, the team shall review and monitor the investee company mandatorily.

The Investment Committee also reviews the monitoring and engagement activities carried out by Investment team on annual basis.

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**Principle 4 - Institutional Investors should have a clear policy on intervention in their investee companies. Institutional Investors should have a clear policy for collaboration with other institutional investors, where required, to preserve the interests of the ultimate investors, which should be disclosed.**

The Company shall intervene in the acts/omissions of an investee company if the Fund holds more than 3% of the share capital in that company. Alternatively, the Company may intervene if, in its opinion, any act or omission by the investee company is deemed material, on a case-by-case basis.

However in the FY 2024-25, no instances required collaboration with other institutional investors to preserve the interest of the ultimate investors.

Please note that the policy on intervention in investee companies is part of the code and shall be followed at all the times.

**Principle 5 - Institutional Investors should have a clear policy on voting and disclosure of voting activity.**

The Fund shall consider voting on all shareholder resolutions of investee companies where the investment exceeds 5% of its fund's corpus. It shall make informed and independent voting decisions, applying due care, diligence, and judgment across its entire portfolio in the interest of its shareholders/ investors.

The key investment team, after conducting an in-depth analysis of the proposed resolution take their voting decisions.

The voting disclosures of all the voting activity done by the Fund, including the rationale for each vote cast is disclosed annually to the investors along with the Fact sheet.

**Principle 6 - Institutional Investors should report periodically on their stewardship activities.**

Disclosures on votes cast by the Company for all the resolutions put forth by the investee companies for shareholders' approval are sent to investors on annual basis.

A report on the implementation of the stewardship principle is disclosed on the [website](#) of the Company annually.

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