RELIGARE
Values that bind

March 15, 2019

The National Stock Exchange of India Ltd.
Corporate Communications Department
"Exchange Plaza", 5th 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

Sub: Updates-SEBI passed interim ex-parte order ("SEBI Order") in matter of Religare Enterprises Limited ("Company/REL")

Dear Sir(s),

This is to inform you that SEBI has passed an interim ex-parte order on March 14, 2019 **("Order")** in the matter of Religare Enterprise Limited **("Company / REL")**. Copy of the SEBI Order is attached herewith.

SEBI has passed the Order as a remedial action, pending detailed investigation of the matter.

Vide said order, SEBI has directed as below:

- REL and Religare Finvest Limited **("RFL")**, subsidiary company to initiate steps to recall loans amounting to ~Rs. 2315.09 crores extended, directly or indirectly, from RFL to various entities / persons as mentioned in the Order, along with interest within 3 months.

- Pending completion of investigation and till further orders, the said entities / persons, shall not dispose or alienate any of their assets or divert funds except for meeting expenses of day to today business operations, without prior permission of SEBI.

- Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh shall not associate themselves with the affairs of the Company and RFL in any manner till further directions from SEBI.

In this regard, please note that since June 2018, RFL has already initiated the recovery proceedings through corporate insolvency resolution process under Insolvency and Bankruptcy Code, 2016 against majority of the entities mentioned in the Order.

Further, the Company along with RFL will be making suitable reply / representation before SEBI in the matter.

This is for your information and records.

Thanking You,
For Religare Enterprises Limited

RELIGARE ENTERPRISES LIMITED NEW DELHI

Reena Jayara
Company Secretary

Encl: as above

Religare Enterprises Limited
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WTM/GM/IVD/100/2018-19

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 and Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003.

In the matter of Religare Enterprises Limited

In respect of:

Sr. No.	NOTICEE(S)	PAN
1.	Religare Enterprises Limited	AAACV5888N
2.	Religare Finvest Limited	AAFCS6801H
3.	OSPL Infradeal Private Limited	AABCO8558K
4.	Bharat Road Network Limited	AADCB0921B
5.	Platinum Infrastructure Pvt. Ltd.	AAFCP4197D
6.	Ad Advertising Pvt. Ltd.	AAJCA3551C
7.	Artifice Properties Pvt. Ltd.	AAGCA5140E
8.	Best Health Management Pvt. Ltd.	AACCB3144P
9.	Devera Developers Pvt. Ltd.	AADCB1809L
10.	Vitoba Realtors Pvt. Ltd.	AAACV5887D
11.	Fern Healthcare Pvt. Ltd.	AACCR3509E
12.	Modland Wears Pvt. Ltd.	AAACM0216F
13.	Rosestar Marketing Pvt. Ltd.	AAFCR2252M
14.	Star Artworks Pvt. Ltd.	AAVCS7590R
15.	Tripoli Investment & Trading Co.	AAACT2207P
16.	Volga Management and Consultancy Pvt. Ltd.	AATPS0941B
17.	Zolton Properties Pvt. Ltd.	AAACZ2996D
18.	Religare Comtrade Limited	AAECR8405P
19.	RHC Holding Private Limited	AAKCS7686P
20.	Ranchem Private Limited	AAACR6356G
21.	ANR Securities	AADCA7654E

22.	**Shivi Holdings Private Limited**	**AAACO2664H**
23.	**Malav Holdings Private Limited**	**AADCM1170B**
24.	**Malvinder Mohan Singh**	**AABPS2552G**
25.	**Shivinder Mohan Singh**	**AAKPS4318M**

BACKGROUND:

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") received complaints, *inter-alia*, alleging financial mismanagement and diversion of funds in Religare Finvest Ltd (hereinafter referred to as "RFL"), a subsidiary of Religare Enterprises Limited (hereinafter referred to as "REL"), a listed company, for the benefit of promoters / group companies of REL. The complaints alleged *inter alia the* following:

   a) RFL had not complied with its Board approved investment policy with respect to fixed deposits ("FDs") and that FDs amounting to Rs. 750 Crores (approx.) placed with Lakshmi Vilas Bank (hereinafter referred to as "LVB") had been adjusted by LVB against loan availed by two group companies of REL's promoters.

   b) Investment by RFL in Non-Convertible Debentures ("NCDs") of OSPL Infradeal Private Limited (hereinafter referred to as "OSPL") amounting to Rs. 200 Crores was allegedly not consistent with the Board approved investment policy of RFL. As per the complaint, the said funds had been transferred by RFL to OSPL without any approval and the entire documentation was done thereafter i.e. approximately 3 months after the actual transfer of funds. The date of maturity of these debentures was June 14, 2017. However, the NCDs were not re-paid by OSPL even as on September 30, 2017. Since OSPL, which was incorporated on November 07, 2012, had a net worth of Rs.1 Lakh only as on March 31, 2016, it was alleged that these transactions had been designed to facilitate back-to-back borrowing by and for the benefit of the Promoters and group entities of REL and the recorded recipients of funds were merely a facade for REL's promoters and their agents.

   c) There was no approval or documentation with respect to corporate loan given by RFL to Bharat Road Network Limited (hereinafter referred to as "BRNL") amounting to Rs.50

Crores. There was allegedly no credit justification for making these investments, which appear to be of dubious quality, given lack of interest payment and non-repayment.

d) On January 27, 2017, RBI issued a letter to RFL raising concerns regarding its Corporate Loan Book ("CLB") for the FY 2014-15. RBI, in its letter, *inter alia*, mentioned that some of the top borrowers of RFL were related entities and financials of such borrowers were weak and raised concerns regarding the creditworthiness of some borrowers and inefficient credit appraisal methodologies adopted by RFL to advance loans to group companies with weak financial standing. Further, RBI had raised concerns regarding improper practices followed by RFL and observed that accounts of various borrowers were used by RFL to route the funds to group companies. RFL had submitted its reply to RBI (letter dated February 20, 2017) stating that it would be able to reduce the CLB portfolio by Rs.100 Crores in the first quarter of FY 2017-18. However, the total CLB exposure increased from Rs.1,846 Crores as on March 31, 2017 to Rs.2,517 Crores, as on October 31, 2017.

e) With regard to the aforesaid CLB, it was alleged that companies to whom loans have been given by RFL under CLB were not the actual users of loans and that they were primarily used as vehicles for usage of the funds by others as well as by various group companies of the promoters of REL.

f) Further, the auditors of REL viz. PricewaterhouseCoopers (PwC) had qualified their opinion on the financials of REL for FY 2016-17 highlighting the amounts doubtful of recovery to the tune of Rs.1,846 Crores and highlighted directions from the RBI dated January 27, 2017 regarding concerns over the corporate loan portfolio of RFL.

2. In order to find the ultimate utilization of funds of RFL, the entire transactions in the bank accounts of the companies and the promoter/ promoter connected entities needed to be examined in detail from FY 2008-09 to FY 2017-18. This required analysis of voluminous data in trailing of funds in the bank statements of the RFL, promoter/ promoter connected entities and any other entities that have significant financial transactions with these entities along with the analysis of nature of transactions and underlying documents. Hence, SEBI appointed MSA Probe Consulting Pvt. Ltd. ("MSA") as a Forensic Auditor on May 10, 2018 to examine the

alleged diversion of funds from REL/ its subsidiaries for the benefit of promoter / promoter connected entities.

