

WINDING UP OF 6 SPECIFIC SCHEMES: E-Voting and Unitholders E-Meet: FAQs

This document includes all the FAQs related to the voting process and the Unitholders meet for the 6 schemes. Please reach out to us for any further queries and we will get back to you as soon as we can.

The FAQs have been divided into the following categories:

- A. About the Notice and Voting Requirement.
- B. Guidelines on E-Voting and Unitholders Meet.
- C. Timelines, Dates and Process for E-Voting and Unitholders Meet.
- D. Returning Investors Money.

A. About the Notice and Voting Requirement:

1. What is the notice meant for?

Notice is to inform Unitholders about the date of Unitholders E-Voting and Unitholders Meet and the guidelines for the same. The notice contains details of the dates and number of days for which the e-voting shall be open including day, date and time of commencement and conclusion. It also includes the date and time for the Unitholders meet via video conferencing.

2. Why is the investor being asked to vote?

As per regulation 41 of SEBI (Mutual Fund) Regulation 1996, approval of the unitholders is required to take steps for winding up of the scheme. The schemes can be wound up only after repaying the amount due to the unitholders. The steps to wind-up the schemes include active monetization of assets and return of the investment proceeds to the unitholders. In the absence of authorization, the winding-up process will be delayed as further steps will be possible only after seeking a fresh authorization from the unitholders.

3. What attempts has the AMC made to inform Unitholders about the e-voting exercise?

The AMC has done the following to inform the investors about the electronic voting process:

- An advertisement in Financial Express (all editions) and Navabharat Times (Mumbai edition) on 3rd May 2020, 14th May 2020 requesting investors of these 6 schemes to register their email IDs if they had not done so already
- Since a substantial number of investors were from Delhi and Gujarat, we released the same notice on 16th May 2020 in Gujarat Samachar (Ahmedabad, Baroda, Surat, Rajkot, Bhavnagar and Bhuj editions) and Navabharat Times in Delhi plus NCR editions
- The notice to register email IDs was also published on the AMC's website.
- For those investors where the AMC had only their mobile numbers, three rounds of SMS were sent on May 1st, 8th and 10th, requesting them to register their email id. The website link where they need to register their email id was mentioned in the SMS.
- For investors who did not have a registered email id or a mobile number, we requested our distribution partners to reach out to investors in order to register their email ID
- Investors who did not have an email id and a mobile number were also sent a letter
- The Trustee has sent an email/sms regarding the Notice related to E-Voting and Unitholder's Meet on 28th May 2020. The Trustee has also published the Notice in Business Standard (all editions), Financial Express (all editions) and Navshakti Mumbai on 29th May 2020. The Notice also carries information for unitholders to register their email ids, if they have not done so already. This is so that they can participate in the E-Voting and Unitholder's Meet

- Investors can register their email IDs for voting till 8th June 2020 by visiting us on: <https://www.franklintempletonindia.com/investor/credit-fund-voting-rights>

4. What about investors who have opted for physical communication or have not got their email id registered?

Investors who do not have an email id or mobile number registered with us will not be able to vote. Registration of an email id/mobile number in our records, is mandatory for receiving user id and password to access the e-voting platform offered by Karvy.

- Investors can register their email IDs for voting till 8th June 2020 by visiting us on: <https://www.franklintempletonindia.com/investor/credit-fund-voting-rights>

B. Guidelines on E-Voting and Unitholders Meet

5. What are the important Guidelines for Unitholders E-Voting and Unitholders Meet?

- Unitholders E-Voting and Unitholders Meet via Video Conferencing are two separate activities
- Unitholders must have a registered email id / mobile number with us against the investments in these 6 schemes to be able to receive login credentials to participate in the above activities
- Login credentials will be sent via email to Unitholders with registered email IDs
- If the Unitholder has a registered mobile number but no registered email ID, login credentials will be sent to the registered mobile number via SMS
- The Notice from K Fintech will carry details of a weblink that will be used for both e-voting and the Unitholders meet
- Unitholders will have a 3-day window to participate in the e-voting process
- The e-voting period (remote e-voting) will be the last 3 days immediately preceding the VC date
- The meeting of Unitholders will be convened through Video Conferencing (VC), E voting facility will remain open during VC hours for investors present in the meeting if they have not recorded their vote already
- Each Unitholder is entitled to vote only once per scheme that they have invested in, irrespective of the number of units
- Unitholders who have invested in more than one scheme, will get a separate email / SMS for each scheme
- If the Unitholder is a joint holder and both the holders have registered their email ids, the email will be sent to the primary holder only
- If the Unitholder is a joint holder but only one of the holders has registered their email id, the email will be sent to that holder only
- If the Unitholder is registered as “anyone or survivor”, the email will be sent to the primary holder only
- Regardless of the number of folios a Unitholder holds under the same PAN / PAN combination, they will be entitled to vote only once
- If the Unitholder has more than one folio under the same PAN but has different email ids registered in the folios, they will receive the email at the address registered in the last transacted folio
- If the Unitholder is a “minor”, the email will be sent to the registered email id. Guardian may take appropriate decision
- Once a unitholder has cast his/her vote, the same cannot be changed.

