

1. **Title**

Policy on Management of Conflict of Interest (“Policy”)

2. **Objective**

Ashika Investment Managers Private Limited (Investment Manager), is acting as an investment manager for Ashika Alternative Investment Fund (AIF). The Policy aims to ensure that Ashika Investment Managers Private Limited clients/investors are treated fairly and at the highest level of integrity and that their interests are protected at all times. It also aims to identify conflicts of interest between:

- The Investment Manager and an investor;
- Two or more investors of the Investment Manager in the course of providing services to these investors;
- A service provider of the Investment Manager and an investor;
- Employees of Investment Manager and its clients

In addition, it aims to prevent conflicts of interest which may adversely affect the interest of its clients.

The Policy sets out procedure on how the Investment Manager will:

- identify circumstances which may give rise to conflict of interest entailing - material risk of damage to investors’ interests and
- put in place appropriate measures to mitigate any conflict of interests, should it arise.

3. **Regulatory Background**

3.1. SEBI Circular no. CIR/ MIRSD/ 5/ 2013 dated August 27, 2013 Guidelines for dealing with Conflicts of Interest.

3.2. Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012

3.3. Securities and Exchange Board of India (Alternative Investment Funds) Master Circular dated May 07, 2024

4. **Applicability**

This Policy is applicable to Ashika Investment Managers Private Limited (herein after known as “Investment Manager”) which is acting as investment manager to various schemes of Alternative Investment Fund (AIF) registered with SEBI. .

5. **Implementation / Process**

5.1. Background

SEBI vide its circular no. CIR/MIRSD/5/2013 dated August 27, 2013 issued General Guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market.

SEBI vide the aforesaid circular has decided to put in place comprehensive guidelines to collectively cover such entities and their associated persons, for elimination / avoidance of conflict of interest situations and educating the Associated Persons as defined in Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 for compliance with the guidelines.

SEBI has directed the concerned entities to lay down, with active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities, and ensure to communicate such policies, procedures and code to all concerned;

SEBI Guidelines intend Intermediaries and their Associated Persons to comply with the following –

- high standards of integrity in the conduct of business;
- ensure fair treatment of clients and not discriminate amongst them;
- avoidance of conflict of personal interest with that of the client and primacy of clients’ interest;
- make appropriate disclosure to the clients of possible source or potential areas of conflict of interest;

- endeavor to reduce the opportunities for conflict through prescriptive measures such as through information barriers to block or hinder the flow of information from one department/ unit to another;
- place appropriate restrictions on transactions in securities while handling a mandate of an issuer or a client;
- not to deal in securities while in possession of material non published information;
- not to communicate material non published information while dealing in securities on behalf of others
- not to manipulate the demand for, or supply of, or to influence the prices of securities.
- not to have an incentive structure that encourages sale of products not suiting the risk profile of their clients;
- not to share client information for personal interest.

The Sponsor and Manager of the Alternative Investment Fund shall act in a fiduciary capacity towards its investors and shall disclose to the investors, all conflicts of interests as and when they arise or seem likely to arise. Manager shall establish and implement written policies and procedures to identify, monitor and appropriately mitigate conflicts of interest throughout the scope of business. They shall abide by high level principles on avoidance of conflicts of interest with associated persons, as may be specified by the Board from time to time

This document sets out the Policy for Investment Manager with the intent to define policy and procedures for dealing and effectively managing any conflicts of interest that may arise in carrying out its business. Senior Management is responsible for ensuring that the Investment Manager's systems, controls and procedures are adequate to identify and manage conflicts of interest.

5.2. Definitions:

"Chinese Wall"

A Chinese Wall is a business term describing an information barrier within an organization that is erected to prevent / restrict exchange of communication that could lead to conflict of interest (both real and potential conflicts of interest which may arise). Identifying and managing such conflicts responsibly is an expectation of both our Clients and Regulators. The employees shall be guided by the Policy on Prevention of Insider Trading adopted by the

Investment Manager. The said policy prescribes process with regards to how and when people shall be brought ‘inside’ on sensitive transactions.

“Conflict of Interest”

Conflicts of interest usually arise due to an imbalance of information between two or more parties. Reliable information is a necessary tool for markets to serve their purpose efficiently. Asymmetric information between different parties creates the possibility where the party with access to more reliable information can take advantage of the situation. Conflicts of Interest can be defined in many ways, including any situation in which an individual or an organization is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit. It is a manifestation of problems faced through moral hazard (the risk that a party to a transaction has not entered into a contract in good faith) and adverse selection (a situation where sellers possess information that buyers don’t, leading to inappropriate selection). A conflict of interest exists when a party to a transaction could potentially make gain from taking actions that are detrimental to the other party in the transaction.