3. MSA submitted its final report in the matter of REL/RFL on December 12, 2018 (hereinafter referred to as "The audit report"). The major findings of MSA are as under:

A. Diversion of Funds through fixed deposits with Lakshmi Vilas Bank (LVB) of Rs. 750 Crores:-

(a) RFL had placed Rs. 750 Crores (approx.) as fixed deposits with LVB. Against these fixed deposits of Rs. 750 Crores, LVB had given loan of Rs. 729.13 Crores to Ranchem Private Limited ("Ranchem") and RHC Holding Private Limited ("RHC Holding") which were the promoter group entities of REL. Further these promoter group entities then utilized the said money to pay off their debts to multiple entities and for internal purposes. The details of the same are as follows:-

(b) RFL placed fixed deposits amounting to Rs. 750 Crores with LVB on November 11, 2016 (Rs. 400 Crores) and January 09 , 2017 (Rs. 350 Crores) at interest rates ranging from 4.50% - 5.25% per annum. At the same time, the company had outstanding working capital loans in the form of Cash credit and Overdraft loans facilities from different entities during the same period borrowed at a cost between 10.10% - 10.19% per annum. Thus the company placed funds in fixed deposits earning them 4.50% - 5.25% when they were paying 10.10% - 10.19% for Overdraft loans, resulting in a direct loss of over 5% on the whole amount.

(c) As the cost of funds to RFL was much higher (almost double) than the rate of return i.e. interest on fixed deposits it was getting from LVB, the fixed deposits placed by RFL were not in the normal course of business.

(d) The audit report stated that apart from the two fixed deposits placed with LVB, RFL had opened multiple fixed deposits during the year 2016-2017 for various business purposes, such as for availing Overdraft Facility, giving guarantees to Regulatory Authorities or for facilitating securitization transactions. All of these fixed deposits were pledged and made with specific business related purposes. Given that the fixed

deposits placed with LVB were the only ones against which no lien was created and no business transaction was facilitated, it strengthens the concern that the fixed deposits were not created as part of normal business transactions.

(e) Moreover, RFL and REL were having banking relations with some of the largest banks in India, including State Bank of India, Punjab National Bank, HDFC Bank, Bank of India, ICICI Bank, among others. LVB is comparatively a small bank with total net worth (aggregate of Share Capital and Reserves & Surplus) of Rs. 1,763.59 Crores as on March 31, 2016.

(f) Thus, as far as safety of the deposits is concerned, placing fixed deposits of Rs. 750 Crores at a single bank with relatively low net-worth is difficult to justify. Also, all the other FDs opened by RFL were with large sized banks. The choice of a much smaller bank for creating fixed deposits of such a huge amount against which it had not taken any loan itself or had not given it as security, raises doubts about its true purpose.

Loan given by LVB to RHC Holding and Ranchem Private Limited

(g) LVB had granted multiple loans amounting to Rs.729.13 Crores to promoter related entities viz. RHC Holding and Ranchem against the above mentioned FDs placed by RFL between November 11, 2016 and January 09, 2017, i.e. during the period when the FDs were placed by RFL with LVB. The ultimate utilization of the said loans are as follows:-

Table 1: Ultimate utilisation of loans given to RHC Holding and Ranchem

Date	**Loan Given to**	**Amount (Rs. in Crores)**	**Ultimate beneficiary and Utilisation**	
			Beneficiary	**Utilisation**
11th Nov 2016	RHC Holding	199.50	RHC Holding	Used to pay off loan to multiple entities
11th Nov 2016	Ranchem	174.80		
31st Dec 2016	RHC Holding	8.84	RHC Holding	Multiple internal purposes of RHC Holding
31st Dec 2016	Ranchem	13.49		
09th Jan 2017	RHC Holding	332.50	RHC Holding	Pay off debt to India Bulls Housing Finance
	Total	**729.13**		

(h) Thus, it is evident from the above that against FDs of Rs. 750 Crores of RFL, LVB gave a loan of Rs. 729.13 Crores to Ranchem and RHC Holding. Thereafter, Ranchem transferred its entire loan amounting to Rs. 188.29 Crores to RHC Holding, which utilised Rs. 706.80 Crores (Rs. 374.30 Crores received on November 11, 2016 and Rs. 332.50 Crores received on January 09, 2017) to pay off its debts to multiple entities. Balance Rs. 22.33 Crores was utilised by RHC for various internal purposes. Thus it can be concluded that RHC Holding was the ultimate beneficiary of the loan of Rs. 729.13 crores.

B. Investment by RFL in Non-Convertible Debentures (NCDs) of OSPL Infradeal Private Limited (OSPL) of Rs. 200 Crores and Corporate Loan given to Bharat Road Network Limited (BRNL) of Rs. 50 Crores

(a) RFL had made investment of Rs. 200 Crores in the NCDs of OSPL on December 14, 2016 and on the same day a corporate loan amounting to Rs. 50 Crores was also given by RFL to BRNL.

(b) These loans were part of back to back loan transactions entered by RFL with OSPL & BRNL (backed by SREI Infratsructure Limited "SREI") and with the promoter group company RHC Holding on December 14, 2016. The loan transactions were carried out in the following manner:

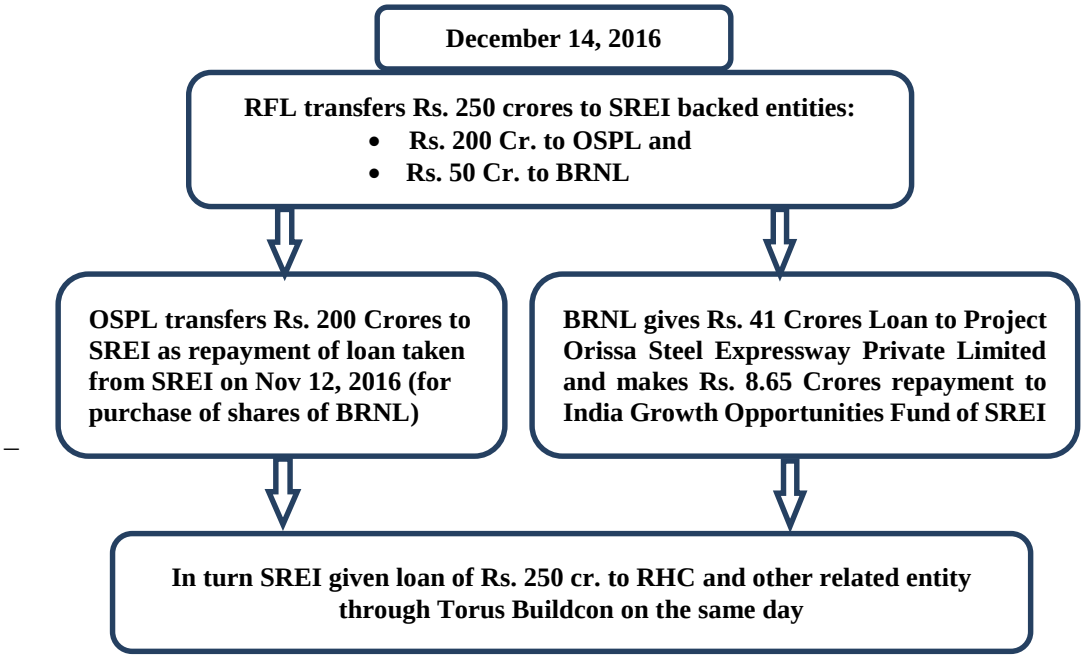
i. On December 14, 2016, RFL gave loans worth Rs. 250 Crores to SREI backed entities OSPL and BRNL.

ii. On the same day i.e. on December 14, 2016, SREI gave loan of Rs. 250 Crores to RHC Holding through company Torus Buildcon Private Limited (hereinafter referred to as "Torus Buildcon").

