

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER**

ORDER

Under Sections 11 and 11B of the Securities and Exchange Board of India Act, 1992 read with Regulation 65 of the SEBI (Collective Investment Schemes) Regulations, 1999

In the matter of RELIGARE ARTS INVESTMENT MANAGEMENT LIMITED

Date of Hearing: November 17, 2015

Appearances:

For Noticees: Mr. Anil Saxena, Director; Mr. Amit Sarup, Director; Mr. Pervez Bajan, President & Financial Controller, Religare Enterprises Limited and Mr. Ashraf Ali, Company Secretary, RGAM Investment Advisers Pvt. Limited.

For SEBI: Mr. Pradeep Kumar, Assistant General Manager and Mr. Pankaj Bhageria, Assistant General Manager.

1. Religare Arts Investment Management Limited (hereinafter referred to as 'Religare'), a wholly owned subsidiary of Religare Arts Initiative Limited (a 100% subsidiary of Religare Enterprises Limited) vide its letter dated May 09, 2008, had made an application for the grant of certificate of registration as a Collective Investment Management Company to Securities and Exchange Board of India (hereinafter referred to as 'SEBI'). Religare vide the said letter submitted that it fulfills the eligibility conditions prescribed under the SEBI (Collective Investment Scheme) Regulations, 1999 (hereinafter referred to as 'CIS Regulations') and sought in-principle approval from SEBI.
2. From the said letter, SEBI also came to know that Religare Arts Initiative Limited is advising a private trust, which is engaged in managing an 'art fund'. SEBI vide its letter dated May 29, 2008, *inter alia* clarified to Religare that there is no provision for the grant of in-principle approval under the CIS Regulations and advised it to file a fresh application in terms of Regulation 4 of the CIS Regulations along with the prescribed fee. Religare was also advised to explain the capacity in which Religare Art Initiative Limited was engaged in managing an 'art fund' without getting registered under

Regulation 3 of the CIS Regulations. Vide the said letter, SEBI also sought the following information:

- a. Name and address of the private fund,
- b. Name and structure of the fund,
- c. Number of schemes launched,
- d. Main terms and conditions of the art scheme(s),
- e. Names of the promoters/ directors and
- f. Number of investors and amount collected in each schemes.

3. As no reply was forthcoming, SEBI proceeded further and issued an SCN dated June 27, 2008 to Religare advising it to show cause as to why it should not register with SEBI as a Collective Investment Management Company and in case of failure to refund the money collected under the scheme/ funds floated/ managed within a period of 30 days from the date of receipt of this letter. The SCN also stated that in case of failure, it will be liable for appropriate action under the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act'), including directions under Sections 11 read with Section 11B of the Act, adjudication under Section 15HB of the SEBI Act and prosecution proceeding under Section 24 of the SEBI Act.
4. In the meantime, SEBI received a letter dated June 27, 2008 (received by SEBI on July 04, 2008) from Religare, stating that it is in the process of preparing a fresh application for registration in terms of the Regulation 4 of the CIS Regulations and the same shall be submitted for approval to SEBI. Further, it was also stated that Religare Arts Initiative Limited was the sole corporate trustee for Religare Art Fund (a private trust under the Indian Trusts Act, 1882) and it has been advised that Religare Art Fund does not tantamount to a 'Collective Investment Scheme' (hereinafter referred to as the 'CIS'). Religare Art Fund had collected contributions only in one scheme by the name 'Pratham'), which is a close ended scheme with the tenure of 36 months. The object of the scheme was to hold, invest and trade in 'art'. It has also been said that there were 43 beneficiaries who had contributed a total of ₹11,49,50,000, in the said scheme.
5. Later, Religare vide its letter dated July 23, 2008, replied to the SCN and submitted that Religare Arts Initiative Limited is managing the affairs of the trust, 'Religare Art Fund', in the capacity of a trustee and not as a Collective Investment Management Company.

It was also said that the trust has not issued any security or any other instrument under any scheme of collective investment, thereby falling within the provisions of the SEBI Act or the Regulations. Therefore, the provisions of the SEBI Act or CIS Regulations do not apply to the private trust. It further stated that its experience of managing art investment in private domain has given it the confidence to take this class of investment to a broader market and therefore, it has made an application for registration as a Collective Investment Management Company under the CIS Regulations. It was also stated that necessary modifications in the present structure of Religare Art Fund Trust are being done whereby Religare will be appointed as a Collective Investment Management Company of Religare Art Fund, after the approval from SEBI. Thereafter, independent trustee and directors will be appointed and necessary capital as required for the minimum net worth will be infused. It was also stated that the fresh and complete application for registration under the CIS Regulations along with the prescribed fees shall be submitted by the end of August 2008, after meeting all the compliances and regulatory requirements.