6. Is an Institutional investor treated differently from a retail investor for the voting process?

No, all investors are treated the same. The voting rule is: One unitholder, one vote, irrespective of institutional or retail.

7. Does having a higher no. of units in the folio have a higher weightage?

No. Every investor is entitled to only one vote irrespective of the no. of holdings. "it is one unitholder one vote".

8. Does having more folios in the same fund give an added advantage?

No. There is no advantage for having more folios. One unitholder will only be entitled to one vote.

9. If an investor has invested in more than one scheme can he/she cast his vote once as a consolidated vote?

No, separate votes are required to be cast for each scheme. For each scheme, investors will receive separate user ids and passwords on their registered email ids. They must use the secured information for the respective schemes and cast their vote for each of the schemes they hold.

10. If there is a POA attached to a folio, who will be allowed to vote – POA or Unitholder?

User id and password will be sent to the registered email id on record.

11. Will the POA be allowed to attend the AGM if the investor cannot attend?

We will communicate the user id and password to the registered email id. Unlike physical meeting, no proxy screening will be possible, and all comments and behavior will be attributed to the unitholder.

12. If husband and wife both are primary investors in both these funds in their individual capacity and they have the same email id, will they get two separate mails since there are separate investors?

Yes, they will get two separate mails. PAN is the first unique identifier and then the registered email id/ mobile number.

13. Since FIDAAF is an investor in FSTIP, will it be a single vote as a fund or will all investors of FIDAAF get to vote?

It will be a single vote for FIDAAF since FIDAAF is the investor. The same rule is applicable for FIMAS and Life Stage FOF – 20's, 30's, 40's and 50's plus where they have one of the impacted schemes as an underlying fund.

14. Will electronic voting be extended to NRIs and how will the cut-off time work for casting votes?

E-voting option is granted to all Unitholders of the 6 schemes under winding up. The timelines shall work as per Indian Standard Time.

C. Timelines, Dates and Process for E-Voting and Unitholders Meet

15. When will the voting begin? What are the dates and the time slots?

- The e-voting portal will remain open for voting from Tuesday, June 09, 2020 at 09:00 a.m. (IST) and will end on Thursday, June 11, 2020 at 06:00 p.m. (IST).
- The Unitholders meet will be held on June 12, 2020. There are separate timeslots for the Unitholders meet for each scheme. The same are mentioned below:

Unitholder's Meet on 12th June - Time Schedule	
Scheme	Time Slot for Unitholders Meet and Re-Opening of Voting Window
Franklin India Ultra Short Bond Fund	9.00 am - 10.30 am
Franklin India Low Duration Fund	10:45 am - 11:45 am
Franklin India Credit Risk Fund	12.00 pm - 1.00 pm
Franklin India Dynamic Accrual Fund	2.00 pm - 3.00 pm
Franklin India Short Term Income Plan	3.15 pm - 4.15 pm
Franklin India Income Opportunities Fund	4.30 pm - 5.30 pm

16. What steps does an investor need to take to complete the electronic voting process?

- The Trustees of Franklin Templeton have partnered with "K Fintech" for the electronic voting process
- Unitholders will receive an email / SMS from "K Fintech" on their registered email id / mobile number for each scheme that they have invested in
- The email / SMS will have a link to the K Fintech website, a user id and a password
- This user id is unique for each scheme that the Unitholder has invested in. Therefore, if Unitholders have invested in more than one scheme, they will receive a separate email / SMS with a different user id and password for each scheme
- Unitholders need to click on the website link and enter their user id and password
- Each user id and password entitle a Unitholder to only "one vote" for that scheme
- The results will be based on simple majority of votes recorded by the Unitholders
- Once the vote is cast and submitted it cannot be changed

Voting Options:

- The unitholders are first requested to choose between "Yes" and "No"
- By Choosing "Yes" they approve an authorization for the Trustee or DELOITTE TOUCHE TOHMATSU INDIA LLP (Deloitte) to take further steps for winding up of the Scheme
- **If a unitholder approves Authorization by voting 'Yes' to the Authorization, then such unitholder will be requested to make their selection between Option 1 and Option 2.**
 - **Option 1:** Authorize the Trustee to monetize the assets with the assistance of the **AMC** and **Kotak** as an independent advisor.