“Intermediary” and “Associated Person”

Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 defines the term “intermediaries” and “associated persons”. Accordingly, “intermediary” means an entity registered under sections 11 and 12 of the Securities and Exchange Board of India Act, 1992 and includes any person required to obtain any membership or approval from a stock exchange or a self-regulatory organization; and “associated person” means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign portfolio investor or a foreign venture capital investor working in India.

5.3. Identification of Conflicts of Interests:

The Investment Manager shall take adequate steps to identify conflicts of interest. In identifying conflicts of interest, apart from others, the Investment Manager will take into account situations where the Investment Manager or an employee:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of an investor;
- Has an interest in the outcome of a service provided to the investor or of a transaction carried out on behalf of the investor, which is distinct from the investor’s interest in that

outcome;

- Has a financial or other incentive to favour the interest of one investor over another; or
- Receives from a person other than an investor an inducement in relation to a service provided to an investor, in the form of monies, goods or services, other than the standard commission or fee for that service.

Identification of Conflict of Interest between different business activities:

Investment Manager shall take adequate steps to identify conflicts of interest between different business activities from time to time.

Potential Conflict of Interest

In order to avoid, manage or deal with conflict of interests with the contributors, intermediaries or the associated persons, it is important to identify the possible areas of conflict of interests. A number of examples of potential conflicts of interest are outlined below:

- i) Directorships or other employment in which director/ employee is in a position to make, influence or benefit from the decisions relating to the transaction;
- ii) Interests in business enterprises or professional practices;
- iii) Personal Account Dealing;
- iv) Family relationships;
- v) Front running, rebates, kickbacks or commission;
- vi) Developing/marketing/recommending a product or service without properly considering the interest of all the investors;
- vii) Existence of a financial or other incentive to favour the interest of an investor or group of investors over the interests of another investor or group of investors;
- viii) Existence of an interest in the outcome of a service provided to, or of a transaction carried out on behalf of an investor which is distinct from that of the investor's interest.
- ix) Likelihood of making a financial gain or avoiding a financial loss at the expense of an investor;
- x) Accepting gifts / incentive / favours from third parties beyond the threshold listed (third parties includes but not be limited to; vendors, borrowers, service providers, auditors, bankers, competitors, etc);
- xi) Conflicts relating to use of UPSI or use of confidential information;
- xii) Employees using connections obtained through the Investment Manager for their own

private purposes;

- xiii) Employees using Investment Manager equipment or means to support an external business;
- xiv) Allocation of management time and resources amongst various Schemes of AIF.
- xv) The funds/schemes managed by the Investment Manager will be subjected to certain conflicts of interest relating to the contributors, the trustees, Investment Manager and its directors, employees, officers, agents and affiliates of the Investment Manager, and other funds managed / advised / established by the Investment Manager (collectively, the “Interested Parties”). Few instances are as under:
 - Purchase from and sale of investments to Interested Parties
 - Investments in securities in which Interested Parties have Interests:
 - Management Resources: The Interested Parties and their management personnel may have conflicts of interests in allocating management time and other resources amongst the Fund and such other projects.
 - Allocation of Investments: The Investment Manager may be subject to conflicts of interest in allocating investment opportunities among the Fund and other funds established by the Investment Manager.
 - Co-Investment with other funds
 - Fees and Charges to the Sponsor Group from Investee Companies

However, the examples listed above are not intended to be exhaustive, and other types of conflicts of interest may arise.

5.4. Management of Conflicts:

- i. The Compliance Officer shall monitor the implementation and effectiveness of Chinese wall, wherever applicable.
- ii. Adequate records shall be maintained of the services and activities of the Investment Manager where a conflict of interests has been identified.
- iii. Where necessary, employee may be asked to step aside from working on a specific transaction or participation in the decision making of the transaction.
- iv. The employee shall promptly make full and fair disclosure of any matter that could be

expected to impair their objectivity or interfere with duties to its clients, or prospective clients including any transaction or relationship that could be deemed as a conflict. Every employee is expected to avoid any outside activity, financial interest or relationship that may present a possible conflict of interests. No employee may engage in any activity that involves any conflict, except with specific prior approval and in accordance with procedures set out in this Policy.

- v. Review and implementation of additional control measures/disclosures as may be required.
- vi. The Key Investment Team of the Investment Manager shall take a decision on whether the transactions can be undertaken, where conflict of interest is involved and the manner to deal with it.

