



Motilal Oswal Mutual Fund

Voting Policy

INTRODUCTION

Motilal Oswal Asset Management Company Limited (hereinafter referred to as “MOAMC”) is a company incorporated under the Companies Act, 1956. MOAMC is an Investment Manager for the schemes of Motilal Oswal Mutual Fund. Motilal Oswal Mutual Fund (hereinafter referred to as “Mutual Fund”) is registered with Securities Exchange & Board of India under the SEBI (Mutual Funds) Regulations, 1996 having registration no. MF/063/09/04. Mutual Fund invests in an equity component and/or equity shares of the companies/ corporations registered in India (hereinafter referred to as “Investee Company”). In connection with such investments by the Mutual Fund, MOAMC has a fiduciary responsibility to exercise voting responsibilities at the general meetings of Investee Companies through the corporate proxy voting process available to the members of such Investee Companies in the best interest of the unit holders of the Mutual Fund. In order to ensure that an active role is played in better Corporate Governance of the Listed Companies where investment of Mutual Fund Schemes is made, we have framed this Voting Policy in compliance with SEBI Circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010, clarificatory email received from SEBI on June 23, 2011 and SEBI circular no. CIR/IMD/DF/05/2014 dated March 24, 2014. This Policy shall be applicable to all equity holdings across all our equity mutual fund schemes.

Objective of Voting Policy

Broadly, the objectives of this Policy are as follows:

- To outline the role and obligations of Mutual Fund in ensuring better corporate governance of listed companies in which the funds of Schemes of Mutual Fund are invested.
- To exercise voting responsibilities at the general meetings of Investee Companies in the best interest of the unit holders of the Mutual Fund.
- To explain reporting and disclosure requirements with regards to proxy voting.

The principles and positions reflected in this policy are designed to guide us in exercising our votes with respect to the shares and not necessarily in making investment decisions. The Fund Managers of each of the schemes of the Mutual Fund base their determinations of whether their respective schemes should invest in the shares of particular company on a variety of factors at all times keeping paramount the best interests of the unit holders of such scheme, and while corporate governance may be one such factor, it may not be the most important consideration.

Policy Guidelines

MOAMC shall adhere to the following guidelines:

- This Policy will be effective for all listed companies, wherein equity schemes of Mutual Fund have invested.
- MOAMC for and on behalf of the Mutual Fund shall endeavor to vote on all ordinary/special resolutions which may affect the unit holders interests, either by postal ballot or through personal attendance by any of the authorized officials / agents.
- MOAMC may authorize any of its officials, Head-Operations, concerned Fund Manager, Compliance Officer, or any other Officers of the rank of Manager and above, who is authorised from Corporate Office/Branch Offices and / or authorised agents to attend the meeting in person and to vote as approved internally.
- MOAMC shall not give proxy to brokers, for voting on its behalf.
- The decision regarding the voting on the resolution, i.e. whether the Mutual Fund will abstain from voting or vote for or against the proposed resolution by the Investee Company/Issuer will be taken by the Fund Manager in conjunction with the recommendations of the / broad parameters approved by the Investment Committee.

The actual exercise of the proxy votes in the AGMs/EGMs of the Investee Company will cover the following matters and will be reported in the SEBI prescribed format:

A. Ordinary Business:

- a. Adopting the Annual Accounts (P&L & Balance Sheet)
- b. Declaration of Annual or Interim or Final or Special Dividend
- c. Appointment or removal or retirement of Directors
- d. Appointment or Re-appointment of Auditors

B. Special Business

Corporate governance issues are diverse and continually evolving. While it is difficult to provide an exhaustive list of such issues, the following guidelines/policies reflect what MOAMC believes to be good corporate governance measures and the stance it may generally take with respect to the below matters:

i. Corporate Governance Matters

MOAMC supports resolutions like change in registered office of the Company from one State to another State, merger and other corporate restructuring, which are in the interest of the unit holders of the Fund. MOAMC will analyze various economic and strategic factors in making the final decision on a merger, acquisition or any other corporate restructuring proposals. However, MOAMC will vote against resolutions pertaining to takeover by an acquirer, etc. which are against the interest of the unit holders. MOAMC will consider, on a case to case basis, proposals to rotate auditors,

and will vote against the appointment of auditors when there is convincing evidence of accounting irregularities or negligence.

ii. Changes to Capital Structure

Changes in capitalization will generally be supported where a reasonable need for the change is demonstrated. MOAMC will review on a case to case basis, proposals by companies to change the capital structure by increasing/decreasing the authorized shares and the purpose for the same. MOAMC believes that a company's decisions pertaining to financing has a material impact on its shareholders, in particular when they involve the issuance of additional shares or the assumption of additional debt. However such changes resulting in excessive dilution of existing shareholder value will not be supported.

iii. Stock option plans and other proposals pertaining to management compensation

MOAMC would support such remuneration proposals, which are tied to achieving long-term performance and enhancing shareholder value. Stock option plans that are excessively generous or dilute other shareholders' stake value will not be supported.