Details of back to back loans - Background of transactions between SREI, OSPL, BRNL and RHC Holding:-

(c) OSPL had received loan of Rs. 195.16 Crores from SREI on November 12, 2016. On the same day, OSPL had invested the money in the shares of BRNL. Thus, SREI had financed the purchase of shares of BRNL by OSPL.

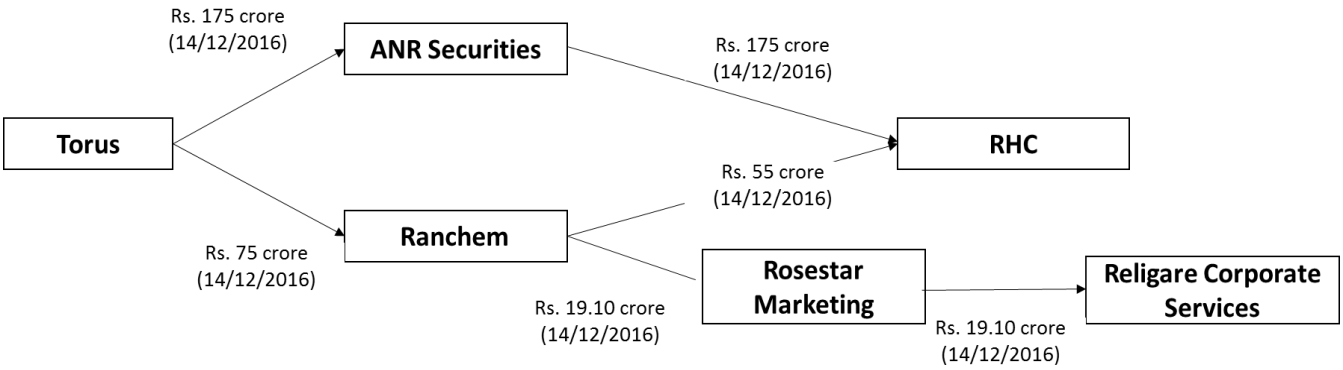
(d) OSPL didn't have any means to pay back the aforesaid loan. Therefore, SREI wanted a third party to give Rs. 200 Crores to OSPL to clear off its debt with SREI and avoid declaring an NPA. Thus, SREI entered into an arrangement of back to back loan transaction with RHC Holding. Thus, as seen in the diagram below, as per the arrangement with SREI, RFL gave Rs. 200 cr. to OSPL and Rs. 50 Cr. to BRNL. OSPL utilized the said Rs 200 Crores on December 14, 2016 to pay back the loan it had taken from SREI. Further, on the same day, i.e., December 14, 2016, SREI gave an equal amount i.e. Rs. 250 Crores to the REL's promoter entity i.e. RHC Holding routed through other entities.



Ultimate beneficiaries of the Loan of Rs. 250 Crores.

(e) The amount of Rs. 250 Crores transferred by SREI to Torus Buildcon was immediately transferred further to the entities related to the promoters of RFL on the very same day i.e. December 14, 2016.

(f) The movement of funds amounting to Rs. 250 Crores was observed to be as follows:



(g) Thus the ultimate beneficiaries of the Loan of Rs. 250 Crores given by SREI to Torus were as follows:-

Table 2: Ultimate beneficiaries of the Loan of Rs. 250 Crores given by SREI to Torus

Ultimate Beneficiary and usage of funds	Transferred through	Amount (Rs. in Crores)
RHC Holding – used to pay off loan of Indiabulls Liquid Fund, in the books of A1 Book Company	175.00 through ANR 55.00 through Ranchem	230.00
Religare Corporate Services A Promoter controlled entity	Ranchem	19.10
RHC Holding- used for miscellaneous purposes	Ranchem	0.90
Total		**250.00**

Overall Observation:-

(h) On December 14, 2016, SREI and RHC Holding entered into an arrangement of back to back loans of Rs. 250 crores. According to the arrangement, first RFL extended loan of Rs. 200 Crores to OSPL, which was utilized by OSPL to pay off the loan from SREI. Additionally, a loan of Rs. 50 Crores was extended by RFL to BRNL. On the other hand, SREI extended a loan of equal amount i.e. Rs. 250 Crores to the promoter entity of REL i.e. RHC Holding through Torus. This was done as RHC Holding was required to obtain funds amounting to Rs. 250 cr. from RFL for repayment of its debt.

(i) Further at the end of the loan tenure, i.e. on December 14, 2017, RHC Holding was unable to service its loan taken through Torus from SREI. Consequently even SREI did not repay the loan it had taken from RFL in the books of BRNL & OSPL.

C. Corporate Loan Book of RFL in respect of which the Reserve Bank of India made adverse comments and Investment in Commercial Papers of Religare Group Companies and Promoter Group Companies

(a) RFL had given unsecured loans to a number of entities under its Corporate Loan Book ("CLB"). Reserve Bank of India ("RBI") had raised concerns over the loans given under the CLB vide letter dated January 27, 2017. RFL in its reply to RBI, dated February 20, 2017, stated that it would reduce the CLB portfolio by Rs. 100 Crores in the first quarter of F.Y. 2017-18.