5.5. Measures to avoid or to deal with or manage actual or potential Conflict of Interests

Should a conflict of interest arise, it needs to be managed promptly and fairly. The following arrangements put in place would ensure that:

- i. All dealings of Investment Manager will be performed on arm's length basis.
- ii. Investment oversight and approvals will be done by independent investment team and will follow committee / board-based approach.
- iii. All decision makers on various committees who are conflicted parties, due to ownership / shareholding (more than 0.5% in listed company or 2% in unlisted / private ltd company) in the proposed potential portfolio company (PPC) investment, have to make upfront disclosure and not form a part of decision making.
- iv. Every business activity of Investment Manager will have a dedicated investment team/ Fund Managers to manage the respective investment approach/scheme.
- v. No single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized;
- vi. The Investment Manager employees in keeping with Investment Manager Policy on Prohibition of Insider Trading are prohibited from taking undue advantage of any confidential or Price Sensitive Information that they may have about any company
- vii. The employees of the Investment Manager and their family members shall not derive any benefit or assist others to derive any benefit from the access to and

possession of information about the Group or any non-public price sensitive information, which is not in the public domain and thus constitutes insider information. The employee of the Investment Manager shall maintain confidentiality of all price sensitive information. UPSI would be disclosed only to those within the Investment Manager who need the information to discharge their duties.

- viii. Segregation of various business activities / maintenance of Chinese walls between different business activities will be in line with the Regulatory requirements.
- ix. Each business department will control the flow of information where, otherwise, the risk of conflict of interest may harm the interest of an investor;
- x. Relevant information is recorded in a secure environment to enable identification and access to specific employees;
- xi. Adequate records are maintained of the services and activities of the Investment Manager where a conflict of interest has been identified;
- xii. In certain jurisdictions appropriate disclosures may be required to be made to the investor in a clear, fair and non-misleading manner to enable the investor to make an informed decision;
- xiii. There is a periodic review of the adequacy of the Investment Manager systems and controls.
- xiv. Intimation of an actual or potential Conflict of Interest should be made to Compliance
- xv. Investment Manager should not receive any consideration by way of remuneration or compensation or in any other form from any person other than the investor to whom services are provided by Investment Manager and only to the extent towards its fees and charges as mutually agreed and signed per the Fund documents.
- xvi. Investment Manager ensures not to disseminate / circulate unauthenticated news / rumours which impacts the demand or supply of securities or affect the price of securities in the market. The Policy on Prevention of Dissemination of Unauthenticated News needs to be adhered to by Investment Manager in this regard.

5.6. Disclosure to investors of possible source or potential areas of conflict-of-interest possible source which would impair their ability to render fair, objective and unbiased services:

Investment Manager will keep interests/ benefits of investors at paramount and will act in a fiduciary capacity towards its investors. The Investment Manager shall make appropriate disclosure to the investor of the possible source or potential areas of conflict of duties and interest while acting as an intermediary which would impair its ability to render fair, objective and unbiased services. However, where the Investment Manager does not believe that disclosure is appropriate, to manage the conflict, it may opt not to proceed with the transaction or matter giving rise to the conflict.

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect investors' interests, the conflict will be disclosed to allow the investor to make an informed decision on whether to continue using the service in the situation concerned.

The organisation may decline to act for an investor in cases where it believes that a conflict of interest cannot be managed in any other way.

The way in which a particular conflict has been resolved/ handled should be properly documented.

5.7. Communication of the policy, procedures and code to all concerned

This policy on Management of Conflict of Interest offers general guidance in addition to the current Investment Manager policies and procedures and is not meant to replace any of those policies or procedures.

Procedure to comply with the policy:

- i. Every employee should have a copy of this Policy.
- ii. If a potential conflict of interest arises, the transaction must first be discussed with management before entering into the transaction.

5.8. Escalation Mechanism.

To manage conflict of interest, the same must be escalated to the CEO/ Members of Investment Team or the Compliance Officer of the Company or suitable representatives from the Senior Management together with a recommendation as to the measures to be taken to mitigate the non-compliance. All such escalated conflicts must be documented accordingly.

6. **Responsibility**

The Compliance Officer of Investment Manager will be responsible for implementation of policy.

7. **Violation**

If anyone is found in violation of this policy, he/she may be liable for appropriate action by appropriate authority.

8. **Policy Review**

This Policy shall be reviewed upon regulatory changes or as per changes in business size, scale and needs. However, Policy shall be reviewed at least annually. The Board of Director of the Investment Manager will be approving authority for the Policy.

9. **Deviation to Framework**

Major deviations to the Policy shall be approved by the Board of Investment Manager; all other deviations shall be approved by Compliance officer of Investment Manager.

10. **Power to Remove Difficulties**

In order to remove any difficulties in the application or interpretation of this Policy, the Compliance Officer of Investment Managers shall have the power to issue clarifications.

11. **Effective Date**

This Policy supersedes the earlier policy on this subject matter. This Policy shall be effective from 20th January, 2024.