iv. Social and corporate responsibility issues

In light of the increasing need for fair disclosures, a growing need for social and corporate responsibility, MOAMC's responsibility increases. MOAMC shall vote in favor of such matters which are believed to have significant socio-economic benefits.

v. Board of Directors

MOAMC believes in philosophy of having an independent board of directors as the same is key to comply with good corporate governance norms. MOAMC would support proposals pertaining to appointment of independent directors, and the key committees such as audit, IPO, CSR and remuneration committees etc. to be comprised of independent members.

vi. Related-party transactions

In view of the increasing number of incidences of related-party transactions being seen in the corporate sector today which can have large-scale implications on the future of the underlying business of the Investee company and its valuation, MOAMC will ensure its active participation in voting on such transactions to safeguard the interest of its unit holders.

vii. Any other issue that may affect the interest of the shareholders in general and interest of the Unit holder in particular.

C. Investment in group companies of MOAMC and investment in companies that have subscribed to the units of schemes of Mutual Fund:

In cases where investments are in group companies of the MOAMC or where the Investee Companies have substantial investments in the schemes of the Motilal Oswal Mutual Fund, MOAMC shall specifically review all voting proposals and take decisions with respect to voting on such proposals in the best interest of the unit holders. MOAMC may decide to abstain from such voting, if it deems fit to do so in the best interest of the unit holders or if there is a conflict of interest.

Exception to the above

MOAMC may also decide to abstain from voting in cases of any of the above stated Special resolutions, where it has insufficient information or there is a conflict of interest or MOAMC does not receive the communication in time.

Although MOAMC will vote in accordance with the Voting Policy, but it may act differently if, the relevant facts and circumstances so warrant. Hence, MOAMC may deviate from the Voting Policy guidelines when it determines that the deviation is necessary to protect the interests of the unit holders.

Guidelines for Schemes which are Exchange Traded Funds and Index Funds

In relation to its Schemes that are exchange traded funds (ETFs) or index funds which are based on various indices, as the case may be, Mutual Fund invests in such ETFs / index based funds based on the index which is being tracked by such Scheme. These indices are developed, owned and maintained by independent index providers. The indices are maintained on a day to day basis by the index provider as per the policy laid down by the index provider and various parameters are used for inclusion and exclusion of stocks from the index. Mutual Fund obtains a license for using these indices to launch its ETFs. These Schemes then track such indices by investing in the stocks based on its weightage in such index. Mutual Fund carries rebalancing exercises based on the details of corporate actions, etc. and other relevant details received from the index providers. The Fund Manager of such ETF/Index Schemes do not play an active role in the selection the stocks for investment/disinvestment. The Fund Manager's decisions are based solely on the notice of corporate actions received from the index providers. As Mutual Fund follows a passive philosophy towards investment in its Schemes that are ETF or index funds Mutual Fund would abstain from voting on any matters with respect to companies in which such Schemes that are ETFs / index funds have investments.

Amendments/Updates, Internal Review and control

Any regulatory amendment/update etc. shall be carried out from time to time to the policy by Investment Committee. The Investment Committee will review the proxy voting required as per the voting policy and actual exercise of proxy votes.

Disclosure of Voting Policy and Records thereof

- a. The Voting Policy shall be available on the Websites of the Mutual Fund, www.motilaloswalmf.com and www.mostshares.com.
- b. MOAMC shall record and disclose specific rationale supporting its voting decision (for, against or abstain) with respect to each vote proposal stated above
- c. MOAMC shall additionally publish summary of the votes cast across all its investee company and its break-up in terms of total number of votes cast in favour or against or abstained from.
- d. MOAMC shall make disclosure of votes cast on its website (in spreadsheet format) on a quarterly basis, within 10 working days from the end of the quarter in the format as prescribed by SEBI vide circular no. CIR/IMD/DF/05/2014 dated March 24, 2014.
- e. Further, on an annual basis, MOAMC shall obtain Auditor's certification on the voting reports and this auditor's certification shall be submitted to trustees and shall be disclosed in the relevant portion of the Mutual Funds' annual report & Websites of Mutual Fund.

Annexure A

(i) Format for disclosure of vote cast by Mutual Funds - during an individual quarter

Details of Votes cast during the quarter ended __, of the Financial year __ - __							
Meeting Date	Company Name	Type of meetings (AGM/EGM)	Proposal by Management or Shareholder	Proposal's description	Investee company's Management Recommendation	Vote (For/Against/Abstain)	Reason supporting the vote decision

(ii) Format for disclosure of voting by Mutual Funds/AMCs during a financial year

Details of Votes cast during the Financial year __ - __								
Quarter	Meeting Date	Company Name	Type of meetings (AGM/EGM)	Proposal by Management or Shareholder	Proposal's description	Investee company's Management Recommendation	Vote (For/Against/Abstain)	Reason supporting the vote decision

(iii) Format of providing the summary of proxy votes cast by Mutual Funds/AMCs across all the investee companies

Summary of Votes cast during the F.Y. __ - __					
F.Y.	Quarter	Total no. of resolutions	Break-up of Vote decision		
			For	Against	Abstained