(b) However, it was observed that RFL's CLB exposure had actually increased from Rs. 1,846 Crores as on March 31, 2017 to Rs. 2,517 Crores as on October 31, 2017. In this regard, REL submitted the following list of entities from whom loans were outstanding under the CLB of RFL:-

Table 3: List of entities from whom loans were outstanding under the Corporate Loan Book of RFL:-

Sl. No.	Borrower Name	Principal O/s as on May 31, 2018 (Rs. In Crores)	Borrower contact person - provided by REL
1	Religare Comtrade Ltd.	125.00	REL Group Company
2	A & A Capital Services Pvt. Ltd.	100.00	Mr. Narendra Goushal
3	Abhiruchi Distributors Pvt. Ltd.	92.40	
4	Annies Apparel Pvt. Ltd.	100.00	
5	Gurudev Financial Services Pvt. Ltd	100.00	
6	Tara Alloys Ltd.	85.00	
7	Platinum Infrastructure Pvt. Ltd.	109.30	Mr. Sandeep Shukla
8	Ad Advertising Pvt. Ltd.	100.00	Mr. Sanjay Gupta / Mr. Sanjeev Singhal
9	Artifice Properties Pvt. Ltd.	165.00	
10	Best Health Management Pvt. Ltd.	40.00	
11	Devera Developers Pvt. Ltd.	40.00	
12	Fern Healthcare Pvt. Ltd.	150.00	
13	Modland Wears Pvt. Ltd.	155.00	
14	Rosestar Marketing Pvt. Ltd.	150.00	
15	Star Artworks Pvt. Ltd.	150.00	
16	Torus Buildcon Pvt. Ltd.	5.00	
17	Tripoli Investment & Trading Company	150.00	
18	Vitoba Realtors Pvt. Ltd.	35.00	
19	Volga Management and Consultancy Pvt. Ltd.	150.00	
20	Zolton Properties Pvt. Ltd.	160.00	
21	Religare Enterprises Ltd.	185.50	REL Group Company
22	Bharat Road Network Ltd.	50.00	Mr. Bajrang Choudhary
	Total	**2,397.20**	

(c) As the number of entities were large in number, the findings related to the CLB have been grouped according to the name of the contact persons for each of the loans which are as follows:-

i. Companies for which Mr. Narendra Goushal has been mentioned as contact persons

ii. Companies for which Mr. Sanjay Gupta / Mr. Sanjeev Singhal and Mr. Sandeep Shukla have been mentioned as contact persons

iii. REL Group Companies

iv. BRNL for which Mr. Bajrang Choudhary has been mentioned as contact person (already been covered in para No. 3 (B).

Companies for which Mr. Narendra Goushal was mentioned as contact person:

The loans where Mr. Narendra Goushal was contact person are currently under detailed examination.

Companies for which Mr. Sanjay Gupta / Mr. Sanjeev Singhal and Mr. Sandeep Shukla were mentioned as contact person

(d) The details of loans given by RFL to companies where Mr. Sanjay Gupta / Mr. Sanjeev Singhal and Mr. Sandeep Shukla have been mentioned as contact person are as follows:-

Table 4: Details of loans given by RFL to companies where Mr. Sanjay Gupta / Mr. Sanjeev Singhal and Mr. Sandeep Shukla have been mentioned as contact person

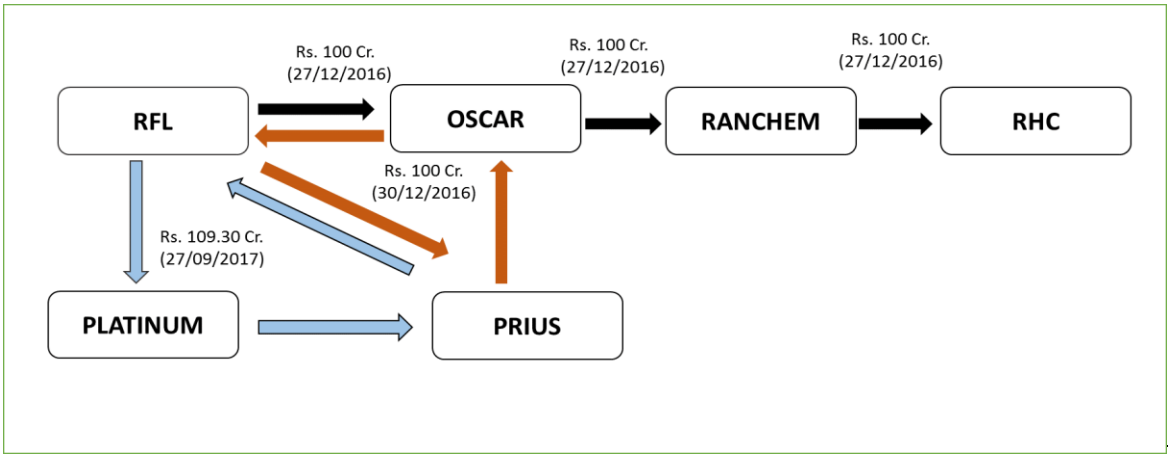
Sl. No.	Borrower Name	Principal O/s as on May 31, 18 (Rs In Crores)
1	Platinum Infrastructure Pvt. Ltd.	109.30
2	Ad Advertising Pvt. Ltd.	100.00
3	Artifice Properties Pvt. Ltd.	165.00
4	Best Health Management Pvt. Ltd.	40.00
5	Devera Developers Pvt. Ltd.	40.00
6	Fern Healthcare Pvt. Ltd.	150.00
7	Modland Wears Pvt. Ltd.	155.00
8	Rosestar Marketing Pvt. Ltd.	150.00
9	Star Artworks Pvt. Ltd.	150.00
10	Torus Buildcon Pvt. Ltd.	5.00
11	Tripoli Investment & Trading Company	150.00
12	Vitoba Realtors Pvt. Ltd.	35.00
13	Volga Management and Consultancy Pvt. Ltd.	150.00
14	Zolton Properties Pvt. Ltd.	160.00
	Total	**1,559.30**

(e) It was observed that there were ongoing transactions wherein loans were given by RFL to aforementioned entities, which were ultimately utilised by/benefitted the promoter entities of RFL/REL for varied purposes.

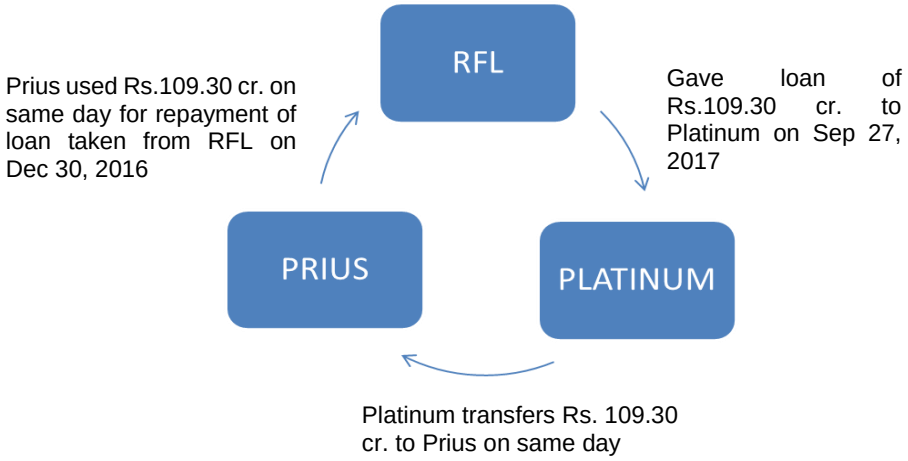
(f) Further, all the companies, where the contact person as specified by REL were Mr. Sanjay Gupta / Mr. Sanjeev Singhal and Mr. Sandeep Shukla, were seen to have followed a similar *modus operandi* of transferring the proceeds of their respective loans to promoter group companies of RFL/REL. The same is illustrated below with instances of loan given to few entities:-

Illustration 1:- Loan given to Platinum Infrastructure Pvt. Ltd ("Platinum")

