

December 07, 2020

The National Stock Exchange of India Ltd.  
Corporate Communications Department  
“Exchange Plaza”, 5<sup>th</sup> Floor,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai - 400051

BSE Limited  
Corporate Services Department  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001

Scrip Symbol: RELIGARE

Scrip Code: 532915

**Subject: Letter to Shareholders**

Dear Sir(s),

Please find herewith enclosed the Letter from the Chairperson of Religare Enterprises Limited (“REL/Company”) being sent to the shareholders of the Company.

This is for your kind information and record.

Thanking you,

Yours sincerely,

**For Religare Enterprises Limited**

  
**Reena Jayara**  
**Company Secretary**



Encl: as above



**Dr. Rashmi Saluja**  
Executive Chairperson

**Dear Valued Shareholder,**

*In the environment where economies, markets and world in general is striving to recover from the pandemic, your Company, Religare Enterprises Limited (REL) has rightfully become a shining example of resilience, recovery and growth. In the year gone by, your Company made significant progress in all fronts, overcoming the challenges faced due to past financial irregularities committed against the Company and Religare Finvest Limited (RFL), wholly owned material subsidiary of the Company, by the promoters and ex-management. A professional and largely independent Board, established in 2018 is now providing leadership and guidance to the Religare Group ('REL and its subsidiaries'). These are exciting times and we are confident of strong growth prospects for Religare Group, therefore I personally wanted to apprise all shareholders about progress and milestones achieved by your Company.*

*As you are aware REL is a Core Investment Company (CIC) registered with the Reserve Bank of India (RBI). REL is also the listed holding company for the subsidiaries conducting diversified financial services businesses of the Group. The four key financial services businesses undertaken through its subsidiaries are as following:*

- *Care Health Insurance Limited (CHIL)- Health Insurance - 71.84% held by REL*
- *Religare Finvest Limited (RFL) - SME Finance NBFC – 100% held by REL*
- *Religare Housing Development Finance Corporation Limited (RHDFCL)- Affordable Housing Finance– 87.5% held by REL (step down subsidiary)*
- *Religare Broking Limited (RBL)- Retail Broking - 100% held by REL*

*During the last year gone by the Group pursued all regulatory and legal actions, both civil and criminal, to ensure recovery of funds siphoned/ misappropriated from RFL including Corporate Loan Book (CLB) of Rs 2,307 crores and RFL's Fixed Deposit of Rs 791 crores misappropriated by Lakshmi Vilas Bank (LVB). The Group also took several crucial corporate actions including applying for re-classification of promoters group into public shareholders category, raising necessary growth capital across the group, correcting asset liability mismatch in lending business and resolving long standing litigations/disputes against the Group. Some of key achievements and developments of last one year are enumerated below in detail:*



**Warrant Fund infusion in REL:** During FY20, the Company received primary capital infusion of Rs 161.55 crore through conversion of 4.1 crore warrants to the equity shares. This capital infusion was also a testimony of investor confidence in the long term growth prospects of the Company.

**Capital Raised by CHIL during FY20:** During the FY20, Company's subsidiary, Care Health Insurance Limited (CHIL), raised Rs 58.5 crore through a mix of Preferential Allotment of shares, Rights Issue and exercise of ESOP options.

**CHIL Stake Sale to Kedaara Capital:** On June 02, 2020, marquee Private Equity fund M/s. Kedaara Capital Fund II LLP invested Rs 567.31 crore in CHIL. As part of this investment CHIL received primary growth capital of Rs 300 crore and REL received Rs 200 crore against sale of its 6.39% stake in CHIL.

**Settlement with Axis Bank Limited:** Axis Bank had filed a case in Hon'ble Debt Recovery Tribunal, New Delhi (DRT) against the Company and its subsidiaries, in relation to a Credit Facility obtained by its step down subsidiary Religare Capital Markets International (Mauritius) Limited (RCMIML) in past. The Hon'ble DRT had passed interim restraint orders dated 21.03.2018 and 26.08.2019, against the Company amongst others, restricting it from sale of any assets. The Company amicably settled the dispute with Axis Bank and consequently it could pursue its divestment and capital raise plans in unhindered manner.

