

**Kotak Investment Advisors Ltd.**



**Conflict of Interest Policy**

**June 2020**

Version	Date	Amendment Comments
1.0	June 2020	Initial Document
1.1	June 2021	Amended clause 8

## **CONFLICT OF INTEREST POLICY**

### **1. PREAMBLE**

Kotak Investment Advisors Limited (“**KIAL**”/“**Company**”) acts as an investment manager to alternative investment funds sponsored by Kotak group and also provides investment advisory services. The alternative investment funds managed and/or sponsored KIAL shall hereinafter collectively referred to as the “**Funds**” and individually as the “**Fund**”.

The Company has 6 (six) business verticals, namely Private Equity, Real Estate, Infrastructure, Special Situations, Listed Strategies and Investment Advisory.

### **2. OBJECTIVE OF THE POLICY**

2.1 Given the presence of Funds in diverse sectors, it is possible that the investment strategy or the target investment of one vertical or the Fund may lead to a conflict situation with another Fund or with investment advisory vertical within the KIAL umbrella. Therefore, it is essential to identify and manage conflicts of interest and ensure that the interest of the investors is placed before the interest of the entity.

2.2 This Policy, among other aspects, briefly identifies possible situations where conflict of interest may arise and broad procedure put in place by KIAL to mitigate such conflict of interest if such situation arises.

### **3. EFFECTIVE DATE**

This Policy shall be effective from June 01, 2020 and shall be amended by the Committee of Directors (“**COD**”)<sup>1</sup> from time to time.

### **4. OBLIGATIONS OF THE COMPANY**

As part of its fiduciary duty towards the Fund and as an investment advisor, the Company is committed to:

4.1 maintaining high standards of integrity while conducting its business (arm’s length basis), ensuring equitable treatment of all its investors and preventing any form of discrimination amongst them;

4.2 upholding the interest of the Fund at all times while imparting advice, making investment decisions and undertaking transactions;

4.3 ensuring that the personal interest of the Company does not, at any time, contradict or conflict with its duty towards the Fund;

4.4 disclosing all possible matters and areas to the investors where there may be a potential conflict of interest that would impair its ability to render fair, objective and unbiased services;

4.5 abide by high level principles on avoidance of conflicts of interest while dealing with its affiliates and subsidiaries; and

4.6 not in any way contributing to the manipulation of the demand for or supply of securities in the market or influencing prices of securities.

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<sup>1</sup> The committee constituted by the Board of the Company vide resolution dated October 16, 2018

## **5. ROLES OF THE INVESTMENT COMMITTEE WHEREVER THE COMPANY IS ACTING AS AN INVESTMENT MANAGER TO THE FUND**

The Company and the other members of the Investment Committee, in their functioning, will:

5.1 act in the best interest of the Fund;

5.2 act independently of their respective affiliates;

5.3 act on an arms-length basis; and

5.4 ensure confidentiality of information and share information within the organization keeping in mind the confidentiality obligations.

## **6. ROLE OF THE DIRECTORS, MANAGEMENT AND KEY OFFICERS**

The directors and the management of the Company will ensure that this Policy is implemented and there is transparency in dealings with respect to mandates wherein the Company is acting as an investment advisor as per the SEBI (Investment Advisers) Regulations.

The Key Officers of the Company (specified in the respective Fund documents) will devote their reasonable necessary business time to the Funds. The Company will make best efforts to provide on a priority basis, management resources for the business affairs of each Fund. Further, the management team of the Company will source transactions solely for the benefit of the Funds as per the investment objective, strategy, investment guidelines and investment policies of the Fund.

## **7. IDENTIFYING CONFLICTED TRASACTIONS**

The Company has identified certain areas where a potential conflict of interest may arise and possible approach and action plan to monitor and manage these conflicts, as outlined below:

7.1 The Fund may invest in projects and entities in which the interested parties or entities wholly or substantially owned by the interested parties and/or their affiliates may have existing relationships with the targeted investee entities and/or provide services to these entities. The Fund may purchase investments from, or sell investments to or enter into commercial transaction with, the interested parties.

7.2 The interested parties will be subject to conflicts of interest in allocating investment opportunities among the Fund and sub-funds managed by them. Investment opportunities identified by the Company may be suitable for the Fund or one/more of their sub-funds. Such conflicts will be addressed by the Company in a reasonable manner, considering amongst other things, parameters such as investment objectives, strategy, investment guidelines and investment policies of each Fund, remaining un-invested capital of each Fund, the level of diversification of each Fund and the basis on which prior conflicts in allocating investment opportunities have been resolved.