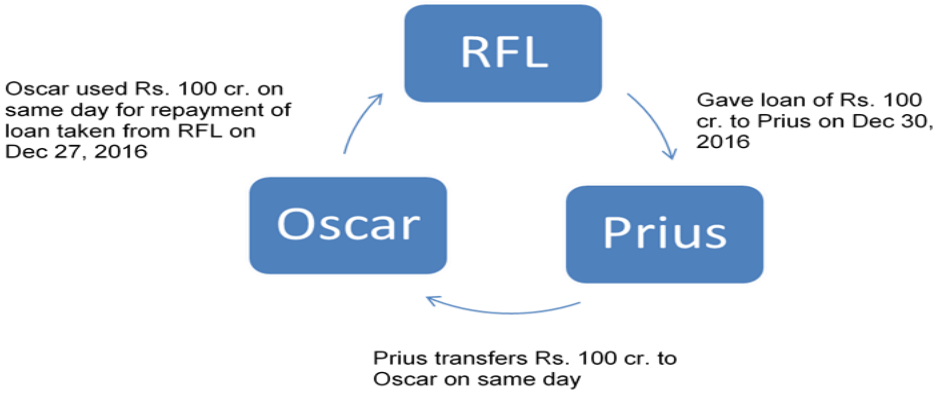
(g) A loan amounting to Rs. 109.30 Crores had been given by RFL to Platinum on September 27, 2017. The said loan amount was subsequently transferred by Platinum to Prius Real Estate (hereinafter referred to as "Prius") which Prius utilized for repayment of an earlier loan of Rs.100 Crores taken by it from RFL on December 30, 2016. The said earlier loan taken by Prius on December 30, 2016 had been previously utilized by Prius to give a loan of Rs.100 Crores to Oscar Investments (hereinafter referred to as "Oscar") on the same date i.e. December 30, 2016. Oscar utilized the said loan from Prius to settle an earlier loan of Rs.100 Crores taken from RFL on December 27, 2016. It was noted that the earlier loan taken by Oscar on December 27, 2016 from RFL had been ultimately utilised by the promoter entity viz., RHC Holding for debt repayment on December 27, 2016. Thus, it was noted that after the routing of funds in a circuitous manner through loans and repayments as mentioned above, the books of accounts of Platinum show an outstanding of Rs.109.30 Crores in favour of RFL. However, the said amount has actually gone out to the promoter entity viz. RHC Holding. A flow chart representing the said funds flow is depicted below for easy understanding:



(h) The abovementioned movement of funds from RFL to RHC Holding, through various entities, is described in detail below:-

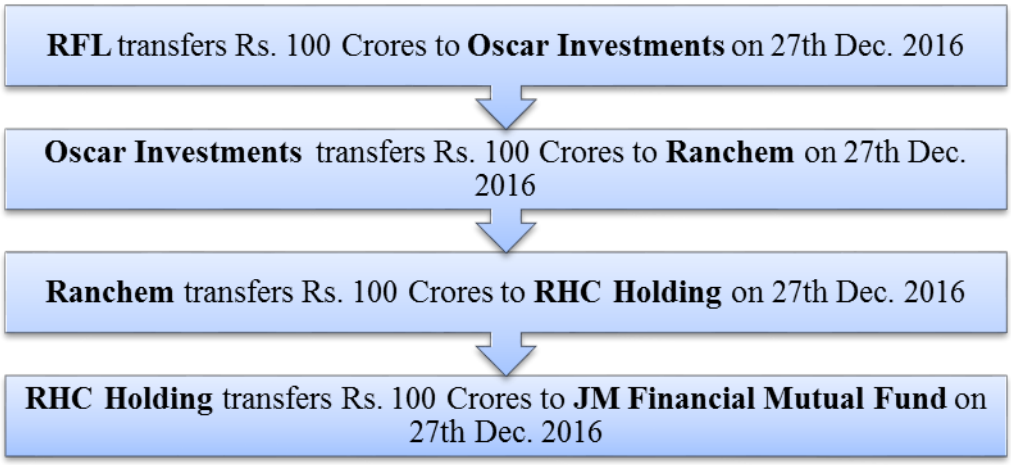


(i) As seen in above diagram, Rs. 109.30 Crores transferred on September 27, 2017 by RFL to Platinum was transferred to Prius on the same day and the same was utilised by Prius for repayment of loan of Rs 100 crores taken in December 30, 2016 from RFL. The usage of funds of Rs. 100 Crores given to Prius by RFL on December 30, 2016, has been displayed below:-



(j) Thus, Rs. 100 Crores transferred on December 30, 2016 by RFL to Prius was transferred to Oscar on the same day and the same was utilized by Oscar for repayment of loan of Rs. 100 Crores taken on December 27, 2016 from RFL.

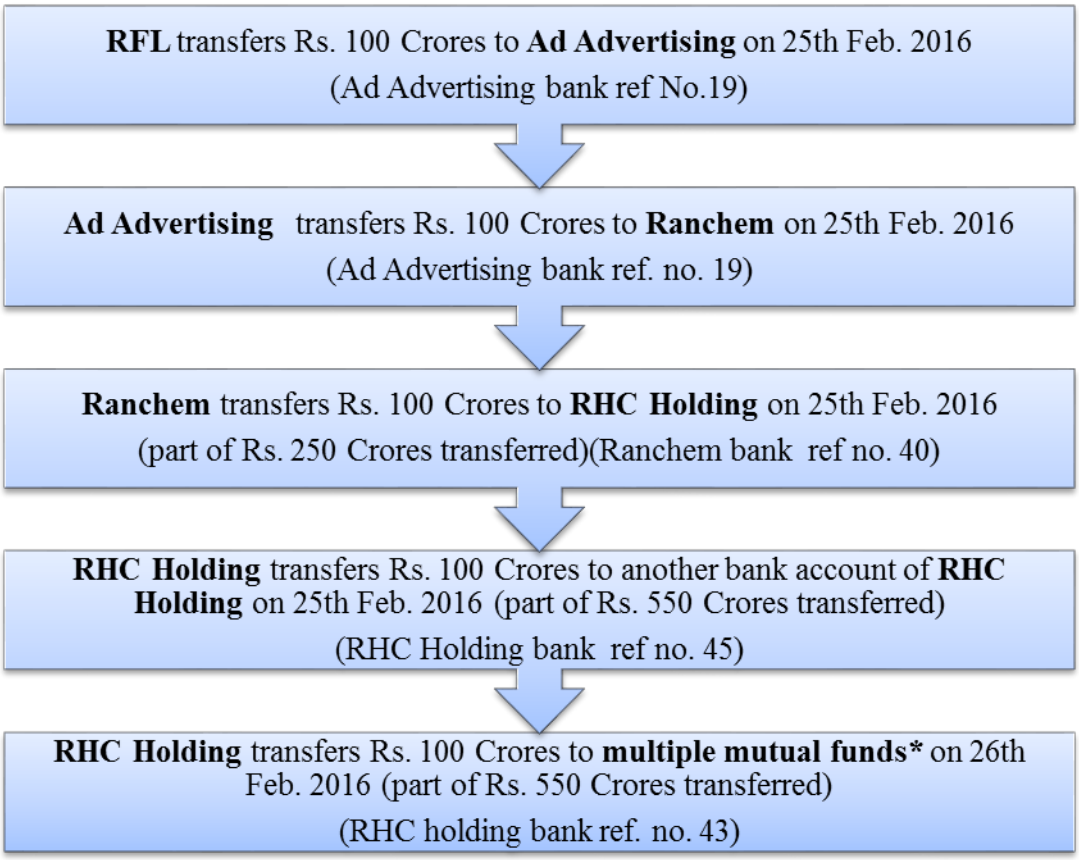
(k) The trail of funds of Rs. 100 Crores given to Oscar Investments on Dec 27, 2016 has been displayed below:



(l) Thus, the fund of Rs. 100 Crores had actually been paid to RHC Holding on December 27, 2016, which had been used by RHC Holding to pay off liabilities to JM Financial Mutual Fund.