**Settlement with Private Equity shareholders of RFL:** Private Equity Investors, Resurgence PE Investments Limited (Resurgence) and NYLIM Jacob Ballas India Fund III, LLC (Jacob Ballas) (Investors) had a 14.36% stake in Company's subsidiary Religare Finvest Limited (RFL). The Investors were pursuing a legal case with the Company in Delhi High Court, making a claim of approximately Rs 677 crores on REL & RFL. During FY20, the Company amicably settled the dispute by acquiring their entire stake of 14.36% for Rs 47.05 crore and agreement to pay settlement amount of Rs 8.95 crore, with requisite approvals.

**Actions taken to recover LVB Fixed Deposits:** RFL had filed a suit for recovery of Fixed Deposits amounting to Rs 791 crore misappropriated by LVB before the Hon'ble Delhi High Court. Apart from civil suit for recovery, RFL had also filed a criminal complaint against LVB and others on May 15, 2019 with Economic Offences Wing, Delhi (EOW). The EOW has registered a FIR dated September 23, 2019 against LVB & Others for committing offence of criminal breach of trust and criminal conspiracy. The EOW has filed its charge sheet on March 23, 2020 and matter is sub-judice. Also, the Enforcement Directorate has lodged an ECIR on the basis of the FIR lodged by EOW.



**Re-classification of Promoters and Promoters Group:** As intimated to Stock Exchanges vide its announcement dated July 24, 2020 with detailed note; the Company is committed to disassociate itself from promoters of the Company at the earliest to instill the confidence in its stakeholders. Pursuant to Board resolution passed on April 11, 2020 and subsequently shareholders' approval obtained on July 23, 2020, the Company has submitted the application for re-classification of Promoters / Promoters Group with the stock exchanges on July 31, 2020 which is pending for approval as on date.

**Composite Scheme of Arrangement:** On December 18, 2019, the Board of Directors of the Company approved the draft Scheme of Amalgamation (Scheme) that is designed to simplify the Group corporate structure. In terms of the Scheme, four (4) direct/indirect wholly owned subsidiaries of the Company namely, Religare Comtrade Limited, Religare Insurance Limited, Religare Advisors Limited and Religare Business Solutions Limited are proposed to merge with/into the Company subject to terms and conditions as provided in the Scheme. The Scheme will result in simplification of Group structure, thereby resulting in reduction in multiplicity of legal and regulatory compliances, reduction of costs and pooling of common resources.

**RFL Revival efforts:** The Reserve Bank of India (RBI) vide its letter dated January 18, 2018, advised RFL to adhere to Corrective Action Plan (RBI CAP), which inter-alia prohibits RFL from expansion of credit / investment portfolios other than investment in government securities and advised RFL to not pay any dividends. The past wrongdoings of the promoter group and ex-management resulted in siphoning of Rs 2,037 crore through Corporate Loan Book (CLB) transactions, which came to light through forensic audits, various RBI reports and SEBI investigations. The other financial challenges faced by RFL, include misappropriation of Rs 791 crore of RFL's Fixed Deposit by LVB and other non-core (non SME) investments done by RFL's ex-management, which resulted in losses to RFL.

RFL's new Board and Management have been taking necessary corrective measures as advised by the RBI and is making concerted efforts towards the revival of the company. Forensic audits, filing of legal proceedings for recovery of CLB funds, submission of criminal complaints & evidences to investigating agencies, expediting collections & recovery efforts, sale of NPA's to Asset Reconstruction Companies (ARCs), resolving other legacy issues and putting in place systems & controls for responsible corporate governance are some of the key steps being taken towards revival of RFL in last 2 years. Despite being under RBI CAP, RFL has repaid more than Rs 6,450 crore to its lenders since January 2018, including a sum of Rs 837 crore on March 26, 2020, during the COVID-19 lockdown.