- **Option 2:** Authorize Deloitte to monetize the assets with the assistance of the **AMC** and **Kotak** as an independent advisor. In that case, the Trustee's role will be restricted to distribution of proceeds to unitholders after payment of liabilities and expenses in accordance with Regulation 41(2) and the Trustee will not be responsible for disposal or realization of Scheme assets.
- **If unitholders reject the Authorization by voting 'No' to the Authorization, then the Trustee will be required to propose other options to unitholders, seeking their authorization by way of a subsequent voting exercise, which may result in delay in monetizing the Scheme assets and distributions to the unitholders. Please note that voting 'No' to the Authorization will not change the winding-up status of the Scheme.**
- **The Trustee believes that both Deloitte and Kotak have strong capabilities to discharge their respective roles. Unitholders will have the advantage of professional services from Deloitte and Kotak (as an agent and advisor to the AMC and providing independent advice, wherever required) in option 2. The Trustee is equally supportive of both options.**
- If a simple majority of unitholders voting approves the Authorization by voting 'Yes' to the Authorization, then as between Option 1 and Option 2, the option that receives a simple majority of 'Yes' votes as compared to the 'Yes' votes cast for the other option will be considered as the resolution passed by the unitholders.
- Although the decision on how to vote vests with the unitholders, the Trustee advises unitholders to vote 'Yes' to the Authorization as a rejection of such Authorization may result in delays as described above.

17. What will be the Role of Trustees if investors authorize Deloitte?

If majority of Unitholders select Deloitte, Trustee's role will be restricted to distribution of proceeds to unitholders after payment of liabilities and expenses in accordance with Regulation 41(2) and the Trustee will not be responsible for disposal or realisation of Scheme assets.

18. Is there a minimum number of votes that need to be cast to, for the voting exercise to be valid?

No, there is no such minimum requirement.

19. Is the role of Kotak and Deloitte the same in the 2 options?

No, they have different roles. Kotak Mahindra Bank has been appointed the independent advisor. By selecting option 1, The Unitholders authorize the Trustees, assisted by Franklin Templeton Asset Management (India) Pvt. Ltd (the AMC) and the Independent Advisor, to work towards monetization of assets of the scheme and distribution of the proceeds to the Unitholders of the respective schemes. By selecting option 2, the Unitholders authorize Deloitte to carry out the liquidation process with the assistance of the AMC (KOTAK will be the independent advisor to the AMC).

20. How is the role of an Independent Advisor different from a liquidator?

Independent Advisor is expected to provide their independent advice to the Trustees / AMC but is not responsible for carrying out the actual liquidation process. In option 1, Trustees, working with AMC and the Independent advisor (Kotak Mahindra Bank) will monetize the assets of the scheme. In option 2, Deloitte will be responsible to carry out the liquidation process and will monetize the assets with the assistance of the AMC (KOTAK will be the independent advisor to the AMC).

21. What is the Role of Fund Managers in both the options?

Under option 1, the AMC and the Portfolio Management team will assist the Trustees. In the second option the AMC will assist Deloitte in carrying out the liquidation process. In both options, KOTAK will be the independent advisor to the AMC.

22. Will Deloitte's expenses be borne by the funds or the AMC?

The expenses will be borne by the AMC.

23. What are Deloitte credentials in liquidation of financial assets?

Deloitte is a preeminent professional services firm for liquidation, resolution, restructuring and debt advisory in India with a dedicated Restructuring and Corporate Finance team consisting of over 40 senior professionals (Partners, Directors and Senior Advisors) who are specialists and experts in these fields. Deloitte in India has handled assignments involving stressed debt of over USD 60 billion (INR 450,000 crores) over the last three years, with successful deal closures of USD 20 billion (INR 150,000 crores over 30+ deals) in the same period. Deloitte's financial advisory team in India has more than 20 dedicated debt advisory professionals, including some members who have served for over 40 years in senior positions at large and reputed PSU banks, with over 250 man-years of experience between them.