6. Thereafter, an opportunity of personal hearing was granted to Religare on its request on September 05, 2008, before the then Whole Time Member. On the date fixed Mr. Amit Sarup, Director; Mr. Anil Saxena, Director and Mr. Rajesh Sharma, Vice President appeared for the personal hearing and made submissions.
7. In the meantime, Religare vide its letter dated August 26, 2008, submitted a fresh application for registration as Collective Investment Management Company under the CIS Regulations. Vide another letter dated September 01, 2008 and September 08, 2008, Religare submitted certain other documents relating to the application for registration. While the application of Religare for registration was pending consideration, vide its letter dated November 12, 2008, it requested for the issuance of the registration certificate, in order to enable it to launch new 'art fund' schemes. Vide another letter dated May 27, 2013, Religare requested to withdraw the application for registration, citing reasons of the market conditions and its future business prospects.
8. SEBI vide its letter dated July 04, 2013, asked certain details about the scheme 'Pratham' from Religare. Religare vide its letter dated July 18, 2013, submitted that it had 43

beneficiaries with total fund size of ₹1,149.50 lakh. Subsequently, 38 beneficiaries transferred their interest in the fund in favor of Religare Venture Capital Limited and as on the date of the said letter, the scheme had 6 beneficiaries left with fund size of ₹11,49,50,000.

9. Before proceeding further, another opportunity of personal hearing was afforded to Religare on August 19, 2013, when Mr. Amit Sarup, President, Religare and Mr. Sudhakar Shetty, Compliance Officer appeared and submitted that the plan has been discontinued and that the fund has been closed. Considering such submission, Religare was asked to repay the remaining investors and submit a winding up and repayment (hereinafter referred to as 'WRR') report. Religare was further directed to submit a certificate of the Chartered Accountant confirming that the money paid to the investors was through the companies' funds and there are no investor complaints pending. Religare was also asked to submit the said certificate of the Chartered Accountant along with the documents based on which such certificate will be issued. The representatives of Religare were granted one month's time to submit the details/ documents as asked and for filing of written submission, if any.
10. Religare vide its letter dated December 27, 2013, confirmed that Religare Art Fund – 'Pratham Scheme' has been closed and the trustee (Religare Arts Initiative Limited), had informed the contributors about the closure of 'Pratham Scheme' vide letter dated December 05, 2013 and the cheques have been issued to the contributors proportionate to their respective contributions to the scheme and in support of the same, it submitted a certificate from the Chartered Accountant (M/s. Dharam Raj & Co.) dated December 23, 2013. As per the annexure to the certificate from the Chartered Accountant, Religare had paid to the four investors vide respective cheques, all dated December 03, 2013.
11. As the details submitted by Religare were not complete, a reminder e-mail was issued to it on July 08, 2014. In reply to such e-mail, Religare vide its letters dated July 15, 2014, submitted the account statement showing the payment made to the contributors and a declaration/ undertaking that there are no investor complaints/ grievances pending against 'Religare Art Fund' or 'Religare Arts Initiative Limited' (the trustee) or 'Religare Arts Investment Management Limited' in relation to the Religare Art Fund – 'Pratham

Scheme'. It was also stated that there is no liability in any form against the clients and in case of any future liability, it undertakes to settle the same amicably.

12. In the meantime, the request of Religare for withdrawal of application for registration as Collective Investment Management Company was acceded to and the same was communicated to Religare vide letter dated July 31, 2014.
13. SEBI vide its letter dated November 20, 2014, upon considering the documents/ details as submitted by Religare, advised it to clarify/ explain the position as regards the four (4) investors who were repaid only about 40% of the amount invested in December 2013 and the details about the amount repaid to Religare Finvest Limited. Vide this letter, Religare was also asked to provide the details of NAV calculation, documents/ consent and dates relating to the claim that interest of 38 beneficiaries was transferred in favour of Religare Venture Capital Limited. Religare vide its letter dated December 03, 2014, submitted as under:
 - a. Religare Art Fund was raised in 2007-08 as the 'art market' was in boom during 2005-2007 and the clients wanted to participate in the same. However, during 2008-09, the world saw an economic collapse and all major economies of the world went into recession.
 - b. The initial term of three years of the 'fund' had expired in December 2010 and was extended by its Trustee by one year. In March 2011, Religare Venture Capital Limited had given an exit option to 42 external beneficiaries of the 'Religare Art Fund' i.e. other than Religare Finvest Limited, for buying out their contribution in the fund, at the face value, though the NAV of the fund was lower than the face value.
 - c. Out of the 42 beneficiaries, 38 beneficiaries had opted for the offer and had transferred their interest in the fund to Religare Venture Capital Limited. These persons were paid the full contribution in the 'Religare Art Fund'.
 - d. The rest 4 beneficiaries had not responded to/ declined to accept the offer/ wanted to stay invested. The fund was closed in September 2013 and these 4 beneficiaries were paid off as per the NAV out of the liquid funds available in the corpus/ realized after disposal of the 'Artworks'.
 - e. The remaining two beneficiaries' i.e. Religare Finvest Limited and Religare Venture Capital Limited are internal beneficiaries and these will be paid upon realization of

complete sale proceeds of 'Artworks' and an amount of Tax refund recoverable from the Income Tax department.

- f. The NAV of the fund since inception until November 2013 was 97.38%, 79.50%, 81.24%, 76.78%, 68.68%, 40.68% and 40.13% of the original corpus as on March 31, 2008, March 31, 2009, March 31, 2010, March 31, 2011, March 31, 2012 and March 31, 2013 respectively. It has been said that the NAV of the fund for the year 2013-14 was calculated as per the audited financials of the fund as on November 30, 2013.
- g. The amount payable to Religare Venture Capital Limited as per the NAV of November 30, 2013 was ₹3.46 crore and out of the same ₹1.62 crore has already been paid on January 10, 2014. The balance amount will be paid upon realization of complete sale proceeds of 'Artworks' and an amount of Tax refund recoverable from the Income Tax department.

Vide this letter, Religare confirmed that the beneficiaries paid have been repaid strictly in accordance with the terms of the scheme and the WRR with regard to the scheme, will be provided as soon as practicable.

- 14. SEBI vide e-mail dated June 04, 2015 and June 11, 2015 reminded Religare to submit the WRR. In response, Religare vide its letter dated June 16, 2015, submitted the WRR of 'Pratham' scheme along with the certificate from the Statutory Auditors. Subsequent to the analysis of the documents submitted by Religare, a further opportunity of personal hearing was granted to Religare on November 17, 2015.
- 15. On the date fixed, Mr. Anil Saxena, Director, Mr. Amit Sarup, Director, Mr. Pervez Bajan, President & Financial Controller, Religare Enterprises Limited and Mr. Ashraf Ali, Company Secretary, RGAM Investment Advisers Pvt. Limited appeared as authorized representatives and made oral submissions. The representatives had requested time for filing the written submissions. The request was considered and a time of fifteen days was granted to the representatives. Religare vide its letter dated November 30, 2015, filed the written submissions, which were taken on record. In the written submissions, Religare while reiterating the earlier submissions, stated as under:
 - a. The Religare Art Fund had a corpus of ₹11.495 crores with 42 external beneficiaries contributing ₹9.245 crores and 01 fellow subsidiary, Religare Finvest Limited contributing ₹2.25 crores.

(i) the contributions, or payments made by the investors, by whatever name called, are pooled and utilized solely for the purposes of the scheme or arrangement;
(ii) the contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property, whether movable or immovable from such scheme or arrangement;
(iii) the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors;
(iv) the investors do not have day to day control over the management and operation of the scheme or arrangement."

The following activities have been exempted from the CIS Regulations:

Any scheme or arrangement:

- i. made or offered by a co-operative society*
- ii. under which deposits are accepted by non-banking financial companies*
- iii. being a contract of insurance*
- iv. providing for any scheme, Pension Scheme or the Insurance Scheme framed under the Employees Provident Fund*
- v. under which deposits are accepted under section 58A of the Companies Act, 1956*
- vi. under which deposits are accepted by a company declared as a Nidhi or a mutual benefit society*
- vii. falling within the meaning of Chit business as defined in clause (d) of section 2 of the Chit Fund Act, 1982(40 of 1982);*
- viii. under which contributions made are in the nature of subscription to a mutual fund;*

The term 'securities' in section 2(h) of the Securities Contracts (Regulation) Act, 1956 was amended vide the Securities Laws (Amendment) Act, 1999, w.e.f. February 22, 2000, to include units or any other instrument issued by any CIS to the investors in such schemes.

- b.** Thus, I note that a scheme, in order to qualify as a CIS, has to satisfy all the four conditions mentioned in Section 11AA(2) of the SEBI Act:
- The first condition, under Section 11AA(2), is that the contributions/ payments made by the investors, by whatever name called, are pooled and utilised for the purposes of the scheme/ arrangement. Religare vide its letter dated June 27, 2008, had admitted that Religare Art Fund has collected contributions towards the scheme namely 'Pratham' with the objective to hold, invest and trade in 'art'. The same confirms that Religare Art Fund pools payments from its contributors for the purposes of the scheme, thus, satisfying the first condition as stipulated in Section 11AA(2)(i) of the SEBI Act.
 - The second condition, is that the contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property, whether movable or immovable, from such scheme or arrangement. In this

regard, I note from the draft of 'Investment Management Agreement' that '*The primary objective of the Trust will be to collect from the Contributors for investment by way of acquisition, holding, management, trading or disposal of the Portfolio, so as to generate superior risk adjusted returns*'. Religare in its submissions has stated that the surplus income (pre-tax and post-expenses) over 15% p.a. shall be distributed between the beneficiaries and the trustee in the ratio of 70:30. It has also been said that if the distributable profits are less than 15% p.a., the same is to be entirely distributed to the beneficiary. A reading of this shows that the contributions are made by the investors with a view to receive profits/ income, thus the same attracts the second condition as stipulated in Section 11AA(2)(ii) of the SEBI Act.

- The third condition is that the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors. Religare in the document titled as 'Terms and Conditions of Art Fund scheme' under the heading Investment Objective has mentioned that '*The objective of the Scheme is to hold and any other object or activity which in Trustee's absolute opinion amounts to or is connected in any way to an object of desire or beauty or rarity or culture.*' From the same and the discussion above, one can say that the contributors to the scheme does not manage the investments in the scheme rather the investments are managed and utilized by the trustees of the Religare Art Fund. Thus, it is clear that the works of art are not managed by the investors at any stage of the scheme. The same therefore, satisfies the third condition as stipulated in Section 11AA(2)(iii) of the SEBI Act.
- The fourth condition is that investors do not have day to day control over the management and operation of the scheme or arrangement. As per the 'Investment Management Agreement', the trustee of the fund appoints the Investment Manager to manage the assets of the Trust and its schemes. The Investment Manager is responsible for the day to day management and administrative services to the trust. The submissions of Religare that the objective of the scheme of Religare Art Fund is to hold, invest and trade in 'art', suggests that the contributors do not have day to day control over the management and operation of the scheme, which satisfies the fourth and last condition as stipulated in Section 11AA(2)(iv) of the SEBI Act.

- c. In view of the foregoing, I am of the considered view that the scheme of Religare Art Fund was in the nature of a CIS as all the four conditions specified under Section 11AA(2) of the SEBI Act are satisfied. I, therefore, find that Religare Art Fund was engaged in the fund mobilising activity from the public by floating/ sponsoring/ launching CIS as defined in Section 11AA of the SEBI Act. At this stage, I note that the SCN has been issued to Religare Arts Investment Management Limited, a wholly owned subsidiary of Religare Arts Initiative Limited (who admittedly was advising private trust, engaged in managing 'art fund'). In view of the same, it would be proper that the directions that are issued in this matter for launching and operating unregistered CIS is applicable to all those concerned.
18. Now, let me deal with the argument of Religare that Religare Art Fund being a private trust cannot be registered with SEBI. It has also been said that the CIS Regulations are applicable only to the schemes made/ offered by a company, therefore, it does not fall within the definition under Section 11AA of the SEBI Act.

In this regard, I note that Section 11(2)(c) of the SEBI Act empowers SEBI, *inter alia* to register and regulate the working of a CIS. Section 12(1B) of the SEBI Act, *inter alia* prohibits every 'person' from sponsoring or causing to be sponsored or carrying on or cause to carry on any CIS unless he obtains a certificate of registration from the SEBI in accordance with the regulations. Further, Regulation 3 of the CIS Regulations also stipulates that 'no person' other than a 'Collective Investment Management Company' which has obtained a certificate under these regulations shall carry on or sponsor or launch a CIS. It is clear from a reading of Section 12(1B) of the SEBI Act that SEBI had not just meant to regulate CIS which are floated by the companies, but also those by the persons, be it natural or juristic. I note that SCN has rightly invoked such provisions while specifying the allegations. This view is further demonstrated by the very amendment to the SEBI Act by Securities Laws Ordinance 2013 and Securities Laws Ordinance 2014.

I now place reliance on the order of Hon'ble Supreme Court of India in the matter of *P.G.F. Limited & Ors. Vs. Union of India & Anrs.* [MANU/SC/0247/2013] (hereinafter referred to as the 'PGFL case'), wherein the Hon'ble Court *inter alia* observed as under:

“... .. one can easily visualize that the purport of the enactment was to ensure that no one who seeks to collect and deal with the monies of any other individual under the guise of providing a fantastic return or profit or any other benefit does not indulge in such transactions with any ulterior motive of defrauding such innocent investors and that having regard to the mode and manner of operation of such business activities announced, those who seek to promote such schemes are brought within the control of an effective State machinery in order to ensure proper working of such schemes.”

19. As regards the contention of Religare that the trust has not issued any security or any other instrument under any scheme of collective investment falling within the provisions of the SEBI Act, it is an admitted position that Religare Art Fund collected the contributions for investment and trading in the works of art. As long as the principal and profits are promised to be distributed on the basis of NAV, there is no need for formal division into units. Further, the scheme of Religare Art Fund has been found to be CIS. Therefore, this contention of Religare is without any merit.
20. Having considered the above, I note the submission of Religare that initially Religare Art Fund had 43 beneficiaries with total fund size of ₹11,49,50,000. Subsequently 38 beneficiaries had transferred their interest in the fund in favor of ‘Religare Venture Capital Limited’. In support of the same, Religare along with its submissions has provided the copy of the letter forwarded by it to its investors (beneficiaries). I have perused the said letter which is dated March 30, 2011 and addressed to Mr. Vikramaditya Rajput and Ms. Bela Rajput, the relevant content of the same have been reproduced below:

“... ..

ii. **Redemption date and extension of Scheme:** *As you are aware, the scheme closure date was 31st January 2011 and post that there is a 90 day period during which to liquidate the portfolio and redeem the beneficial interest accordingly., due to illiquid conditions prevailing in the art market post the economic crisis, it has been a challenge to find buyers for the portfolio As a result the fund has not been able to liquidate the portfolio completely till date. Accordingly, vide Board Resolution dated December 15, 2010 the trustees have decided to extend the scheme for a period of one year.*

iii. **Options for Contributors who wish to exit from the Scheme:** *However the trustees recognize the fact that the beneficiaries had committed the investment for a fixed duration and are now concerned about getting back the redemption proceeds. To address this issue an exit option has been formulated which will enable you to transfer the beneficial interest (contribution) at par value to another Contributor and receive back your initial contribution amount (Exit Option). It may be noted that the Exit Option is being arranged in your interest and is not something which the Trustees were bound to provide and to that extent this Exit Option is a voluntary mechanism for you to avail, if you so wish. Contributors who would like to avail of this exit option are required to follow the Assignment process mentioned below and return the duly discharged documents to us for facilitating the same.*

a). **Assignment process:**

- 1) Letter to trustees requesting transfer of beneficial interest; (enclosed herewith) and
- 2) Assignment agreement; (enclosed herewith)
- 3) Contribution certificate in original, (Issued at the time of investment), to be signed at the two places marked at the back of the certificate.

*Kindly note that post receipt of the above mentioned documents and duly signed contribution certificate by the fund, the assignment shall be processed and the proceeds will be remitted to your bank account/ by cheque in your favor.
...”*

Considering the above and the decreasing NAV of the fund at the end of each financial year (i.e. starting from 2008 to 2013), it is seen that Religare had voluntarily offered the initial contribution amount to all its investors at the end of the term of Religare Art Fund in the year 2011. As earlier stated, out of the total 42 investors, 38 investors had responded to Religare and accepted the offer. These investors had received the respective principal amount in return.

21. Thereafter, the scheme had only 6 beneficiaries namely Ms. Rajashri Bhatnagar, Mr. Anoop Kumar Adlakha, Mr. Ratan Lath, Mr. Sudhir Rao, Religare Finvest Limited and Religare Venture Capital Limited. It has been submitted by Religare that Ms. Rajashri Bhatnagar, Mr. Anoop Kumar Adlakha, Mr. Ratan Lath and Mr. Sudhir Rao had not responded/ declined the offer/ decided to stay invested in the scheme. The scheme was later closed w.e.f. September 10, 2013 and the investors namely Ms. Rajashri Bhatnagar, Mr. Anoop Kumar Adlakha, Mr. Ratan Lath and Mr. Sudhir Rao were repaid in December 2013 to the extent of ₹4,81,517, ₹4,01,264, ₹10,03,161 and ₹6,01,897 respectively (i.e. as per the NAV of the Religare Art Fund, on the date of closure of the scheme) on their investment of ₹12,00,000, ₹10,00,000, ₹25,00,000 and ₹15,00,000 respectively.
22. Religare has submitted that there is no investor complaint against it as the beneficiaries/ investors were fully satisfied with the final settlement made by the trustee in relation to the scheme. Vide letter dated July 15, 2014, Religare had submitted that there is no liability in any form against the clients and in case of any future liability, it undertakes to settle the same amicably.

I note that Religare had voluntarily offered its investors the initial contribution amount and has also submitted a WRR vide letter dated June 16, 2015, along with the certificate

of Statutory Auditor. From the WRR, as certified by the Chartered Accountant it is noted that the investors namely Ms. Rajashri Bhatnagar, Mr. Anup Kumar Adlakha, Mr. Ratan Lath and Mr. Sudhir Rao had incurred losses to the tune of ₹7,18,483, ₹5,98,736, ₹14,96,839 and ₹8,98,103 respectively.

- 23.** Considering that the scheme launched and operated by Religare was an unregistered CIS and exercise of option by the customers to stay invested in such unregulated CIS would not have any legal sanctity. As a matter of independent enquiry, SEBI had issued e-mails to the investors of Religare on sample basis and has received reply from 8 investors. Out of the said 8 investors, 7 investors have confirmed that they have received the refund of principal amount. One of the said 8 investors, namely Mr. Anup Kumar Adlakha vide his e-mail dated May 23, 2016, has submitted that he had received only 60% of the total invested amount. Vide the said e-mail, Mr. Anup Kumar Adlakha has also requested help to get the remaining investment.

In view of the above, it would be reasonable to direct Religare to make good the losses suffered by the said four (4) investors namely Ms. Rajashri Bhatnagar, Mr. Anup Kumar Adlakha, Mr. Ratan Lath and Mr. Sudhir Rao and to return their investments as was done in the case of 38 investors.

- 24.** For the above reasons, I, in exercise of the powers conferred upon me under section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11 and 11B, hereby issue the following directions:
- a.** Religare Arts Investment Management Limited and Religare Arts Initiative Limited shall abstain from collecting any money from the investors or launch or carry out any Collective Investment Schemes including the scheme which have been identified as a Collective Investment Scheme in this Order.
 - b.** Religare Arts Investment Management Limited and Religare Arts Initiative Limited shall refund the monies collected under its scheme with returns which are due to its investors as per the terms of the offer within a period of three months from the date of this Order and thereafter, within a period of fifteen days, submit a compliance report to SEBI in accordance with the SEBI (Collective Investment Schemes) Regulations, 1999,

including the trail of funds claimed to be refunded, bank account statements indicating refund to the investors and receipt from the investors acknowledging such refunds.

- c. In the **event of failure** by Religare Arts Investment Management Limited to comply with the above directions, the following actions shall follow:
- Religare Arts Investment Management Limited shall immediately (*on expiry of the three months period available for making refunds*) be restrained from accessing the securities market and would further be prohibited from buying, selling or otherwise dealing in securities market till all the Collective Investment Schemes of Religare Arts Investment Management Limited are wound up and all the monies mobilized through such schemes are refunded to its investors with returns which are due to them.
 - SEBI shall initiate attachment and recovery proceedings under the SEBI Act and rules and regulations framed thereunder.

25. The order shall come into force with immediate effect.

Date: June 15th, 2016
Place: Mumbai

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA