

**RELIGARE FINVEST LIMITED**  
**CORPORATE GOVERNANCE GUIDELINES**

As on May 20, 2019

**CORPORATE GOVERNANCE MISSION**

Religare Finvest Limited (the “Company”) aspires to the highest standards of ethical conduct: doing what it says reporting results with accuracy and transparency, and maintaining full compliance with the laws, rules and regulations that govern the Company’s businesses.

**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 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.

**DETAILS OF BOARD MEMBERS**

The Board of Directors of the Company consists of the following Board Members:

Sr. No	Name of the Directors	Designation
1	Mr. Sushil Chandra Tripathi	Non-Executive Independent Director
2	Mr. Malay Kumar Sinha	Non-Executive Independent Director
3	Mrs. Sabina Vaisoha	Non-Executive Independent Director
4	Dr. Rashmi Saluja	Non-Executive Independent Director

**QUALIFICATIONS FOR DIRECTOR CANDIDATURE**

One of the Board’s most important responsibilities is identifying, evaluating and selecting candidates for the Board of Directors. The Nomination and Remuneration Committee reviews the qualifications of potential director candidate and makes recommendations to the Board. The factors considered by the Committee and the Board in its review of potential candidates include:

- Whether the candidate has exhibited behavior that indicates he or she is committed to the highest ethical standards and our shared responsibilities.
- Whether the candidate has had business, governmental, non-profit or professional experience at the Chairman, Chief Executive Officer, Chief Operating Officer or equivalent policy-making and operational level of a large organization with significant international activities that indicates that the candidate will be able to make a meaningful and immediate contribution to the Board’s discussion of and decision-making on the array of complex issues facing a large financial services business that operates on a global scale.

- Whether the candidate has special skills, expertise and background that would complement the attributes of the existing Directors, taking into consideration the diverse communities and geographies in which the Company operates.
- Whether the candidate has the financial expertise required to provide *effective* oversight of a diversified financial services business that operates on a global scale.
- Whether the candidate has *achieved* prominence in his or her business, governmental or professional activities, and has built a reputation that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make.
- Whether the candidate will effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of all of the Company's stockholders and our other stakeholders in reaching decisions, rather than advancing the interests of a particular constituency.
- Whether the candidate possesses a willingness to challenge management while working constructively as part of a team in an environment of collegiality and trust.
- Whether the candidate will be able to *devote* sufficient time and energy to the performance of his or her duties as a Director.

Application of these factors involves the exercise of judgment by the Board.

### **CHANGE IN STATUS OR RESPONSIBILITIES**

If a Director has a substantial change in professional responsibilities, occupation or business association he or she should notify the Nomination and Remuneration Committee and offer his or her resignation to the Board. The Nomination and Remuneration Committee will evaluate the facts and circumstances and make a recommendation to the Board whether to accept the resignation or request that the Director continue to serve on the Board.

### **COMMITTEES OF THE BOARD**

The Board has constituted several committees to deal with specific matters and delegated powers for different functional areas. The Audit Committee, Loan/Investment and Borrowing Committee, Asset Liability Committee, Nomination and Remuneration Committee, Risk Management Committee, Screening Committee for the identification of non-cooperative borrowers and Review Committee for the identification of non-cooperative borrowers have been constituted in accordance with the guidelines or circulars issued by the Reserve Bank of India.

Also, the following Committees were constituted by the Board of Directors:

- Share Allotment Committee
- Debenture Committee
- Stakeholders Relationship Committee
- Management Committee
- Corporate Social Responsibility Committee
- Grievance Redressal Committee

However, during financial year 2013-14, the Loan/Investment and Borrowing Committee and Debenture Committee were merged in to one Committee namely “Loan/Investment and Borrowing Committee”.

Further, the Company has also constituted ‘Asset Monetization Committee’ and ‘IT Strategy Committee’.