Illustration 2: Loan given to* M/s. *Ad Advertising:-

(m) Loan of Rs. 100 crores was given to M/s. Ad Advertising on 25th Feb 2016. The usage of funds has been displayed below:



(n) From above it is concluded that the aforesaid loan of Rs. 100 Crores has actually been paid to RHC Holding on 25th Feb. 2016, which has been used by RHC Holding to pay off liabilities to multiple mutual funds.

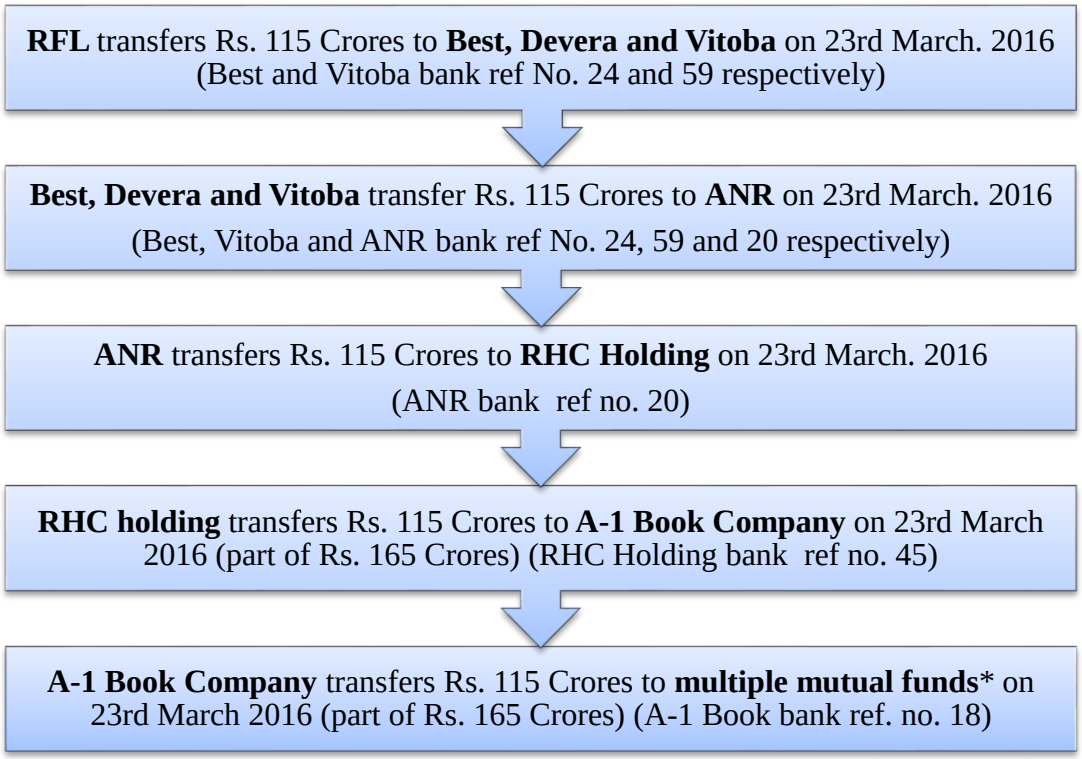
Illustration 3: Loans given to Best Healthcare Management Limited ("Best"), Davera Developers Pvt. Ltd. ("Davera") and Vitoba Realtors Pvt. Ltd. ("Vitoba"):-

(o) Loans were given to Best, Davera and Vitoba on the same day by RFL and the utilization of the same was also through common entities. Thus they have been considered together.

The details of the loan given to aforesaid three entities are as follows:-

Sr. No.	Date of the loan	Name of borrower	Amount (Rs. in crores)
1	March 23, 2016	Best	40
2	March 23, 2016	Devera	40
3	March 23, 2016	Vitoba	35
	Total		**115**

(p) The utilization of the aforesaid loan is graphically depicted below:-



(q) Thus, from above it is concluded that the fund of Rs. 115 Crores given by RFL to Best, Devera and Vitoba were utilised by/benefitted RHC Holding to pay off liabilities in the books of A-1 Book Company due for payment to multiple mutual funds on 23rd March 2016.

Ultimate utilisation of the loans where contact person was Mr. Sanjay Gupta / Mr. Sanjeev Singhal and Mr. Sandeep Shukla

(r) Pursuant to examination of all the loans mentioned at Table no. 4 , the audit report concluded that Rs. 1,260.96 Crores of loans given by RFL were ultimately utilised by/benefitted the promoter entities of RFL/REL for varied purposes the details of which are as follows:-.

Table 5:Ultimate Utilisation/beneficiary of loans where Mr. Sanjay Gupta/ Mr. Sanjeev Singhal and Mr. Sandeep Shukla was contact person

Sr. No.	Borrower Name	Principal o/s as on May 31, 2018 (Rs. In Crores)	Ultimate Utilisation	
			Amount (Rs. In Crores)	Ultimate beneficiary and Utilisation
1	Platinum Infrastructure Pvt. Ltd.	109.30	100.00	**RHC Holding**:- used for debt payment to multiple MFs on 27th Dec. 2016 (Balance is interest on roll-over of loan.)
2	Ad Advertising Pvt. Ltd.	100.00	100.00	**RHC Holding**:- used for debt payment to multiple MFs. on 25th Feb. 2016
3	Artifice Properties Pvt. Ltd.	165.00	74.48	**RHC Holding** :- used for debt payment to multiple MFs in the books of A1 Book Company on 06th Sept 2016
4	Best Health Management	40.00	115.00	**RHC Holding**:- used for debt payment to multiple MFs in the books of A1 Book Company on 23rd March 2016
	Devera Developers	40.00		
	Vitoba Realtors	35.00		
5	Fern Healthcare Pvt. Ltd.	150.00	125.00	**RHC Holding*:-*** used for debt payment to multiple MFs on 25th Feb. 2016 (Balance is interest on roll-over of loan and for interest payment on account of loan given RFL to Rosestar, Modland and Zolton)
6	Modland Wears Pvt. Ltd.	155.00	10.00	**RHC Holding** :- used, for debt payment to multiple MFs in the books of A1 Book Company on 07th Sept. 2016
7	Rosestar Marketing Pvt. Ltd.	150.00	150.00	**RHC Holding**:- used for debt payment to multiple MFs in the books of A1 Book Company on 10th Feb. 2016
8	Star Artworks Pvt. Ltd.	150.00	150.00	**RHC Holding** :- used for debt payment to multiple MFs.
9	Tripoli Investment & Trading Co.	150.00	150.00	**RHC Holding**:- used for debt payment to multiple MFs on 25th Feb. 2016
10	Volga Management and Consultancy Pvt. Ltd.	150.00	100.00	**RHC Holding**, used for debt payment to multiple MFs on 25th Feb. 2016
			26.48	Paid to promoter group companies (Best and Fern) on

