



**RELIANCE CAPITAL ASSET MANAGEMENT LIMITED**

**PROXY VOTING POLICY**

**OCTOBER 2011**

## HISTORY SHEET

| Date     | Particulars                             | Approved By | Signature |
|----------|---|-------------|-----------|
| Jun 2010 | Incorporation of Policy Version 1.0     |             |           |
| Oct 2011 | Review and Incorporation of Version 2.0 |             |           |
|          |   |             |           |
|          |   |             |           |
|          |   |             |           |

## SUMMARY OF CHANGES

| <u>Section</u>                                 | <u>Existing Policy</u> | <u>Updated Policy</u>   | <u>Reason for update</u>  |
|--|------------------------|---|---|
| <b>Voting Policy Guidelines and Procedures</b> |                        | <p>Addition of guidelines for voting for following types of resolutions</p> <p>A. Corporate Governance matters (including changes in the state of incorporation, merger and other corporate restructuring and anti takeover provisions)</p> <p>B. Changes to capital structure,(including increases or decreases of capital and preferred stock issuances)</p> <p>C. Stock option plans and other management compensation issues</p> <p>D. Corporate Social Responsibilities</p> <p>E. Appointment and Removal of Directors</p> | <p>Guidelines for voting for certain types of resolutions included as per directions of the Board</p> |

## **Reliance Capital Asset Management Limited**

### **Proxy Voting Policy and Procedures**

#### **Background**

Securities & Exchange Board of India (SEBI), vide circular ref. SEBI/IMD/Cir No. 18/198647/2010 dated March 15, 2010 stipulated that mutual funds should play an active role in ensuring better corporate governance of listed Companies. In this regard, SEBI has mandated that, Asset Management Companies shall disclose their policy and procedure, for exercising the voting rights in respect of shares held on behalf of the mutual funds on their website as well as in the annual reports of the schemes.

Pursuant to the aforesaid SEBI circular, Reliance Capital Asset Management Limited, (henceforth referred to as "RCAM and/or AMC"), the Investment Manager of Reliance Mutual Fund, has formulated the Proxy Voting Policy and Procedure ('the Policy') for Reliance Mutual Fund

#### **Voting Policy Guidelines and Procedures**

Reliance Capital Asset Management Ltd (RCAM) is the Investment Manager to the Reliance Mutual Fund (RMF). Proxy voting is the paramount, fiduciary duty of the AMC on behalf of the unit holders. The AMC recognizes that this duty requires it, to vote on behalf of the unit-holders in a timely manner and make voting decisions in advancing the economic interests of the unit-holders and protecting their rights as beneficial owners of the companies in whose securities the AMC invests through the schemes that it manages.

RCAM will generally vote with the issuer company's management on routine matters. With respect to non-routine matters such as proposed anti-takeover provisions or mergers, the financial impact will be analyzed and the proxy will be voted on a case-by-case basis, in the best interest of the unit-holders.

While arriving at the decision to vote, views of the Fund Managers, Research Analysts and other executives and sources may be considered. The requirements from SEBI shall be complied with as may be applicable from time to time.

**A. Corporate Governance matters (including changes in the state of incorporation, merger and other corporate restructuring and anti takeover provisions):** Mergers and acquisitions and corporate restructuring proposals will be subject to appropriate review on a case-by-case basis to determine whether they would be beneficial to shareholders' interest.

**B. Changes to capital structure, (including increases or decreases of capital and preferred stock issuances):** The proposals for approval to alter the capital structure of the company, such as an increase in authorized capital will generally be supported. However, each proposal shall be evaluated on a case-by-case basis, to determine whether the proposed changes are in the best interest of the shareholders.

**C. Stock option plans and other management compensation issues:** In general, compensation matters are normally determined by the Company's Board of Directors, rather than the shareholders. The AMC

would generally support proposals for Employee Stock option plans and other management compensation plans, but would oppose excessive compensation, if it feels that approval of the plan would be against shareholder interest.

**D. Corporate Social Responsibilities:** The AMC would generally support proposals on social issues that have demonstrable economic benefit to the issuer and long term economic value of the securities held in the scheme on case-by-case basis.

**E. Appointment and Removal of Directors:** The foundation of good corporate governance is in the selection of responsible and qualified, Independent Directors who are likely to diligently represent the interest of the shareholders and oversee management of the Company in the manner that will seek to maximize shareholder value over time. Hence, the AMC would generally support the Board's nominees in the election of Directors and generally support proposals that strengthen the independence of Board of Directors. However, each such proposal shall be evaluated on a case-by-case basis.

RCAM shall evaluate the various proposals in entirety in respect of each Issuer and proposal. Based on the final decision so arrived at, it shall cast a vote either through its official representative or a professional proxy voting service provider or as the case may be.

There may be circumstances where the AMC believes it is in the best interests of a Fund to vote differently than the manner contemplated by the Guidelines. The ultimate decision as to the manner in which the AMC's representatives/proxies will vote rests with RCAM.

Corporate Governance standards, disclosure requirements, and voting mechanisms vary greatly among the markets outside India in which the schemes may invest. RCAM will accordingly cast the vote in a manner believed to be consistent with the policy, while taking into account differing practices by market. In addition there may be instances in which the RCAM may refrain from voting if, the cost of voting in foreign markets may be substantially higher. It may also refrain from voting on the issues presented in which RCAM feels are unlikely to have a material impact on shareholder value and its unit-holders.

### **Conflict of Interest**

RCAM recognizes that there may be a potential conflict of interest when it votes on an entity with which RCAM may have some relationship. However, RCAM will ensure to vote in the interest of the unit holders.

The Chief Executive Officer shall delegate the responsibility for exercising the voting rights as it deems appropriate.