7.3 Each Fund document may also have specific clauses to deal with conflict of interest between other funds as well as with Interested Parties. Such clauses will supersede any decision of the Board.

7.4 The Company may purchase investments from or sell investments to the interested parties. In such cases, conflicts may arise in determining the price and terms of the sale or purchase as the case may be. Further, the interested parties and their personnel may have information about the investment policies and strategy that may assist the interested parties willing to purchase from or sell investments to the Fund.

7.5 Wherever the Company is acting as an investment advisor, the directors and management of the Company shall lay down 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 and also comply with the principles of conflicts of interest laid down in Schedule 1.

## **8. MECHANISMS TO MITIGATE CONFLICT OF INTEREST:-**

Where the Company is acting as an investment manager to alternative investment funds:8.1 The employees shall comply with code of conduct for prevention of Insider trading in compliance with SEBI (Prohibition of Insider Trading) Regulations.

8.2 The Company has framed a policy that governs any conflict of interest arising from the practice of giving or receiving gifts. The Company shall ensure that no gift will, in any way, hamper the Company's ability in carrying out its duties towards the Funds.

8.3 The Company shall ensure that no personal relationships will, in any way, hamper the Company's ability in carrying out its duties towards the investors.

8.4 Further, the Company may take the pre-existing relationships of interested parties with potential portfolio companies into consideration in determining whether to pursue investments or to take any other actions.

8.5 No consideration, in any form, will be received by the Fund and/or the Company and their representative/employees from the interested party and/or their affiliates to pursue or influence any investment decision.

## **;9. DISCLOSURE TO THE BOARD/INVESTMENT COMMITTEE**

9.1 All conflicts identified and the proposed mitigants to the same will be disclosed to the Board/Investment Committee<sup>2</sup>/ officer designated by the Board for their consent. The response of the Board/Investment Committee/officer designated by the Board shall be communicated to relevant team members and will be included as in investment/discussion notes prepared to discuss such possible investments.

9.2 On certain matters involving a conflict of interest, the Company will be guided by its good faith judgment as to the best interests of the Fund or Sub Funds and shall take such actions as are determined by it to manage such conflicts of interest, to the extent possible.

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<sup>2</sup> Constituted by the Company in accordance with the respective Fund documents.

## **10. REVIEW OF THE POLICY**

The COD will review this Policy periodically or earlier, if required, in light of change in regulatory compliance and business reasons.

## **SCHEDULE 1**

1. The Company and all associates shall at all times maintain high standards of integrity in the conduct of their business;
2. The Company shall ensure fair treatment of their clients and not discriminate amongst them;
3. All employees shall ensure that their personal interest does not, at any time conflict with their duty to their clients and client's interest always takes primacy in their advice, investment decisions and transactions;
4. The Company shall make appropriate disclosure to the clients of possible source or potential areas of conflict of interest which would impair their ability to render fair, objective and unbiased services;
5. The Company shall endeavor to reduce 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, etc.;
6. The Company shall place appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security so as to avoid any conflict;
7. The Company and its associates not deal in securities while in possession of material non published information;
8. Employees shall not communicate the material non published information while dealing in securities on behalf of others;
9. The Company shall not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities;
10. The Company shall not have an incentive structure that encourages sale of products not suiting the risk profile of their clients for its advisory business;
11. Employees shall not share information received from clients or pertaining to them, obtained as a result of their dealings, for their personal interest;
12. The Company shall adopt implementation of ad hoc transaction specific Chinese Walls or other additional information segregation methods following consideration of all of the facts available to management.
13. As a minimum standard the company has in place arrangements designed to ensure that:
  - a) Companies different divisions operate with independently from one another;
  - b) there are effective procedures in place to control the flow of information where, otherwise, the risk of a Conflict of Interest may harm the interests of a Client;
  - c) appropriate inter- and intra-divisional escalation processes are in place and complied with;
  - d) where necessary, designated persons may be asked to step aside from working on a specific transaction or participating in the management of a potential Conflict of Interest;
  - e) where necessary, designated persons are subject to Employee Share Dealing Code; and

f) there is a periodic review of the adequacy of the Internal controls.