

**REPORTING ON DISCHARGE OF STEWARDSHIP RESPONSIBILITY**

Securities and Exchange Board of India (SEBI) vide its circular CIR/CFD/CMD1/168 /2019, dated December 24, 2019, requires reporting of the status of compliance with the stewardship principle as part of its annual intimation to clients / beneficiaries. The stewardship code was applicable with effect from July 1, 2020.

The subsequent paragraphs detail the manner in which the elements of the stewardship code have been discharged by the DSP Asset Managers Private Limited ('AMC').

The Board of the DSP Investment Managers Private Limited (former AMC) and Trustee Company at its meeting held on February 11, 2020 and February 24, 2020 respectively had approved the policy on discharge of stewardship responsibilities. The policy on discharge of stewardship responsibilities ('Policy') sets out the framework and guidelines on discharge of the stewardship responsibilities of the AMC. The responsibility for the overall implementation and execution of policy rests with the Stewardship Committee of the AMC. Accordingly, the Stewardship Committee of the AMC, with an endeavour to safeguard the interests by enhancing monitoring and engagement with investee companies, has laid down certain principles. During the year, 5 stewardship meeting(s) were conducted.

Throughout the year, as part of our responsible investing efforts, the AMC closely monitored and actively interacted with the investee companies. The AMC focused on various aspects such as their operational and financial performance, strategic decisions, corporate governance practices, and environmental, social, and governance (ESG) factors that could impact their success. The Stewardship Committee plays a vital role in this process. They have established a threshold level that determines the significance of our exposure to an investee company, which guides in deciding the level of engagement and intervention necessary with the investee company. Specifically, the investment team of the AMC ensures that companies meeting the threshold of 3% of equity of the investee company or 5% of assets under management (AUM) at the AMC level comply with the Stewardship policy. Additionally, the team also pays attention to companies that fall below this threshold but have experienced controversies or corporate governance events.

The monitoring and engagement activities cover a wide range of topics. The team delve into areas such as the company's strategic direction, overall performance, industry trends, management effectiveness, board composition, leadership quality, and corporate governance matters such as executive compensation, board structure (including factors like diversity and independent directors). The team is also actively involved in monitoring related party transactions and engaging with companies on environmental, social, and governance (ESG) issues. To gather information for our monitoring efforts, the AMC rely on publicly available data, conduct management meetings, analyze sell-side research, and gather industry insights. This comprehensive approach allows the AMC to stay informed and actively participate in shaping the success and sustainability of the companies we invest in.

The Status of Compliance with the Stewardship Code is stated below:

<b>Principle</b>	<b>Description</b>	<b>Compliance status</b>	<b>Remarks</b>
Principle 1	Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically	Complied	The Policy on discharge of stewardship responsibilities (Policy) had been approved by the Board of DSP Investment Managers Private Limited (former AMC) and Trustee Company at its meeting held on February 11, 2020 and February 24, 2020 respectively. The Policy is disclosed on the website of the Company under mandatory disclosure section.  <a href="https://www.dspim.com/mandatory-disclosures/stewardship/stewardship-policy.pdf">https://www.dspim.com/mandatory-disclosures/stewardship/stewardship-policy.pdf</a>

## ALTERNATIVE INVESTMENT

Principle	Description	Compliance status	Remarks
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.	Complied	The conflict of interest policy disclosed on the website under mandatory disclosure section specifies various control measures and prescribes procedures to be followed by the AMC for identifying and managing conflicts. There was no instance of conflict of interest noted by the stewardship committee at its meeting held during the period in relation to any investee company.
Principle 3	Institutional investors should monitor their investee companies	Complied	The Investment Team of the AMC engages with the investee companies as part of the research process that leads to an investment in an investee company, which include meeting with the management. The stewardship committee at its periodic meetings has reviewed monitoring and engagement activities carried out by the investment team for the said period.
Principle 4	Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	The Policy covers when and how to intervene, if any intervention is required in the investee companies. The stewardship committee reviews the intervention in the investee companies.
Principle 5	Mutual Funds should have a clear policy on voting and disclosure of voting activity	Complied	Investment Manager has comprehensive voting policy which includes details of mechanisms of voting, circumstances in which voting should be for/against, disclosure of voting, the voting policy, voting decisions (including rationale for decision), use of proxy voting/voting advisory services, etc.  The quarterly voting disclosure are published on website under mandatory disclosure section.
Principle 6	Institutional Investors should report periodically on their stewardship activities	Complied	This report on stewardship activities for Financial Year 2022-2023 is uploaded on the AMC website (i.e. <a href="http://www.dspim.com">www.dspim.com</a> )

**Note:** As part of the internal restructuring of its business (“Demerger”) DSPIM has demerged and transferred its asset management business to another DSP group company, DSP Asset Managers Private Limited (“DSPAM”). The Demerger, being on account of internal restructuring of business of DSPIM, have no change in the (a) ultimate ownership and control of the Investment Manager of DSP Alternative Investment Fund Category III (‘the Fund’); (b) Sponsors & Trustee of the Fund; and (c) name of the Fund.

The Demerger had been approved by the Board of Directors of DSPIM vide resolutions dated October 21, 2021, the Board of Directors of DSPAM vide resolutions dated July 14, 2021 and the Board of Directors of DSP Trustee Private Limited, a Trustee to the Fund vide resolutions dated October 22, 2021. The Honorable National Company Law Tribunal (‘NCLT’) had approved the Scheme of Demerger on October 4, 2022 and the certified copy of the Order received on October 20, 2022.



## **ALTERNATIVE INVESTMENT**

Securities and Exchange Board of India (“SEBI”) vide its letter dated June07, 2022 bearing reference no. AFD/RAC/OW/Y C/2022/23729/1 (“SEBI NOC”) has taken on record change in Investment Manager of the Fund from DSP Investment Managers Private Limited (DSPIM) to DSP Asset Managers Private Limited (DSPAM) pursuant to Demerger.

The Demerger has been made effective from April 1, 2023, pursuant to which the asset management business has been transferred from DSPIM to DSPAM.