				30th June 2017, balance used to pay interest back to RFL for loans given to multiple companies.
11	Zolton Properties Pvt. Ltd.	160.00	150.00	**RHC Holding**:- used for bond payment through NSE on 05th Sept. 2016
			10.00	**ANR Securities** (belonging to the promoter group):- used to settle loan with REL.
	Total	**1,559.30**	**1260.96**	

(s) It is observed that all the companies where the contact person as specified by REL is Mr. Sanjay Gupta / Mr. Sanjeev Singhal and Mr. Sandeep Shukla followed a similar *modus operandi* where the ultimate beneficiaries of loans was promoter group companies of RFL/REL. As seen above, in most of the cases the purpose was to pay off debt to mutual fund agencies, banks and bond payments.

(t) Thus, it is concluded that Rs. 1,260.96 Crores of loans given by RFL have been ultimately utilised by/benefitted the promoter entities of RFL/REL for varied purposes.

Investment in Commercial Papers of Religare Group Companies and Promoter Group Companies

(u) Apart from the loans discussed under para 3 (C) (c) ((i), loans were also given by RFL to other Religare group entities under its Corporate Loan Book, the details of which are as under:-

Table 6: Details of loans given to Religare group

Sl.	Borrower Name	Principal O/s as on 31 May 2018 (In Rs. Cr.)
1	Religare Comtrade Ltd.	125.00
2	Religare Enterprises Ltd.	185.50
	Total	**310.5**

(v) The ultimate utilisation of the aforesaid as observed during the audit was as follows:-

Table 7: Ultimate utilisation of loans given to Religare Group

Sl. No.	Borrower Name	Principal O/s as on May 31, 2018 (Rs in Crores)	Ultimate utilisation
1	Religare Comtrade Ltd.	125.00	Rs. 75 Crores had been transferred by RCL to REL and thereafter REL transferred money to **RHC Holding through ANR Securities**, which had been utilised to make payments to India Bulls Mutual Fund.
			Rs. 30 Crores had been transferred by RCL to REL and **REL utilised that money** to pay of loan taken by REL for capitalisation of RCML.
			Rs. 20 Crores had been transferred by RCL to RELand the same had been utilised by **REL** for subscription of Right Issue of RHICL.
2	Religare Enterprises Ltd.	185.50	Rs. 12 Crores were used by REL for subscription of Religare Health Insurance Company Ltd amounting to Rs 13.52 Crores on 31st March 2017 and subsequently, the amount was rolled over.
			Rs. 13.50 Crores had been utilised by REL for subscribing to Religare Health Insurance Company Ltd. Right Issue on 31st August 2017.
			Rs. 160 Crores had been utilised by REL for payment of NCD Maturity amount of Rs 154.62 Crores to Standard Chartered Bank on 30 June 2017. The NCDs were taken for subscription of Preference Share in Religare Capital Market Ltd for Rs 545 Crores.

(w) Thus, the audit report has noted that out of total loans mentioned at Table 6 above, an amount of Rs 75 Crores was ultimately utilized by RHC Holding for making payments to Mutual Funds.

Overall Observations – Ultimate utilization of aforesaid funds

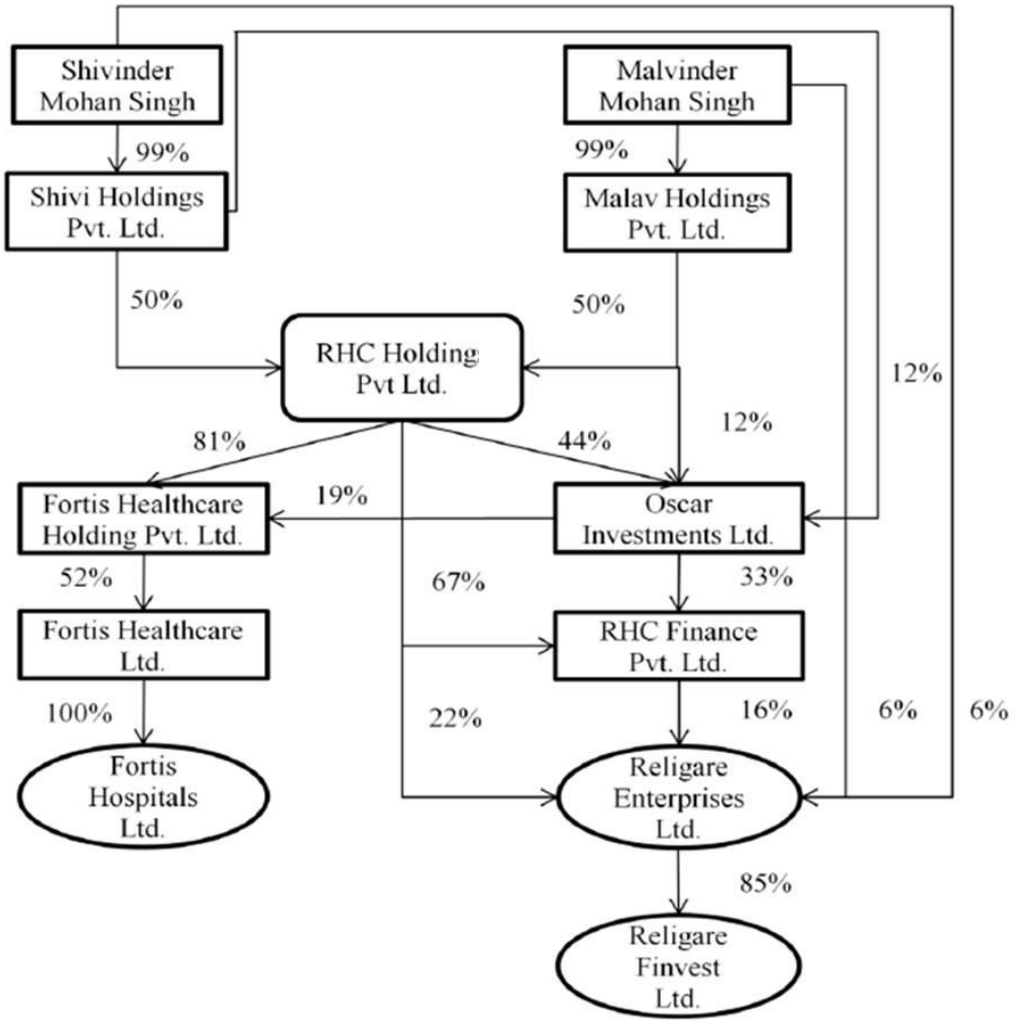
4. It was observed that funds amounting to Rs. 2315.09 Crores had been diverted from the books of RFL for the utilization of promoters and promoter group entities of REL. The details of the same are as follows:-