Given below are the composition of the Committees and the terms of reference of the Committees:

<b>Name of the Committee</b>	<b>Members</b>
Audit Committee	Mr. Malay Kumar Sinha (Member) Ms. Sabina Vaisoha (Member) Mr. Sushil Chandra Tripathi (Member) Dr. Rashmi Saluja (Member)
Loan /Investment and Borrowing Committee	Mr. Malay Kumar Sinha (Member) Mrs. Sabina Vaisoha (Member) Mr. Sushil Chandra Tripathi (Member) Dr. Rashmi Saluja (Member)
Asset Liability Committee	Mr. Sanjay D. Palve (Member) Mr. Pankaj Sharma (Member) Mr. Tarun Malik (Member) Mr. Milind Narendra Patel (Permanent Invitee) Mr. Pawan Seth (Permanent Invitee)
Nomination and Remuneration Committee	Mr. Malay Kumar Sinha (Member) Ms. Sabina Vaisoha (Member) Mr. Sushil Chandra Tripathi (Member) Dr. Rashmi Saluja (Member) <i>Head HR- RFL/RHDFCL* (Permanent Invitees)</i>
Risk Management Committee	Mr. Malay Kumar Sinha (Member) Mr. Sushil Chandra Tripathi (Member) Mr. Sanjay D. Palve (Member) Mr. Pankaj Sharma (Member) Dr. Rashmi Saluja (Member) Mr. Milind Narendra Patel (Permanent Invitee)
Share Allotment Committee	Mr. Malay Kumar Sinha (Member) Ms. Sabina Vaisoha (Member) Mr. Sushil Chandra Tripathi (Member) Dr. Rashmi Saluja (Member)
Corporate Social Responsibility Committee	Mr. Malay Kumar Sinha (Member) Mrs. Sabina Vaisoha (Member)

	Mr. Sushil Chandra Tripathi (Member) Dr. Rashmi Saluja (Member)
Grievance Redressal Committee	Mr. Sanjay Palve (Member) Mr. Pankaj Sharma (Member) Mr. Sameer Nanda (Member) Mr. Abhishek Sharma (Member)
Screening Committee for the identification of non-cooperative borrowers	Headed by CRO; Risk Intelligence Unit Head; and Litigation Head as Members
Review Committee for the identification of non-cooperative borrowers	Mr. Sanjay D. Palve ; and Mr. Malay Kumar Sinha Mr. Sushil Chandra Tripathi Dr. Rashmi Saluja
Asset Monetization Committee	Mr. Sanjay D. Palve (Member) Mr. Pankaj Sharma (Member) Mr. Tarun Malik (Member) Mr. Gaurav Kaushik (Member) Mr. Milind Patel (Permanent Invitee) Mr. Pawan Seth (Permanent Invitee)
IT Strategy Committee	Mr. Malay Kumar Sinha (Chairman) Mr. Sanjay D. Palve (Member) Mr. Rajesh Bhatia (Member) Mr. Saurabh Srivastava (Permanent Invitee )

*\*R HDFCL- subsidiary of RFL*

### **A) Audit Committee:**

The terms of reference of the Audit Committee of the Company, are as follows:

- Reviewing with management/statutory auditors the half yearly and annual financial statements and the draft Auditor's report before submission to the board, focusing primarily on:
  - Any changes in accounting policies and practices
  - Major accounting entries based on exercise of judgments by management, "Major" to mean 1% of Profits Before Tax
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Any related party transactions and approval/subsequent modification of the same, as the case may be
- Reviewing with the management, external and internal auditors, the adequacy and compliance of internal control systems and evaluation of the internal financial controls and risk management systems

- Reviewing the adequacy of internal audit function and to formulate the scope, functioning and methodology for conducting the internal audit
- Discussion with internal auditors on any significant findings and implementation of their recommendation and follow up there on
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussion with Statutory Auditors before the audit commences, nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- Recommend for appointment, remuneration and terms of appointment of auditors of the Company
- Review and monitoring of the auditor's independence and performance, and effectiveness of audit process
- Approval or any subsequent modification of transactions of the company with related parties
- Scrutiny of inter-corporate loans and investments
- Valuation of undertakings or assets of the company in accordance with the provisions of Companies Act, 2013 , wherever it is necessary
- Establish and review the functioning of the Whistle Blower Mechanism/ Vigil Mechanism
- Monitor the end use of funds raised through public offers and related matters
- Call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discussion of related matters with the internal and statutory auditors and the management of the Company
- Investigate into any matter in relation to the items specified above or referred to it by the Board of Directors  
Any such other role/function as may be specifically referred to the Committee by the Board of Directors or as may be required under the Companies Act, 2013 or any other law for the time being in force.

## **B) Loan/ Investment and Borrowing Committee:**

The objective of forming the Committee is to provide operational guidelines to all concerns and will enable the company to borrow on behalf of the Company and to gainfully deploy the surplus funds from time to time.

