



Religare Enterprises Limited

Corporate Governance Guidelines

(As amended on May 27, 2016)

RELIGARE ENTERPRISES LIMITED CORPORATE GOVERNANCE GUIDELINES

CORPORATE GOVERNANCE MISSION

Religare Enterprises Limited (the "Company") aspires to the highest standards of ethical conduct: doing what we say; reporting results with accuracy and transparency; and maintaining full compliance with the laws, rules and regulations that govern the Company's businesses. The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices. Further, Company being a listed company is governed by SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") entered by the Company with Stock Exchanges as amended from time to time and adheres the provisions relating to Corporate Governance as mentioned in the Regulations.

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, on May 8, 2007, issued guidelines on Corporate Governance. In pursuance of the aforesaid Guidelines, in addition to adhering the provisions of the Regulations, Company has framed the following internal Guidelines on Corporate Governance. These Guidelines will stand modified automatically to the extent any amendment is made in the Regulations.

BOARD OF DIRECTORS

- The Board of Directors' primary responsibility is to provide *effective governance* over the Company's affairs for the benefit of its stockholders, and to balance the interests of its diverse constituencies around the world, including its shareholders, customers, employees, suppliers and local communities. In all actions taken by the Board, the Directors are expected to exercise their business judgment in what they reasonably *believe* to be the best interests of the Company. In discharging that obligation, Directors may rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors.
- The Board of Directors of the company shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors comprising non-executive directors. Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise independent directors and in case the company does not have a regular non-executive Chairman, at least half of the Board should comprise independent directors

Provided that where the regular non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors

- An independent director shall hold office for a term up to five consecutive years on the Board of the company and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the company.

Provided that a person who has already served as an independent director for five years or more in the company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

Provided further that an independent director, who completes his above mentioned term shall be eligible for appointment as independent director in the company only after the expiration of three years of ceasing to be an independent director in the company.

- A director shall not be a member in more than ten committees or act as Chairman of more than five committees across all companies in which he is a director. Furthermore, every director shall inform the company about the committee positions he occupies in other companies and notify changes as and when they take place .

For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded.

For the purpose of reckoning the limit under this sub-clause, Chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee alone shall be considered

- The Board shall periodically review Compliance Reports of all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of non-compliance.

Directors' remuneration and disclosures

- All pecuniary relationship or transactions of the non-executive directors vis-à-vis the company shall be disclosed in the Annual Report
- In addition to the disclosures required under the Companies Act, 2013, the following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the Annual Report:
 - a. All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.
 - b. Details of fixed component and performance linked incentives, along with the performance criteria.
 - c. Service contracts, notice period, severance fees.
 - d. Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.

- The company shall publish its criteria of making payments to non-executive directors in its annual report. Alternatively, this may be put up on the company's website and reference drawn thereto in the annual report.
- The company shall disclose the number of shares and convertible instruments held by non-executive directors in the annual report.
- Non-executive directors shall be required to disclose their shareholding (both own or held by / for other persons on a beneficial basis) in the listed company in which they are proposed to be appointed as directors, prior to their appointment. These details should be disclosed in the notice to the general meeting called for appointment of such director

Board Meetings

The Board shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings. The minimum information to be statutorily made available to the Board, shall be furnished to the Directors.

Code of Conduct

- The Board has a code of conduct for all Board members and senior management of the company. The code of conduct has already been posted on the website of the company.
- All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO/CFO.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted the several committees to deal with specific matters and delegated powers for different functional areas. The Audit Committee, Investment & Borrowing Committee, Asset Liability Committee, Nomination and Remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee have been constituted in accordance with the Companies Act, 2013, Guidelines issued by the Reserve Bank of India and Regulations entered into with Stock Exchanges. Terms of references and functioning of all committees shall be decided by the Board in accordance with the provisions of Companies Act, 2013, Guidelines issued by the Reserve Bank of India and Regulations.

SUBSIDIARY COMPANIES

At least one independent director on the Board of Directors of the company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company. The term "material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the company. The management should periodically bring to the

attention of the Board of company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company

The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.

The company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting. A subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary shall require prior approval of shareholders by way of special resolution.

SHAREHOLDERS

Shareholders shall be informed of details regarding the appointment or re-appointment of a Director. Quarterly results and presentations made by the Company to analysts shall be put on the Company's web-site and sent to the Stock Exchange on which listed.

DISCLOSURES

The company shall make disclosures, as statutorily required under Regulations and the Companies Act, 2013 which will inter-alia include the following :

- Basis of related party transactions
- Disclosure of accounting treatment
- Board disclosures –Risk Management
- Proceeds from public issues, rights issues, preferential issues, etc.
- Remuneration of Directors
- Appointment and resignation of Directors
- Management
- Shareholders

WHISTLE BLOWER POLICY

The company shall establish a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy as required under the Companies Act, 2013 and the Regulations.

RELATED PARTY TRANSACTIONS

All related party transactions shall be entered in accordance with the provisions of Companies Act, 2013, Regulations and accounting standards.

CEO/CFO CERTIFICATION

The CEO i.e. the Managing Director and the CFO shall make the necessary certifications regarding the Financial Statements, internal controls, etc. to the Board as required under the Regulations.

COMPLIANCE OFFICER

The Company Secretary shall be the Compliance Officer of the Company.