

VOTING RIGHTS POLICY OF EDELWEISS ASSET MANAGEMENT LIMITED

Background:

Edelweiss Asset Management Limited (“the AMC”) is the Investment Manager to Edelweiss Mutual Fund (“the Fund”). As an Investment Manager, it has a fiduciary responsibility to act in the best interest of the unit holders of the Fund. This responsibility also includes exercising voting rights towards the securities in which the Schemes of the Fund have invested (“Investee Company”), either at the general meetings of the Investee Company(s) or through postal ballots, in the best interest of the unit holders. In accordance with the Securities and Exchange Board of India (“SEBI”) circular no. SEBI/IMD/CIR No.18/198647/2010 dated March 15, 2010 and circular no. CIR/IMD/DF/05/2014 dated March 24, 2014 the AMC has set out this Voting Rights Policy.

The Policy contains the principles that form the basis of all votes. The AMC believes that these principles are essential to ensure the long-term performance of assets managed by the AMC. The AMC will manage voting rights with the same level of care and skill as it manages the funds. In general, the AMC does not have the intention to participate directly or indirectly in the management of the companies but it will use its influence as the representative of the shareholders amongst others by exercising its voting rights in accordance with the best interests of its Fund’s unit holders.

Matters generally coming up for voting:

Following are some of the general matters that come up for voting either at the general meetings of the Investee Company(s) or through postal ballots:

- Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti takeover provisions;
- Changes to capital structure, including increases and decreases of capital and preferred stock issuances;
- Appointment, remuneration, retirement and removal of Directors;
- Stock option plans and other management compensation issues;
- Changes to the Memorandum and Article of Association of the Company;
- Social and corporate responsibility issues;
- Appointment and remuneration of Statutory Auditors;
- Transactions with Related Party(ies);
- Other Corporate governance matters; and
- Other issues affecting the interest of the Shareholders.

Philosophy of Voting Policy:

Voting Right means, the right of a Shareholder to vote on matters of corporate policy and other resolutions. The exercise of voting rights will require regular monitoring of financial performance, corporate governance matters, industry performance and subsequent consideration of the potential impact of a vote on the value of the securities of the issuer held by the schemes of the Fund. In order to discharge its obligations under this policy, the AMC will access and utilize research on management performance and corporate governance issues of the Investee Company(ies), drawn either from its in-house Fund Management team or from an independent consultants/firms amongst others.

The Schemes are entitled to exercise the voting rights attached to the shares of the Investee Company (ies). The shareholders do not necessarily need to be physically present at the site of the Investee company's annual general meeting / extra-ordinary general meeting in order to exercise their right to vote. It is common for shareholders to voice their vote through an E-Voting system provided by entities such as NSDL, CSDL, Karvy etc. or by appointing a Proxy.

In connection herewith, the AMC will exercise adequate safeguards to address any conflicts of interest with regard to any individual investments made by the schemes of the Fund. This may imply that the AMC may decide to refrain from exercising its voting rights if considered appropriate.

The AMC is an affiliate of a large, diverse financial services organization with many associate companies, which may lead to situation creating conflicts of interest. Conflicts of interest may arise in certain situations, where:

- The Investee Company is a client of its affiliates;
- In certain cases, wherein any affiliates of the AMC are lender to the Investee Company;
- The Investee Company is a seller whose products or services are important to the business of AMC and/or its affiliates;
- The Investee Company is an entity participating in the distribution of investment products advised or administered by the AMC and/or any of its affiliates.

However, the AMC will make its best efforts to avoid such conflicts and ensure that any conflicts of interest are resolved in the best interests of unit holders of the Fund.

In cases where investments are in group companies of the AMC or where the Investee Companies have substantial investments in the Schemes of the Fund, the AMC shall specifically review all voting proposals, routine as well as non routine and take decisions with respect to voting on such proposals in the best interest of the unit holders. The AMC may also 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.

Mutual Fund assets will only be voted in the exclusive interest of the unitholders, without taking into consideration the interest of the businesses of Edelweiss Group Companies. The strict separation of the AMC's asset management activities from other activities within Edelweiss Group prevents access of the Asset Management Company to insider and unpublished price sensitive information for which use and/or disclosure of such information could generate conflicts of interest. As a result, Edelweiss Group companies inter se may cast different votes on a voting issue.

The AMC supports resolutions that promote the functioning of boards in the best interests of the shareholders, resolutions that change the state of incorporation, merger etc. which are in the shareholders value. Issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, would be addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value. The AMC reserves the right to vote against any resolution that goes against the interest of its unit holders. The AMC in such other matters may decide to abstain from voting if it has insufficient information or there is conflict of interest or the AMC does not have a clear stance on the proposal.

The decision regarding voting for a particular resolution, i.e. whether the AMC will vote for/against or abstain, will be taken by the Equity Fund Managers, in consultation with the CEO. The Fund Manager may also seek the analysis and recommendations of a research firm or other competent authority or individual to aid such decision(s).

Voting Procedure

The decision of the Equity Investment Team on voting for shareholders resolution(s) to be passed at all the general meeting or through postal ballot of the investee company, shall be executed by the AMC by casting votes through the e-voting facility provided by NSDL/CDSL/Karvy.

However, in case the e-voting facility is not offered by any Investee Company or the AMC is not in a position to cast its vote through e-voting, any of the following personnel/ representatives of the AMC or an externally authorised agency would be delegated the responsibility for exercising the physical voting rights by the Managing Director or Chief Executive Officer (CEO) (by whatever designation called) or Chief Investment Officer (CIO), if any:

1. Chief Investment Officer (CIO)
2. Head - Equities
3. Fund Manager (s)
4. Head – Compliance & Risk
5. Head-Operations
6. AVP - Compliance
7. Company Secretary
8. Head – Research/ Research Analyst(s)
9. Representative of an externally authorized agency such as the Custodian

A report on votes exercised by the AMC and the rationale recorded for each voting decision will be placed before the Board of Director of the AMC and Trustee Company from time to time to review that the AMC has voted on important decisions that may affect the interest of investors and the rationale recorded for vote decision is prudent and adequate.

Although the AMC will generally vote in accordance with the Voting Rights Policy, there may be circumstances where the AMC may believe it is in the best interests of the AMC to vote differently than in the manner contemplated by the Guidelines. Hence, the AMC may deviate from the Voting Rights Policy which it determines that the deviation is necessary to protect the interests of the Unit holders.

The ultimate decision as to the manner in which the AMC's representatives / proxies will vote rests with the AMC.

Review and Control

The Voting Rights Policy and the actual process of exercising the proxy voting will be reviewed regularly by the AMC. Any change in the guideline by the Regulator will be incorporated appropriately and duly complied with.

Disclosure of Voting Rights Policy and exercise of Proxy Votes:

The Voting Rights Policy is accessible on the Fund's website i.e. www.edelweissmf.com.

The requisite reports/certification, as specified in SEBI's Circular CIR/IMD/DF/05/2014 dated March 24, 2014, will also be disclosed on the Fund's website and/or in the Annual Report of the Fund.

Date:- January 1, 2016