

June 15, 2020

The National Stock Exchange of India Ltd.

Corporate Communications Department
"Exchange Plaza", 5th Floor,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400051

Scrip Symbol: RELIGARE

BSE Limited

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

Scrip Code: 532915

Subject: Updates – Religare Enterprises Limited ("*the Company*")

Dear Sir(s),

This has reference to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 requiring the Listed Companies to disclose the impact of COVID-19 pandemic on their business, performance and financials, both qualitatively and quantitatively, to the extent possible and disseminate the same.

In response to the early signs of the pandemic, while the Company and its subsidiaries kept its offices open, employee advisory was issued on March 15, 2020, which required work planning for critical tasks and encouraging employees to largely work from home. Non-essential travel was halted, entry of external stakeholders visit on office premises was restricted and self-isolation of 14 days for overseas travelers was mandated. In terms of the guidelines issued by the Government of India, States and other concerned authorities for taking preventive measures to protect the citizens from this global medical emergency due to COVID-19, the Company and its subsidiaries kept its offices closed at all locations from March 23, 2020 and a **Policy for Work From Home under the situation arising due to Coronavirus (Covid-19) pandemic** was introduced, which was regularly updated as per the guidelines received from concerned authorities. Business Continuity was ensured through availability / accessibility of required data to authorize personnel of the Company through a secured channel, post connecting VPN (Virtual Private Network).

Now, in view of the relaxations provided by the Order issued by Ministry of Home Affairs (MHA), Govt. of India, dated May 1, 2020, the offices of Company have been resumed in a phased manner in Delhi & Noida from Monday, May 18, 2020 with strict protocols and Do & Don'ts to be followed by the staff. Downloading of Aarogya Setu app by employees with smartphone has been mandated and a self-declaration form, which also captures information from the app, is required to be signed by each employee on each day of attending office. Similarly the offices of the subsidiaries across the country are also being resumed in a phased manner with due precautions and safeguards.

The annual audit of the accounts of the Company is under process and accordingly the financials for the FY 2019-20 along with Q4 FY 20 will be submitted to the exchanges within the prescribed timelines.

We wish to further state that Religare Enterprises Limited ("*REL/Company*") is the holding company for its various businesses i.e. Lending, Health Insurance and Broking being carried through its subsidiary companies. Details of impact of COVID-19 on their individual level are also enclosed herewith for your easy reference.

Thanking you,
Yours truly,

For Religare Enterprises Limited


Reena Jayara
Company Secretary



Encl: as above

Religare Enterprises Limited

CIN: L74899DL1984PLC146935

Regd. Office: 1st Floor, P-14, 45/90, P-Block, Connaught Place, New Delhi – 110001

Corporate Office: Prius Global, A – 3,4,5, Sector – 125, Noida, Uttar Pradesh–201301

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Religare Finvest Limited (RFL)

1. In view of the lockdown declared by many of the States/Union Territories across the country, the operations in several of our locations were required to remain closed in adherence to the directives issued by the Government and Local Administration Guidelines. The Company therefore activated the Business Continuity Plan for various critical processes with critical response team put in place to ensure employee health & safety and business operations including customer service continuity.
2. We adopted 'Work from Home' in offices located pan-India, leveraging the digital productivity tools.
3. In order to stay in touch with our customers and keeping them updated about developments, we are extensively using digital communication tools including but not restricted to, Emails, SMS, Tele-calls, posting it on our website etc.
4. To provide support to our esteemed customers in these stressed times, we have made available to all our eligible customers, the moratorium on EMI dues on lines of RBI guidelines so announced.
5. From 13 May 2020, in accordance to relaxations announced by various States/Union Territories, we have started opening our offices in gradual manner, keeping the safety of our employees and esteemed customers in mind. Through rostering, we are ensuring that office strength does not go beyond the stipulations of the local administration guidelines.
6. The Company has ensured heightened sanitization program across all offices including microbial fumigation before opening any office. All necessary support in terms of safety equipment/tools are provided to employees attending to the office.
7. The Company shall continue to monitor government directives and shall act accordingly. And in order to minimize the disruption and inconvenience to some extent, Technology will continue to be leveraged wherever possible by the Company.
8. The annual audit of the accounts of the Company is under process and accordingly the audited financials for the FY 2019-20 will be submitted to the stock exchange within the prescribed timelines.

Religare Housing Development Finance Corporation Limited (RHDFCL)

Background:

COVID-19 has already had a significant impact on the global financial markets, including India, and it may have accounting and reporting implications. As Coronavirus continues to spread, and more information comes to light, we need to consider this impact on our business and in our financial statement reporting. The seasonal improvement in asset quality, normally seen in the March quarter for most HFCs, was not visible this time. COVID-19 has impacted our sector in a significant way, particularly in our financial reporting irrespective of we follow Indian GAAP or we follow Ind AS.

