

**MAHINDRA ASSET MANAGEMENT  
COMPANY PVT. LTD.**

**(INVESTMENT MANAGER TO MAHINDRA MUTUAL FUND)**

**PROXY VOTING POLICY AND  
PROCEDURE**

## **1.1 Background:**

As the investment manager to the Mutual Fund, the AMC has a fiduciary duty to act solely in the best interests of the unit holders of the Mutual Fund. As a part of this duty, we recognize that we must exercise voting rights to fulfill our fiduciary duties of fidelity and care in good faith, to the unit holders of the Mutual Fund.

The AMC recognizes the importance of good corporate governance in ensuring that management and boards of directors fulfill their obligations to shareholders. As part of our investment process, we take into account the approach of a company's board of directors and management towards corporate governance issues at the time of deciding whether to invest in that company.

## **1.2 Philosophy of voting policy**

The investment guidelines are to invest in companies which have acceptable standards of corporate governance, standard norms and effective management. The investment manager may generally attend and/or vote with the management of Investee Company on routine matters. However when the Investment Manager believes the interest of the shareholder is affected/prejudiced by any proposal, then the investment manager will attend and/or vote against such proposal. In case of exception, for such matters, the Investment Manager also decide to abstain from voting where it has insufficient information or there is a conflict of interest or the Investment Manager does not have a clear stance on the proposal.

The fund managers shall review all voting proposals and shall ensure that such proposals are identified and voted in a manner that maximizes the value of unit holders.

The Investment Manager will generally vote in accordance with voting policy, but may act differently if relevant facts and circumstances so warrant. The Investment manager may deviate from Voting Policy guidelines if it feels necessary to protect the right of the unit holders.

### **Voting policy – Investee Companies for Arbitrage Trades**

Every arbitrage trade is initiated based on opportunities available between Futures and Cash Market. The trade does not reflect a fundamental opinion on the company. The trade is a function of the spreads available between the Cash and Future Market. Since it is not a fundamental opinion based on the company per se, the Investment Manager shall abstain from voting with respect to voting proposal(s) pertaining to Investee Companies (i) where position(s) have been taken by the scheme(s) of Mahindra Mutual Fund only for the purpose of arbitrage opportunities; AND (ii) such position is less than 3% of the paid up capital of investee company.

## **1.3 Voting Guidelines**

The list being exhaustive, the following policies reflect what Investment Manager believes to be good governance measures and its stand on various items.

- 1. Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti takeover provisions** – Investment manager shall act in accordance to the interest of the unit holder.
- 2. Changes to capital structure, including increases and decreases of capital and preferred stock issuances** – Investment Manager will review it on a cases to case basis, proposal by companies. Changes resulting in excessive dilution of existing shareholder value will not be supported.
- 3. Stock option plans and other management compensation issues** – The Investment Manager would support such remuneration proposal which are tied to achieving long term performance and enhancing shareholder value. Options that are excessively generous or if it dilutes shareholder value will not be supported.
- 4. Social and corporate responsibility issues** – As such responsibilities are in growing need, Investment Manager shall focus on these issues.

5. **Appointment and removal of directors** – As the Investment Manager believes in philosophy of having an independent board of directors, it will support an independent board of directors, and the key committees such as IPO, Audit and remuneration committees etc.
6. **Any other issue that may affect the interest of the shareholders in general and interest of the unit-holders in particular** – Investment Manager shall analyse such issues and review such proposals

#### **1.4 Review and control**

The voting guidelines and the actual exercise of proxy voting will be reviewed periodically by the management of the Investment Manager either through a committee or otherwise. The management will review the proxy voting required as per the voting policy and actual exercise of proxy votes. Further, management will also review the process of exercise of proxy votes and governance.

AMC shall obtain auditor's certification on the voting reports being disclosed by them. Such auditor's certification shall be submitted to the trustees. Board of AMC's and Trustees of Mutual Funds shall review and ensure that AMC's have voted on important decisions that may affect the interest of investors and the rationale recorded for vote decision is prudent and adequate. The confirmation of the same, along with any adverse comments made by auditors, shall be reported to SEBI in half yearly trustee reports.

#### **Conflict of Interest**

It is the responsibility of the Fund Management personnel to exercise discretion, in a case, where there are any direct or indirect conflict regarding proxy voting and should not be influenced by any overriding interests. The Compliance function should be consulted on any conflict concerns.

#### **1.5 Disclosure of voting policy and exercise of Proxy Votes**

The Investment team of the AMC will maintain documentation on the voting information which will *inter alia* contain record of the rationale for voting.

Further, the actual exercise of proxy votes in the general meetings of the investee companies in respect of the relevant matters will be disclosed on an annual basis on the website of the Mutual Fund as well as in the annual report distributed to the unit holders of the Mutual Fund in the format prescribed by SEBI

In addition to the annual disclosure, quarterly disclosure of voting cast on their website (in spreadsheet format) on or within 10 working days from the end of the quarter.