



MONARCH
NETWORK CAPITAL

Monarch Network Capital Limited

**A
Fund Manager of**

MONARCH AIF AND ALL ITS SCHEMES

CONFLICT OF INTEREST POLICY

(Effective from September 16, 2024)








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Disclaimer:

The information contained in this document is confidential and intended solely for the Fund, its employees and authorized representatives of Monarch AIF and its Investment Manager entity i.e., Monarch Network Capital Limited. Access to this document by anyone else is unauthorized. Any use, distribution, printing, dissemination, copying or other use of this document by any other person is strictly prohibited and may be illegal.

Description	Signature
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Version History

Version	Date of applicability	Description of Changes	Remarks
1	Date of launch of Fund	First Draft	NA
2	September 16, 2024	Second Draft	Periodical review
3		Third Draft	



Monarch Network Capital Limited (CIN: L65920GJ1993PLC120014)

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1. BACKGROUND

This Policy shall be called as Conflict of Interests Policy (“**Policy**”)

MONARCH AIF (the ‘**Fund**’) has been established as a contributory determinate trust, vide the Indenture of Trust dated July 22, 2019 settled in India by Mr. Aalok Shah (“Settlor”) in accordance with the provisions of the Indian Trusts Act, 1882. Beacon Trusteeship Limited is the trustee of the Trust. The Fund has been registered as a Category III AIF with SEBI vide registration number IN/AIF3/ 20-21/0787.

Monarch Network Capital Limited (the ‘Investment Manager’ or ‘Company’) is the investment manager for the Fund. The Investment Manager is a company incorporated under the Companies Act, 2013 having its registered address at Unit No. 803-804 A, 8th Floor, X-Change Plaza, Block No. 53, Zone 5, Road- 5E, Gift City, Gandhinagar, Gujarat, India.

Beacon Trusteeship Limited being the trustee of the Fund has delegated its powers to Investment Manager to make investment and disinvestment decisions on behalf of the Fund/its schemes vide Investment Management Agreement dated July 23, 2019 (the “IMA”). This Policy is in line with the requirements of SEBI (Alternative Investment Funds) Regulations, 2012 and SEBI circular no. CIR/MIRSD/5/2013 dated August 27, 2013 for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market. For maintaining high professional standards, an effective policy on conflict management is critical to protect the interest of the investors of the Fund and, *inter alia* to ensure that standards of due diligence are not impaired by potential conflict of interests. The Company is therefore required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflict of interests.

The Private Placement Memorandum (PPM) of the Fund, IMA, Contribution Agreement(s) and Trust Deed shall collectively be referred to as the “**Fund Documents**”. Capitalized terms not defined herein shall have the meaning as set out in the Fund’s PPM.

2. APPLICABILITY

This Policy shall be applicable to the Company and Fund/its schemes, w.e.f. September 16, 2024.

This Policy shall be applicable to the key management personnel of the AIF and the Company, all the Directors and employees of the COMPANY, members of the Investment Committee.

Note - For the purpose of SEBI (Alternative Investment Funds) Regulations, 2012, ‘**key management personnel**’ shall mean

- (i) members of key investment team of the COMPANY, as disclosed in the PPM of the AIF;



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- (ii) employees who are involved in decision making on behalf of the AIF, including but not limited to, members of senior management team at the level of Managing Director, Chief Executive Officer, Chief Investment Officer or such equivalent role or position;
- (iii) any other person whom the AIF (through the Trustee, Board of Designated Directors, as the case may be) or Manager may declare as a key management personnel.

3. PURPOSE OF THE POLICY

The Conflict of Interest Policy aims to ensure that the Investors of the Fund are treated fairly and at the highest level of integrity and that their interests are protected at all times. This policy lays down the framework to identify and adequately manage conflict of interest thereby safeguarding the investors interest. This policy outlines the framework for identifying, avoiding and managing conflict of interests. The policy is intended to ensure that the interest of the client/beneficiary is placed before the interest of the entity.

4. DEFINITION

Conflict of interest is a situation in which a party to a transaction can potentially gain by taking actions that adversely affect its counterparty.

Conflict of interest is also defined as a situation where the interests of a market intermediary may be inconsistent with, or may diverge from, those of its clients, investors, or others (collectively referred to as a Client/(s)), or where the interests of one group of Clients conflict with those of another group.

The Conflict of Interest may arise between:

- (a) The Company and a Client
- (b) The Company, key management personnel, all the Directors and employees of the Company, members of the Investment Committee (if constituted) and a Client
- (c) A Company of the Group and a Client
- (d) Two or more Clients of the Company in the course of providing services to these Clients
- (e) Potential/past Clients

For the purpose of this policy, Clients include:

- Existing Clients of the Fund and the Company;
- Potential Clients (where the Fund and the Company is seeking individually to enter into a contractual relationship in respect of Regulated Business services); and
- Past Clients where fiduciary or other duties remain in place.

It would be impractical to attempt to list all possible situations in which a conflict of interest may arise, however, few of the common examples may be referred to as follows:





- (i) The key management personnel, Director and employee shall not engage in any business, relationship or activity which might conflict with the interest of the Company. A conflict of interest, actual or potential, may arise where directly or indirectly:
 - the key management personnel, Director/employee/relatives of the Company engages in a business, relationship or activity with anyone who is a party to the transaction with the Company
 - the key management personnel, Director/employee is in a position to derive an improper benefit personally or to any of his/her relatives by making or influencing decisions relating to any transactions
- (ii) Any employee or his/her relatives holds Directorship in other Company
- (iii) The key management personnel, Director or employee or his relatives influence the composition of the board of the Company.