The Reserve Bank of India has taken certain measures to give some relief to the lending institutions in the areas of liquidity, regulation and supervision, and financial markets. Business growth and all key performance parameters like asset quality, liquidity, and earnings are expected to weaken over the next 1-2 quarters, and recovery in H2 would be gradual and would depend on the overall economic turnaround. The following are some of the business and accounting considerations, highlighting the impact of COVID-19 on us in various areas:

Credit risk assessment

- The RBI has given certain waivers to the borrowers which include moratorium to pay principal and interest with relaxation on their classification as a non-performing asset or a restructured asset.
- This has been implemented to help borrowers tide over temporary financial difficulties. However, we will have to identify and monitor the borrowers who are facing temporary and long-term financial difficulties. Such borrowers will have to be provisioned accordingly.
- Due to the pandemic, it might become too cumbersome or difficult for us to determine the extent and adequacy of collaterals available with us and the subsequent provisioning. There may be additional disclosures required in the financial statements and the computation of capital adequacy for COVID-19.
- We would therefore be required to maintain robust risk management functions and track our borrowers individually to determine and segregate the permanent impact from the temporary impact and make appropriate provisions

Operations

- Business have almost come to a standstill in terms of fresh disbursement, since all branches and offices were shut across the country for all HFCs, covid-19 spread is visible in metros and urban centres; rural is insulated as of now.
- Rural bounce back should be faster and we can foresee favourable comeback from our small branches.
- As 20% of collections take place in cash for us, hence we are working on moving clients to digital platforms to facilitate collections.

Liquidity

- Given the situation of the lock down in the country, the defaults have increased substantially as many small firms would have lost revenue for a long time.
- An increase in defaults is likely to cause issues in liquidity and capital adequacy.
- Further, on the asset side, we need to provide relief to our borrowers, being in the low-income/self-employed categories, are the worst hit by the shutdown – having no similar relief available on the liability side will stretch ALMs significantly.

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Impact of subsequent events

- Around 35%-45% of the customers have opted for moratoriums from us. It will take 3-6 months for collections to normalise. Credit cost likely to increase by 40%.
- Given the unpredictability of the potential impact of the outbreak of COVID-19, there may be material uncertainties that cast significant doubt on the borrower's ability to operate.
- We need to ensure that effective processes are in place to identify and track material events such as bankruptcies of the borrowers or the impact on lending portfolio due to liquidity or business issues in particular sectors such as real-estate, Small and Micro Enterprises (SME), etc.

Complexity in determining the impact on expected credit loss

- There may be large-scale business disruptions that can potentially give rise to liquidity issues for certain borrowers.
- This might also have consequential impacts on the credit quality along the supply chain.
- The deterioration in credit quality of loan portfolios due to the outbreak will have a significant impact on the expected credit loss (ECL) measurement.

Outlook/future strategy

- Expect normalization in September quarter and consumption revival by December quarter;
- We are working towards increasing our focus on improving collection infrastructure.
- With the lifting up of lockdown gradually, the recovery of business and collections will be gradual and will be a function of monetary and fiscal measures further coming up from RBI
- Separate borrowing window for HFCs.
- In addition, on a positive side and being very optimistic, the weakening economy due to COVID-19 may require Indian government & regulators to take necessary measures and introduce other policy measures to strengthen HFCs. The critical thing to do now is to stabilize the system, give confidence to the consumers, businesses and industry with capital and reduced interest rates.

Religare Health Insurance Company Limited (RHICL)

Religare Health Insurance Company Limited is a subsidiary of Religare Enterprises Limited. In view of the outbreak of COVID 19 and orders issued by the Government of India/ State Governments, initially all offices of the Company were closed. In light of the relaxations given by the government and keeping in mind employee safety, Company has gradually started opening its offices across country in a phased manner and in accordance with the directives issued in this regard.

Business Continuity Plan of the Company was activated couple of days before the announcement of lock down and employees were moved on to work from home environment in phased manner. Due to this reason Company continued to provide services to its customer. Growth rate for the Company for the month of April 2020 has slowed down as compared to the growth rate in the previous quarter (JFM 2020). Company has enabled all its digital platforms with two fold objectives i.e. facilitate the employees with work from home environment and facilitate the customers (both existing and new) with the digital platforms from where they can purchase, renew and raise servicing request. Company has In-house claims team and 24*7 customer service call center which was moved to work from home environment and was up and operational at all times. Regular SMS and E-mail communications are sent to customers making them aware of the digital servicing channels.

1. IMPACT OF THE COVID-19 PANDEMIC ON THE BUSINESS;

- a) Distribution of insurance products through physical mode has stopped due to lockdown and movement restrictions.
- b) Company had to purchase additional laptops to provide laptops to the data processing employees who used to work through desktops. This had an additional cost impact.
- c) Non-receipt of Physical in-transit documents due to non-availability of courier services
- d) To enable the work from home environment with additional infrastructure