The terms and reference of the Committee is as follows:

- To provide operational guidelines to all concerned and will enable the company to gainfully deploy the surplus funds from time to time and to avail financial facilities from financial institution(s) / bank(s) or other entities in form of term loan(s), guarantee(s), line of credit, Commercial Papers or in any other forms ("Facilities") or by way of issuance of debentures, in connection with our Company's business requirement.
- To revise signatories for operating various bank accounts of the company.
- To Open Escrow accounts with banks for LRD product
- To Open trading account with brokers
- To make change in authorization for vehicle financing facilities of the company
- To open corporate beneficiary / de-mat accounts
- To apply and avail cash management services with various Bank
- Assignment / Securitization / sale / transfer of receivables

- To consider and approve availing of bank guarantees from various banks
- To delegate authority for derivative / arbitrage transaction
- To make change in the investment limit of the company in various segments
- To buy/sell/redeem/make investments in mutual funds, fixed deposits, government securities, securities of any Company/Body Corporate
- To grant loans and advances
- To pledge / hypothecate FDRs as security towards Letter of credit in favor of third party(s).
- To revise the list of signatories for Commercial Papers (CP) and increase the limit of CP issuance
- To consider opening of bank accounts with various banks, apply and avail corporate internet banking, fax indemnity facility, email indemnity, online account statement viewing facility with respect to account maintained with various banks.
- To avail revolving loan facilities and overdraft facility from various banks
- To enter into master rental & financial agreement
- To review the list of signatories for purpose of making investment / loans & ICDs on behalf of the Company
- To apply and avail corporate credit cards facility from various banks
- To consider and approve the issue of FDRs from the Company in favour of NSCCL Account
- To consider and approve the list of authorized signatories to execute the documents required by various banks for Cheque printing facilities.
- To consider availing of credit card facility in the name of employees / officials of the company
- To consider the closing of various bank accounts.
- Buy Back or Early Redemption of Commercial Papers / Debentures
- Finalization of the allotment of the NCDs on the basis of the applications received.
- Finalization of and arrangement for the submission of the Prospectus / Memorandum / Offer Document to be submitted to the Stock Exchange(s) any corrigendum, amendments supplements thereto for w.r.t. any public issue or private placement basis
- Approval of the draft and final prospectus (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the lead managers, in accordance with all applicable laws, rules, regulations and guidelines.
- Finalization of the basis of allotment in the event of over-subscription.
- Acceptance and appropriation of the proceeds of the Issue.
- Authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with the issue and allotment of the NCDs.
- Seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India, and any other consents that may be required in connection with the issue, offer and allotment of the NCDs.
- Seeking the listing of the NCDs on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing.
- Giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time.
- Deciding, approving, modifying or altering the pricing and terms of the NCDs, and all other related matters including the determination of the size of the Public Issue up to the maximum limit prescribed by the Board and the minimum subscription for the Public Issue.

- Appointing the debenture trustee and execution of the trust deed in connection with the Public Issue, in accordance with the provisions of the Debt Regulations.
- Appointing the registrar to the issue, and other intermediaries, in accordance with the provisions of the Debt Regulations.
- Sign and execute listing application(s), various agreements including but not limited to Deed of Hypothecation, Debenture Trust Deed, Debenture Trustee Agreement, Listing Agreement, undertakings, deeds, declarations, affidavits, certificates, documents, etc. And all other documents and to do all such acts, deeds and things, and to comply with all formalities as may be required in connection with and incidental to the aforesaid offering of NCDs including the post issue formalities and with power to settle any question, difficulties or doubts that may arise in regard to the issue or allotment of such NCDs as may be deemed fit.
- Appointing the Lead Managers, Brokers, Debenture Trustee, Legal Advisors, Depositories, Custodians, Registrar and Bankers to the Issue, Printers, Credit Rating Agency (ies), Advertising Agency(ies) and such other persons/agencies as may be involved or concerned in such offerings of NCDs and to remunerate all such persons/agencies, including by the payment of commission, brokerage, fees, etc. as may be deemed fit.
- To generally do any other act and/or deed, to negotiate and execute any document/s, application/s, agreement/s, undertaking/s, deed/s, affidavits, declarations and certificates, and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the Public Issue.
- Consider and approve and sign any financial statement and any other documents in connection with the issue of NCDs.

