

## **Policy of IDBI Mutual Fund in Corporate Governance of Public Listed Companies:**

IDBI Mutual Fund has the vision to promote financial inclusion, by assisting the common man in making informed investment-choices, through mutual funds and thus bring him to the prosperity of the Capital Markets.

Our unit holders are the beneficiaries of the trust property and therefore the votes cast by us in each and every resolutions, we are participating, will be with an intention and objective for the common good of the unit holders.

Following guidelines have been developed to ensure consistency with the social and environmental standards applied to our Funds' portfolios and our overall stock selection process.

- a) Corporate governance matters, including changes in the state of incorporation, Appointment and Removal of Directors, Merger and other corporate restructuring and anti takeover provisions.
- b) Changes to capital structure, including increases and decreases of capital and preferred stock issuances.
- c) Stock option plans and other management compensation issues;
- d) Social and corporate responsibility issues.

These Guidelines are subject to change without notice.

### **Corporate Governance**

The Company follows the practice of investing in companies which are included in the top line security index which has strong fundamentals. Our approach to attending the AGM and EGM generally depends on the implications of the business to be carried out in such meetings to the interest of the shareholders. We will vote against the resolution, if we feel that passing such resolution will affect the value of security of such companies and which may cause devaluation to the assets of the unit holders. As a matter of policy we generally favors independence of auditors, true representation of financials, policy for accountability of directors including independent directors and optimum balance of independent and associate directors in the board as well as board committees.

We will not favour any merger or acquisition whose resulting company would not qualify for inclusion in our Funds' portfolios based on its line of business. Any resolution moved by shareholders demanding the company to present a report on the impact a merger or acquisition has on employment levels, director and executive compensation, philanthropic commitment, and company products will be supported by us

We will not act as a party to any group effort of taking over the controlling interest in any company. We will oppose any plans by companies to allot shares to any party in contravention to the SEBI (Acquisition of Shares & Takeover) Regulations, 1997.

## **A. Changes in Capital Structure**

We believe that a listed company should have adequate participation from Public at any point of time and any we will oppose any movement of the company to reduce public shareholding below 25% of the total share capital of the company. We will cast our vote judiciously in matters related to reduction in share capital, splitting of shares by reducing the face value of shares etc. Our Schemes do not propose to invest in the equity shares of unlisted companies.

## **B. Stock Option Plans**

In the expectation that companies fostering employee ownership will grow faster, attract and retain higher-quality employees, create more employee wealth, and achieve sustained superior performance, we support resolutions favoring ESOPs if the same is done within the parameters of applicable regulations.

## **C. Social and corporate responsibility issues.**

We do believe that the long-term financial health of a corporation is tied to the economic sustainability of its workers and the communities in which they operate, source, and sell their products. Keeping the same in mind we encourage corporate to operate eco friendly by installing advance pollution control measures in the areas of their operation. We also encourage corporate to avoid any price rigging activity by suppressing the flow of essential goods including drugs for medicinal use. We support

corporate disclosing their correct financial statement and ensuring remittance of applicable taxes on time. We also promote corporate to have a policy of equal opportunity employment to everybody with our discrimination on sex, creed, caste, and religion.

**D. Investment in the securities of Group Companies and securities of Companies invested in the schemes of Mutual Fund and the applicability of the policy.**

The exercise of voting rights and the policy mentioned in this document will be applicable, while exercising voting rights on behalf of mutual fund, in group companies and companies invested in the schemes of the mutual fund, as applicable to any other companies.

The Mutual Fund will adhere to all the investment restrictions mentioned in clause 9 of the Seventh Schedule of SEBI (Mutual Fund) Regulation 1996 while making investments in the securities of Group Companies and securities of Companies invested in the schemes of Mutual Fund.

**Procedure for exercising vote**

All notices received from companies shall be placed before the executive committee of the Mutual Fund and the committee will decide about the requirement of exercising voting right by considering the nature of business. The committee may seek the opinion of the fund managers, Research Departments and the company secretary, if they so desire.

**Statistics of voting by Mutual Funds**

The Mutual fund will disclose the details of voting rights exercised by us in the website as well as in the annual report distributed to the unit holders from the financial year 2010-11.