2. STEPS TAKEN TO RUN OPERATIONS OF THE COMPANY

- a) Company had to fine tune the technological and operational processes in order to facilitate the work from home environment, which had some cost impact.
- b) Digital platforms enabled for both Direct sales team and distribution partners with all data security features.
- c) Training conducted for Distribution channels with respect to digital platforms available for sourcing, claims processing, service requests etc.
- d) Articles covering different aspects of consumer awareness with respect to COVID 19 uploaded on Website
- e) Customers informed about the products under which treatment for COVID 19 is covered.
- f) Separate option given for COVID 19 on IVR wherein customers were informed about the Company's product which cover treatment for COVID 19. Further, detailed information was also sent to the customer at his/ her registered E-mail ID.
- g) Conducted Webinars in regional languages on social media platforms for COVID 19 and its impact as well as on mental health and physical activities
- h) Special sessions were organized for HR heads for our commercial line customers to help to prepare for opening of offices post lock down.
- i) Regular SMS and E-mail communication to customers making them aware of the digital servicing channels
- j) Communications sent to the existing customers detailing different digital options to purchase and renew the policy.
- k) For servicing the policy, remote access of IT system was given to the agents with strong data security system which had to be built in very short span of time. Also CRM access is granted to users to access customer first emails and to serve customer's concern.
- l) Company has In-house claims team. Majority of the claims processing team works through desktops. Laptops were provided to most of them with inbuilt IT security features so that they can process the claim remotely from their home without compromising on data security.

- m) Work from home started for In-house Call center team and for this purpose Company facilitated all agents with laptops who used to work on desktops.

3. SCHEDULE, IF ANY, FOR RESTARTING THE OPERATIONS

- a) All though the branches were closed initially as per government guidelines, but as the business carried out by the Company falls under the category of “Essential Services”, it has started opening it’s branch offices as per the centre/ state government guidelines.
- b) Company’s back office operations were never stopped. Employees were facilitated with work from home environment.

4. Estimation of the future impact of COVID-19 on its operations:

Business is growing as compare to previous financial year. Company has taken various initiatives for cost rationalisation as well.

5. Details of impact of COVID-19 on listed entity’s –

- a) Company has raised additional capital of around INR 300 cr. in the month of June 2020 to support its business
- b) As on date, Company has investment book of more than INR 2000 Crores
- c) Company is seeing growth in business vis a vis previous financial year.

Religare Broking Limited (RBL)

In view of the ongoing Coronavirus outbreak (COVID 19) and consequent to the announcement of lockdown by the Government of India and by several State Government and union territories across India, our locations across the lockdown districts were made operational by allowing employees to work from home effective, i.e., 23rd March 2020.

SEBI vide its notification dated March 24, 2020, notified that the capital and debt market service as notified by the Securities and Exchange Board of India shall be exempted from such closures/ lockdown. Hence, Religare Broking Limited ("the Company or RBL") being a registered Stock Broker and Depository Participant has been exempted from lockdown.

After taking cognizance of the Governments' views around resuming operations with bare minimum staff, and in light of the Ministry of Home Affairs ("MHA"), GOI Order dated 15th April, 2020, addendum dated 16th April 2020 and in line with the MHA, GOI Order dated 1st May 2020 and with due intimation to the competent authority locally, RBL offices become operational on or after 7th May 2020 with limited manpower and strict adherence to social distancing at select non containment zone in few of the states.

All possible sanitization measures are being followed as mandated keeping in mind that employees & their families' safety is of prime importance. A lot of awareness has been built among the employees.

Business Continuity Plan:

RBL has already planned in much advance the Business Continuity Plan for various critical processes with critical response team put in place to ensure employee health & safety and business operations including customer service continuity. BCP was planned well ahead of the lockdown and moved to 'Work from Home' immediately when the lockdown was announced by the Government of India. Employees operating out of these offices/ branches in respective districts are working from home as per the Company Work from Home (WFH) guidelines issued by the HR department from time to time. As a result, RBL continued to service its customers with least disturbance even in lockdown situation. The Company ran pilot of WFH one week before the lockdown and effective from 23rd March 2020, all locations which were under Lock down, the Company has implemented WFH. Even for locations not under lockdown, we have advised all such employees to WFH.

Work from Home Guidelines and Employee safety & wellbeing:

HR Department had circulated work from home guidelines, conducted trainings through multiple emails/sessions. The top leadership level has regularly reviewed the situation and ensured people safety, and collections to the extent possible with help of digital platforms.

RBL changed its operating model in line with the regulatory guidelines during lockdown by enabling WFH for dealers, operations and other functions by setting up of trading terminals & other applications to keep operating from our Data centre via secured VPN access to authorized employees.

Customer Interface & business operations:

RBL switched to seamless call flow via cloud telephony while regulators allowed extending trading terminals outside the Company offices during lockdown period. We acquired VPN and other licenses to support above changes in operating model. RBL has focused more on digital a/c opening & higher share of business from online assets like web portal and app.

During lockdown period our E-governance business has suffered adversely as business model is more dependent on physical presence on the ground. Prolonged lockdown/ closure will adversely impact E-governance business.

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Liquidity

RBL deals in equity, currency and commodity broking activities and the company has been able to manage all of its business operations smoothly without any disruption. Our borrowings are principally in form of Working Capital demand Loans and non-fund based working Capital facilities. Given our reasonably comfortable liquidity position, the Company has not availed moratorium from its lenders.

Conclusion

Considering the prevailing uncertainties, it will be difficult to gauge overall impact on the operations and profitability of the Company. The Company is closely monitoring the situation and will continue to take swift and appropriate actions as and when required.