### **C) Asset Liability Committee (ALCO):**

The role and functions of the Committee are as follows:

- To manage liquidity and interest rate risk in a dynamic situation by measuring, monitoring and taking appropriate steps.
- To put in place the ALM system by making use of specialized software for managing assets and liabilities with respect to maturity mismatch. It shall put in place a comprehensive and dynamic frame work to measure, monitor and manage the liquidity and interest rate equity and commodity price risk taking into account the rates of major operators in the financial system by closely integrating it with the business strategy of the company.
- To evolve suitable strategy through risk policies and tolerance levels to manage the risks.
- To recommend the board regarding limits of liquidity, interest rate and equity price risk.
- Ensuring the adherence to the limits set by the board and in the line with the budget and to decide risk management objectives.
- To decide the product pricing for the loans, maturity profile and mix of the incremental assets and liabilities.
- To anticipate the current interest rate view of the company and base its decision for future business strategy on this view .In regard to funding policy it shall decide the source, mix of liabilities or sale of assets.
- To develop a view on future direction of interest rate movement and decide on funding mixes between fixed vs. floating rate bonds, wholesale vs. retail, money market vs. capital market, domestic market vs. foreign currency funding and to decide the Floating Reference Rate (RFRR) and to amend / change the same from time to time, as required.
- To review the ALM returns and take suitable remedial measures.

- To adopt, amend, revise and modify ALM Policy of the Company in compliance with RBI's norms.
- To review the progress and implementation of decision made in the previous meetings.
- To assess the funding and capital planning for the company.
- To prepare road maps for profit planning and growth projections.

#### **D) Nomination and Remuneration Committee:**

The nomenclature and the terms of reference of the Committee are as follows:

- Identification of persons qualified to become director and senior management personnel# (as defined under the Companies Act, 2013), recommendations to the Board for their appointment /removal or filling of vacancies on the Board.
- Administration and superintendence of the Employee Stock Option Scheme and to that extent the scope of reference to the Committee is not restricted to only particular Stock Option scheme but all Stock Option schemes are to be implemented / administered by the Committee.
- Formulation, superintendence and administration of:
  - (a) Director's Appointment & Remuneration Policy;
  - (b) Key Managerial Personnel's Appointment and Remuneration Policy;
  - (c) Employees Remuneration Policy;
- Formulation, Superintendence and administration of Annual Performance Evaluation Policy of the Board
- Any such other role/functions as may be specifically referred to the Committee by the Board of Directors and / or other committees of Directors of the Company or as may be required under the Companies Act, 2013 or any other law for the time being in force.

#As per Section 178(5), "senior management personnel" of a Company means members of the core management team of the Co (excluding Board of directors) comprising all members of management one level below the executive directors, including the functional heads.

#### **E) Risk Management Committee:**

The Board of Directors of Religare Finvest Limited ('RFL') had approved the setting up of a separate Board level committee for guiding in the area of Risk Management in RFL. The position of all perceived risks is periodically put up to the Risk Management Committee which critically evaluates the same and provides operational and policy guidance to the Company which paves the way for an effective risk management so as to safe guard the interest of the Company. The terms of reference of Risk Management Committee of the Company are as follows:

- The Risk Management Committee has been assigned the task of guiding the progressive Risk Management System, Policy and Strategy of the Company. It will devise the policy and strategy for Integrated Risk Management containing various risks exposures of the Company (credit risk, market risk and operational risk).
- The Committee oversees the functioning of the Asset Liability Management Committee, Loan/Investment and Borrowing Committee and other risks committees of the Company, if any.



- To build a strong and profitable portfolio with fair and transparent outlook by taking help of the experience and multidimensional view of the Committee Members.
- To draft and approve the various policies pertaining to the financing activities of the Company.
- To find out the reasons for Non-Performing Assets accounts in the Small and Medium Enterprises Sector.
- To consider the soundness of way of methods for disbursing the loan.
- To discuss and review the recovery or collection policy etc.
- To investigate relevant matter referred to the committee by the Board and report to the Board
- To adopt , amend , revise, modify various product policies of the Company from time to time

#### **F) Share Allotment Committee:**

The terms of reference of the Share Allotment Committee are as follows:

- To exercise powers on behalf of the Board to look after the matters pertaining to the issue, offer, allotment and cancellation of securities including ESOP/Equity/Preference shares/ instruments convertible into Equity Shares, whether optionally or otherwise.
- To make call on securities.
- To invite and accept further subscription money on securities.
- To issue share certificates, if required/ receipts.
- To redeem/ convert securities and to do all such acts, deeds and things as may be considered necessary and incidental thereto.