24. Will Kotak Mahindra Bank continue to act as an independent advisor to the Trustees, if the unitholders vote for Deloitte?

In the second option, the AMC will assist Deloitte in carrying out the liquidation process KOTAK will be the independent advisor to the AMC

25. What if there is a split and say three schemes are being handled by the Trustees/KMBL and three by Deloitte. What happens to securities that are common across these schemes? How will the liquidation of those securities work?

Each scheme is independent of the other scheme and the administration will be carried out on an independent basis at scheme level.

26. What happens if the majority vote is Option 1 in all schemes?

The Trustee, assisted by Franklin Templeton Asset Management (India) Pvt. Ltd (the AMC) and the Independent Advisor, Kotak Mahindra Bank, shall take steps to work towards monetization of assets of the scheme and distribution of the proceeds to the Unitholders of the respective schemes.

27. What happens if the majority vote is Option 2 across all schemes?

Deloitte will be responsible to carry out the liquidation process with the assistance of the AMC (KOTAK will be the independent advisor to the AMC).

28. What happens if the majority vote is “No” across all schemes?

The Trustees will need to present alternative proposals to Unitholders and seek their approval via a subsequent vote. This will result in delay in monetizing the assets of the scheme and distributing the investment proceeds to the unitholders.

29. What happens if the majority vote for some schemes is Option 1 or some schemes it is option 2 or in some it is option 3?

In schemes where the majority have voted for Option 1, The Trustee, assisted by Franklin Templeton Asset Management (India) Pvt. Ltd (the AMC) and the Independent Advisor, Kotak Mahindra Bank, shall take steps to work towards monetization of assets of the scheme and distribution of the proceeds to the Unitholders of the respective schemes

In schemes where the majority have voted for Option 2, Deloitte will be responsible to carry out the liquidation process of the scheme with the assistance of the AMC (Kotak will be the advisor to the AMC)

In schemes where the majority have voted for “No”, The Trustees will need to present alternative proposals to Unitholders and seek their approval via a subsequent vote. This will result in delay in monetizing the assets of the scheme and distributing the investment proceeds to the unitholders

30. What happens if investors miss voting during this period?

The results will be based on actual number of votes recorded and no extension of the voting window is possible.

31. When will the voting results be declared? How will I get to know of the results?

The Trustees have appointed a scrutinizer who shall prepare a report and submit the same to the Trustees within 3 days from the conclusion of the VC. The Trustees will declare the results. The result of the voting shall be communicated to the Unitholders.

32. What if an investor does not cast his/her vote?

Results are based on simple majority of votes recorded.

33. If investors face a technical error in casting my vote, whom do I call / write to?

Investors may reach out to K Fin Tech. These details will be mentioned in the notice sent to investors by K Fintech.

34. What steps does an investor need to take to participate in the Unitholders meeting via Video Conferencing (VC)?

- The Trustees of Franklin Templeton have partnered with “K Fintech” for the unitholder VC
- The website link for e-voting and VC meeting will be communicated shortly
- Use the login credentials communicated by Karvy to access the e-voting and VC
- Each user id and password entitle only one Unitholder to attend the VC
- Subject to the IT infrastructure, the Trustee hopes to provide access to at least 2000 unitholders. The first come first serve rule will be applied for the same
- The Notice that will be sent to the Unitholders will also have an e-mail id where they can pre-submit questions for the Trustees
- Unitholders will have an option to participate in the discussion by registering their name during the meeting

- If investors have already voted prior to the Unitholders meet, they will not be able to change their vote
- E-voting will remain open for unitholders to cast their vote during the VC hours for the respective schemes

35. Will there be a separate user id for the VC or the one given for voting can be used?

The user id and password will be the same.

36. How many Unitholders are we going to allow in the VC?

Subject to the IT infrastructure, The Trustee hopes to provide access to at least 2000 unitholders.

D. Returning Investors Money

37. When do investors start getting their money for the schemes?

As per SEBI Regulations, the proceeds of sale will be first utilized towards discharge of such liabilities as are due and payable under the scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unitholders in proportion to their respective interest in the assets of the scheme as on the date when the decision for winding up was taken. It is the endeavor of Trustees to liquidate the assets in an orderly manner and distribute the proceeds to the Unitholders in the earliest possible opportunity. Two of the schemes (Franklin India Dynamic Accrual Fund and Franklin India Ultra Short Bond Fund) have brought their bank borrowing levels to “nil”.