RFL proposed a Debt Restructuring Plan (DRP) to its lenders to correct the asset liability mismatch in its books. Religare Group also proposed sale of RFL alongwith its housing finance subsidiary Religare Housing Development Finance Corporation Limited (RHDFCL) to a strategic investor, TCG Advisory Services Private Limited (TCG), under the RBI circular on Prudential Framework for Resolution of Stressed Assets dated June 7, 2019. To this end, REL and RFL entered into a Share Purchase Agreement on October 1, 2019 with TCG. However, RBI vide its letter dated March 20, 2020, did not accede to the acquisition of RFL and RHDFCL by TCG and directed RFL to submit a revised proposal for its revival.

**RFL Debt Restructuring:** The Group has put renewed efforts towards successful Debt Restructuring and revival of RFL. RFL has submitted an updated DRP to its lenders and it is working closely with its lenders towards successfully achieving the closure and implementation. The Group is also in discussion with prospective investors and making good progress on that front as well. The Group is thankful for the support received from lenders, investors and regulators towards revival of RFL and is confident to achieve successful revival of RFL within FY21.

### **Improved Operational Performance (FY 20):**

■ During FY20, Care Health Insurance Limited (CHIL) registered Gross Written Premium of Rs. 2,409 crore with a growth of 31% over the previous year and reported PBT of Rs. 66 crore. CHIL has established a Pan-India distribution network of 159+ branches. It services over 750+ locations across the Country and has a hospital network of 11,000+ hospitals. It offers 25 products to cater to varied customer needs. CHIL follows a multi-product and multi-channel distribution strategy. Its products span across retail health, group health, travel insurance, etc. and it has a good channel mix consisting of agency, brokers, corporate agents, online and bancassurance.

■ The Retail Broking business, which comprises of Religare Broking Limited (RBL) and Religare Commodities Limited (RCL), reported consolidated revenue of Rs. 219 crore for the financial year ended March 31, 2020. RBL services more than one million unique customers and has presence in 400+ towns and cities across India. RBL provides multi-platform options such as Branch, Web, App, Call n Trade to enhance customer convenience and ease. RCL won 'Best Broking House - 2019' Bullion by MCX and RBL also won - NSE Market Achievers Awards 2019- Regional Retail Member of the Year- North - 2019.

■ In the Lending business, our subsidiary Religare Finvest Limited (RFL), which is focused primarily on lending to the SME segment, had total book size of Rs. 5,306 crore out of which SME book constituted 52% and amounted to Rs. 2,775 core as at March 31, 2020 in accordance with Ind-AS.



*RFL has focused its efforts on collections, recovery and correcting the asset liability mismatch in its books. During the year RFL paid a sum of Rs. 1,517 crore to its lenders. RFL retains its presence across 20 locations across SME clusters in India alongwith its experienced SME focused management team. RFL is also actively pursuing legal and regulatory matters towards resolving all issues. RFL is taking necessary corrective actions and making all efforts to come out of the RBI CAP and resume normal business operations at the earliest.*

■ *RFL's subsidiary, Religare Housing Development Finance Corporation Limited (RHDFCL), which focuses on providing loans to the affordable housing segment, has a total book size of Rs. 603 crore as on March 31, 2020 in accordance with Ind AS. The total income and PAT for the financial year were respectively Rs. 101 crore and Rs. 4.9 crore. The current book consists of 71% of Affordable house loans followed with 24% of Loan against Property; the remaining 5% consists of builder loans. The average ticket size for the home loans has been Rs. 12.2 Lakhs. RHDFC has a pan India presence with a network of 27 branches. RHDFCL has remained profitable in each year of its operations since it became a part of the Religare group.*

*In this continuous journey, the new Board and Management at Religare Enterprises Limited (REL) is leaving no stone unturned to reinvent the Religare Group by strategically reviving and growing different businesses of your Company. I strongly feel that we have now set a very strong foundation for the group in terms of capital, governance, leadership, culture, business strategy and operations, and this would usher us towards an era of growth and profitability. I am confident that the true value and potential of your Company will surely be unlocked in coming times. I express my sincere thanks to all shareholders for supporting the Company in all its efforts.*

*With best regards,*

***Dr. Rashmi Saluja***

***Executive Chairperson***

***Religare Enterprises Limited***