5. PROCEDURES

Identification of Conflict of Interest

In identifying conflicts of interest, the Company shall consider all of the factual circumstances where the Company or the key management personnel or Director or employee:

- (a) is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- (b) has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- (c) has a financial or other incentive to favour the interest of one Client over another;
- (d) Carries out the same business as the Client; or
- (e) Receives from a person other than a Client an inducement in relation to a service provided to a Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

Management of Conflicts:

- (a) The Compliance Officer shall monitor the implementation and effectiveness of Chinese wall, wherever applicable. The Compliance Officer shall be responsible for ensuring that the Key Managerial Personnel or Director or employee submits Conflict of Interest declaration with regard to conflict of interest. (Format annexed as **Annexure A**)
- (b) Key Managerial Personnel or Director or employees are also responsible to bring conflicts of interest to the attention of the Compliance Officer as and when they arise and update their conflicts declaration accordingly.





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- (c) In case of any conflict, the Compliance Officer shall submit his/her declaration to the Director of the Company as identified for this purpose.
- (d) The Compliance Officer must retain a copy of the completed and signed Declarations submitted by Key Managerial Personnel or Director or employee.
- (e) Where necessary, Key Managerial Personnel or Director or employees may be asked to step aside from working on a specific transaction or participation in the decision making of the transaction.
- (f) The Key Managerial Personnel or Director or employees 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 Key Managerial Personnel or Director or employees are expected to avoid any outside activity, financial interest or relationship that may present a possible conflict of interests. Review and implementation of additional control measures/disclosures as may be required from time to time.
- (g) The Director of the Company as identified for this purpose shall take a decision on whether the transactions can be undertaken, where conflict of interest is involved and the manner to deal with it.

6. MEASURES TO AVOID OR TO DEAL CONFLICT OF INTERESTS

The conflicts of interest may arise in relation to the various activities carried out by the Sponsor, Investment Manager and their respective affiliates/group entities, Directors, officers, employees, representatives and agents as well as members of Board, Investment Committee or any other committee or board set up for the Fund vis-à-vis the activities of the Fund.

Some of the measures the Investment Manager will adopt to managed identified conflicts are set out below. The Investment Manager will take reasonable care that, in relation to each identified conflict are set out below. The Investment Manager will take reasonable care that, in relation to each identified conflict, it acts independently to avoid material risk to the investor's interests. The Company shall put in place the following arrangements to manage the Conflict of Interest promptly and fairly:

- a) Maintain high standards of integrity in the conduct of their business.
- b) Ensure fair treatment of their Clients and not discriminate amongst them.
- c) 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.
- d) Make appropriate disclosure to the clients of possible source or potential areas on conflict of interest which would impair the ability to render fair, objective and unbiased services.



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- e) Endeavour to reduce opportunities for conflict through prescriptive measures such as through information barriers to block or hinder the flow of information from one department to another etc.
- f) Not deal in securities while in possession of material unpublished information.
- g) Not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities.
- h) Not have an incentive structure that encourages sale of products not suiting the risk profile of their clients.
- i) Not utilise information received from clients or pertaining to them, obtained as a result of their dealings, for their personal interest.
- j) Not share information received from Clients or pertaining to them, obtained as a result of their dealings, for personal interest.
- k) The Investment Manager will have regard to its obligations under the Fund Documents and will act in the best interests of the investors in the Fund.
- l) The Investment Manager will make efforts to see that any transaction involving a potential conflict of interest will be effected on terms that are not less favourable to the investors in the Fund that if the potential conflict had not existed. The Investment Manager will place significant emphasis on its strong compliance culture, and the efficient operation of systems and controls, to manage issues such as conflicts of interest.
- m) The Investment Manager will take appropriate measures intended to assure that it will not unfairly profit from any transaction between the Interested Parties and the Fund and all such transactions shall strictly be done on an arm's length basis.
- n) The Investment Manager will make reasonable efforts to apportion or allocate business opportunities among persons or entities to or with which they have fiduciary duties and other relationships on a basis that is as fair and equitable as possible to each of such persons or entities, including the Fund.
- o) Independence of the Investment Committee shall be maintained at all times,
- p) any conflicting duties are properly segregated.

7. RULES AND REGULATIONS

The Company shall adhere to all the applicable rules and regulations and any amendments made thereof from time to time with respect to the conflict of interest.

8. REPORTING

The Compliance Officer shall confirm the compliance with the policy and report to the Board annually.

9. FAILURE TO COMPLY

Any non-compliance with this policy may be considered to be misconduct and may be subject to disciplinary action and shall be referred to the Board.



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10. DEVIATION FROM POLICY

Any request for deviation from this Policy, which may become necessary due to practical difficulties in implementation or otherwise, shall be referred to the Compliance Officer.

11. REVIEW OF THE POLICY

The Board shall periodically review the effectiveness of this policy.





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Annexure A

Declaration of Interests

To,
The Compliance Officer - AIF,
Monarch Network Capital Limited

I hereby declare that:

- ☐ I have no pecuniary or other personal interest, direct or indirect, in any matter that raises or may raise a conflict with my duties as employee of Monarch Network Capital Limited, Investment Manager to "MONARCH AIF" (the Fund).
- ☐ I have pecuniary or other personal interest, direct or indirect, in certain matter that raises or may raise a conflict with my duties as an employee of Monarch Network Capital Limited. The particulars of such matter are stated below:

I also acknowledge that I shall make another declaration to state any change in any matter contained in this declaration within one month after the change occurs and shall provide further information on the particulars contained in this declaration if so required by the Company.

Signature :
Name :
Department :
Date :

Note:

- (a) Please put a "✓" in the appropriate box
(b) Please continue on a supplementary sheet if necessary