#### **G) Corporate Social Responsibility Committee**

The Corporate Social Responsibility ('CSR') Committee of the Board of the Company formed in accordance with the provisions of Section 135 of the Companies Act, 2013. The terms of reference of the CSR Committee will be as follows:

- Formulation of Corporate Social Responsibility Policy and recommendation of the same to the Board.
- Recommend the amount of expenditure to be incurred on the Corporate Social Responsibility activities to the Board.
- Monitoring and ensuring implementation of the projects/ programs/ activities proposed to be undertaken by the company.
- Discharge such other role/functions as may be specifically referred to the Committee by the Board of Directors in relation to Corporate Social Responsibility Policy of the Company from time to time.

#### **H) Grievance Redressal Committee**

- To review customer queries and complaint with regard to loans (issue-wise, distribution channel-wise, region-wise etc.)
- To review customer complaints basis nature of complaints, source, aging, resolution mechanism etc.;
- To review red flag incidents (including repeated complaints and chronic issues) and suggest Corrective Action Plans (CAPs) and process improvements wherever required;

- To review/examine the quality of customer service initiatives and functioning of the Customer Relationship Management (CRM) Team;
- To approve various customer redressal policies, related processes and any amendments to the Grievance Redressal Mechanism
- To approve appointment of a Grievance Redressal Officer

#### **I) Screening Committee for the identification of non-cooperative borrowers**

- To approve the internal mechanism for identifying the non-operative borrowers and reporting of the same to CRILC
- To decide whether any borrower should be classified as non-cooperative or not, basis this decision of the Committee, the Company will issue a Show Cause Notice to a non-cooperative borrower (and the promoter/whole-time directors in case of companies) and call for his submission. The Committee, if it deems necessary, may provide an opportunity for a personal hearing to such borrower.
- To decide and issue an order recording the borrower to be non-cooperative and the reasons for the same after considering the submission, if any, of such borrower

#### **J) Review Committee for the identification of non-cooperative borrowers**

- To review the order of the Screening Committee and the order shall become final only after it is confirmed by the Committee.

#### **K) Asset Monetization Committee ('AMC')**

The terms of reference of AMC are as follows:

1. The Committee is authorized to :
  - a. approve / decide / execute the matters related to any Assignment / Securitization / sale / transfer of receivables which shall be in the best interest of the Company”
  - b. finalize the terms & conditions, approve, modify the terms & conditions in connection with the assignment transactions etc. with eligible assignee(s)/ buyer(s) / any other eligible entity (ies) which shall be in the best interest of the Company.
2. Quorum of meetings of the Committee either physical or through audio or video-conferencing shall be minimum two members either present physical or on phone or video-conferencing.
3. If CEO is present in the meeting then he will be the Chairman and in his absence members present can elect the chairman among themselves.
4. Any matter shall be deemed to be approved by the Committee when approved by majority of members of the Committee.
5. Approval on any matter either can be taken conducting meetings physically/through audio call/video-conferencing or can be taken on e-mail

6. The Committee shall update all the decisions made by it relating to the status of the Assignment / Securitization / sale of receivables to the Board of Directors on quarterly basis
7. AMC will not be a Board Committee and provisions of the Companies Act, 2013 will not be applicable on the AMC.

## L) IT Strategy Committee

The role and responsibilities of the Committee are as follows:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining RFL's growth and becoming aware about exposure towards IT risks and controls
6. Instituting an appropriate governance mechanism for IT outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
7. Defining approval authorities for IT outsourcing depending on nature of risks and materiality of outsourcing;
8. Developing sound and responsive IT outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;
9. Undertaking a periodic review of IT outsourcing strategies and all existing material outsourcing arrangements;
10. Evaluating the risks and materiality of all prospective IT outsourcing based on the framework developed by the Board;
11. Periodically reviewing the effectiveness of IT policies and procedures;
12. Communicating significant risks in IT outsourcing to the RFL's Board on a periodic basis;
13. Ensuring an independent review and audit in accordance with approved IT policies and procedures;
14. Ensuring that contingency plans have been developed and tested adequately;
15. To ensure that business continuity preparedness is not adversely compromised on account of IT outsourcing. To adopt sound business continuity management practices as issued by RBI and seek proactive assurance that the IT outsourced service provider maintains readiness and preparedness for business continuity on an on-going basis.