Table 8: Details of funds diverted from the books of RFL

Sr. No.	Particulars	Loan amount (Rs. in Crores)
1	FDs with LVB	729.13
2	Loan to OSPL and BRNL	250
3	Loans where Sanjay Gupta/ Mr. Sanjeev Singhal and Mr. Sandeep Shukla were contact persons	1260.96
4	REL Group Entities	75.00
	Total	**2315.09**

5. It may be mentioned that as on March 31, 2018, REL held 85.64 % in RFL. Further the audit report stated that the investment by REL in RFL amounting to Rs. 2090.34 Crores comprises 89.78% of the net worth of the REL [as the total standalone net-worth (aggregate of Share Capital and Reserves & Surplus) of REL as on 31st March 2018 was Rs. 2328.22 Crores]. Thus, in view of significant shareholding of REL in RFL, the aforesaid diversion of funds from RFL will also have a significant adverse impact on the shareholders of REL which is a listed entity.

6. Further, it is noted that though the funds have moved from RFL to RHC Holding and other promoter related entities, viz. RHC Holding and ANR Securities, the ultimate beneficiaries of such fund diversion *prima facie* are Shri Shivinder Mohan Singh and Shri Malvinder Mohan Singh as the aforesaid entities were jointly being controlled by Shri Shivinder Mohan Singh and Shri Malvinder Mohan Singh through Shivi Holdings Pvt. Ltd. and Malav Holdings Pvt. Ltd. respectively. The ownership details of Shri Shivinder Mohan Singh and Shri Malvinder Mohan Singh in RHC Holding, as on March 31, 2017, are depicted below:



Note: 1. % indicates shareholding as on March 31, 2017
Note 2: Promoter having >1% shareholding only considered

7. The *prime facie* role of RFL and REL in the alleged diversion of funds to entities related to promoters of REL, viz. RHC Holding and ANR Securities, for the ultimate benefit of Shivi Holdings Private Limited, Malav Holdings Pvt. Ltd., Shri Shivinder Mohan Singh and Shri Malvinder Mohan Singh has already been established in the above paragraphs. Thus, all these entities have *prima facie* acted in a fraudulent manner in the said diversion of funds. From the above observations and findings, it *prima facie* appears that the abovementioned entities (Noticee nos. 1 to 9), by indulging in diversion of funds to the tune of Rs.2315.09 Crores (approx.) from RFL, a subsidiary of a listed company (i.e. REL), for the ultimate benefit of the promoters and their related entities, have violated the provisions of Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d), 4(1) and 4 (2) (f) & (r) of the SEBI

(Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations, 2003).

i. Further, the non-disclosure of funds routed by RFL, through unrelated entities for the benefit of promoters and promoters group entities, in the books of REL was to circumvent the provisions of Listing Agreement (including Clause 32 of Listing Agreement) and Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, misrepresentation of financial position by rolling over the loans as specified in point no. 4 (C) REL has also violated Regulations 4(1)(b), (c), 30(1), 51(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

8. The abovementioned provisions of law provide as under:

SEBI Act, 1992

12A. No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly –

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

(f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

(r) planting false or misleading news which may induce sale or purchase of securities.

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Principles governing disclosures and obligations.

4. (1) The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:

(b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.

Disclosure of events or information

30. (1) Every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material.

Disclosure of information having bearing on performance/operation of listed entity and/or price sensitive information

51. (1) The listed entity shall promptly inform the stock exchange(s) of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend of non-convertible preference shares or redemption of non convertible debt securities or redeemable preference shares.

Listing Agreement

32. The following disclosure requirements shall be complied by the companies in the Annual Accounts:

- *Loans and advances in the nature of loans to parent company by name and amount.*
- *Loans and advances in the nature of loans to associates by name and amount.*
- *Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.*

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

53. The annual report of the listed entity shall contain disclosures as specified in Companies Act, 2013 along with the following:

(f) related party disclosures as specified in Para A of Schedule V

9. A detailed investigation of the fund diversion in this case is necessary to find out the role of each entity in the alleged routing of funds. However, pending detailed investigation, a remedial

action is required to be taken by way of an interim ex-parte order to protect the interests of shareholders of REL as funds to the tune of Rs. 2315.09 Crores (approx.) have moved out from RFL for the ultimate benefit of erstwhile promoters of REL.

10. In view of the foregoing, in order to protect the interest of the investors and the integrity of the securities market, I, in exercise of the powers conferred upon me by virtue of section 19 read with sections 11(1), 11(4)(d) and 11B of the SEBI Act, 1992, hereby issue the following directions:

i. REL and RFL (i.e. Noticee nos. 1 & 2) shall initiate steps to recall all the loans, amounting to Rs.2315.09 Crores (approx.) , as specified in table no. 8 under para 4 above, extended, either directly or directly, to the Noticee nos. 3 to 25 (viz. OSPL Infradeal Private Limited, Bharat Road Network Limited , Platinum Infrastructure Pvt. Ltd, Ad Advertising Pvt. Ltd, Artifice Properties Pvt. Ltd, Best Health Management Pvt. Ltd, Devera Developers Pvt. Ltd, Vitoba Realtors Pvt. Ltd, Fern Healthcare Pvt. Ltd, Modland Wears Pvt. Ltd, Rosestar Marketing Pvt. Ltd, Star Artworks Pvt. Ltd, Tripoli Investment & Trading Co, Volga Management and Consultancy Pvt. Ltd, Zolton Properties Pvt. Ltd, Religare Comtrade Limited, RHC Holding Pvt Ltd , Ranchem Pvt. Ltd , ANR Securities, Shivi Holdings Pvt. Ltd, Malav Holdings Pvt. Ltd, Shri Malvinder Mohan Singh and Shri Shivinder Mohan Singh), along with due interest, within three months of the date of this order.

ii. The Noticee nos. 3 to 25 shall, pending completion of the investigation and till further orders, not dispose of or alienate any of their assets or divert any funds, except for meeting expenses of day-to-day business operations, without the prior permission of SEBI.

iii. The Noticee nos. 24 and 25 (viz. Shri Malvinder Mohan Singh and Shri Shivinder Mohan Singh) shall not associate themselves with the affairs of REL and RFL, in any manner whatsoever, till further directions.

11. The preliminary findings contained in above paragraphs of this order are made on the basis of the report of the forensic auditor. The Noticees may file their replies, if any, to SEBI within

21 days from the date of receipt of this order. In the event the Noticees intend to avail an opportunity of personal hearing, they may indicate the same in their replies.

12. The above directions shall come into force with immediate effect and shall remain in force till further directions.

13. This Order is without prejudice to any other action that SEBI may initiate under securities laws, as deemed appropriate.

14. A copy of this order shall also be served upon the Exchanges and the Depositories.

Place: Mumbai
Date: March 14, 2019

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA