

SECURITIES AND EXCHANGE BOARD OF INDIA

INTERIM ORDER

Under Sections 11(1), 11(4) and 11B(1) of the Securities and Exchange Board of India Act, 1992

In respect of:

Noticee	Registration No
Axis Capital Ltd.	INM000012029

In the matter of Non-Convertible Debentures issued by Sojo Infotel Private Ltd.

Background:

1. Pursuant to publication of a report titled *“Is Axis Capital an Investment Bank or a Hedge Fund?”* dated January 16, 2024 authored by Mr. Hemindra Kishen Hazari, a SEBI Registered Research Analyst, highlighting certain concerns related to a high risk transaction undertaken by Axis Capital Limited (**“ACL”/“Noticee”**), a SEBI registered Merchant Banker and a wholly owned subsidiary of the Axis Bank Limited, SEBI conducted an inspection of ACL.
2. During inspection, it was, *inter-alia*, examined whether the transaction undertaken by ACL in respect of listed Non-Convertible Debentures (**“NCDs”**) of Sojo Infotel Pvt. Ltd. (**“Sojo”**) were in accordance with the provisions of SEBI Act, 1992 and various regulations / guidelines/ circulars issued thereunder from time to time, including SEBI (Merchant Bankers) Regulations, 1992 (**“MB Regulations, 1992”**).

About Axis Capital Limited:

3. ACL is registered with SEBI as a Merchant Banker since October 04, 2017 having registration number INM000012029. The Net-worth of ACL during last 3 years, as per its audited financials, is as under:

Table 1		
S. No.	FY	Net-worth (INR Cr.)
1	FY 2022-23	1,075
2	FY 2021-22	982
3	FY 2020-21	519

4. The number of issues (listed) handled by ACL from April 01, 2021 till May 05, 2024 is as follows:

Table 2			
S. No.	Type of Issue	No. of Issues	Total Fee (INR Cr.) earned by ACL
1	Equity	57	436
2	InvIT	2	7
3	REIT	1	9
4	Debt	1*	33
	Grand Total	61	485

*Sojo was the only privately placed listed Debt issue handled by ACL.

5. It is pertinent to note that the parent company of ACL, viz. Axis Bank Limited, is also a registered Merchant Banker.

Transaction pertaining to Sojo Infotel Pvt. Ltd.

6. During the course of inspection of ACL, SEBI found the following:
- (a) Sojo Infotel Pvt. Ltd. (Sojo) is a private limited company incorporated on June 24, 2016. It has four shareholders, viz. Mr. Hari Om Rai, Mr. Sunil Bhalla, Mr. Vishal Sehgal and Mr. Shailendra Nath Rai. It is engaged in the business of high technology consultancy services in the field of electronics, telecommunications and information technology including software. Its registered office is located at M-11, Mezanine Floor, Balrama House Commercial Complex, Karampura, New Delhi – 110 015 and its Paid up capital was Rs.1,00,000. The shareholding pattern of Sojo, as on March 19, 2021, was as follows:

Table 3			
S. No.	Name of Shareholder	No of shares	as % of total no of shares
1	Hari Om Rai	4000	40
2	Sunil Bhalla	2500	25
3	Vishal Sehgal	2500	25
4	Shailendra Nath Rai	1000	10
	TOTAL	10000	100

- (b) Sojo issued NCDs of Rs.260 Crore on March 25, 2021. The issue opened on March 24, 2021 and closed on the same day. The deemed date of allotment was March 25, 2021. Axis Trustee Services Ltd. (“**Axis DT**”) was the “Trustee” and ACL was the “Arranger” to the Issue.
- (c) CRISIL Ratings Limited (“**CRISIL**”), the Credit Rating Agency (“**CRA**”), assigned a provisional rating of CRISIL AAA(CE) to the aforesaid issue. From the rating rationale, it was noted that the CRA had factored in the following for the ratings given to the NCDs of Sojo:
- (i) ACL had given “underwriting commitment” for the said NCDs based on which the CRA had rated the said NCDs by applying the criteria for instruments backed by *guarantee* to arrive at the Credit Enhancement or CE Rating.
 - (ii) The healthy financials and net worth position of ACL enabled it to provide credit enhancement in the form of “underwriting commitment” which was unconditional and irrevocable, and which covered the repayment obligation that would arise on redemption of the NCDs (including principal + accrued coupon).
 - (iii) Existence of a well-defined payment mechanism put in place to ensure timely servicing of obligation to the investors.
- (d) The issue structure, as mentioned in the Information Memorandum of Sojo, was as under:

Table 4	
Mode of issue	Private Placement
Issue Opening Date	March 24, 2021
Issue Closing Date	March 24, 2021
Deemed Date of Allotment	March 25, 2021
Issue size	INR 260 Cr.
Face Value /Issue Price	INR10,00,000/- per NCD
Type and nature of instrument	Rated, secured, listed, redeemable, Non-convertible debentures
Credit Rating	CRISIL AAA (CE)/ Stable
No. of ISINs issued	1
Tenor/Coupon	36 Months [8.48% payable quarterly]
Date of Listing	March 31, 2021
Merchant Bankers to the issue	Not Applicable (Axis Capital Ltd acted as Arranger to the issue).
Final Amount Raised	INR 260 Cr.
Utilisation of proceeds	The proceeds of the Issue were to be utilized for general corporate purposes of the Issuer, towards

Table 4	
	maintenance of the Interest Service Reserve Account and for meeting the issue related expenses of the Issuer.

- (e) Sojo utilised the funds raised through the NCDs for purchase of 1.1% shares of Lava International Limited (“LIL”) from Unic Memory Technology Hong Kong Ltd for Rs.13.4 Crore and for subscribing to a rights issue of LIL by purchasing 1.4% shares of LIL for Rs.102 Crore. Thus, Sojo became a direct shareholder in LIL with 2.5% stake (approx). The balance funds were utilised for issue expenses (payment of various intermediary fees), creation of interest service reserve.
- (f) LIL was incorporated on March 27, 2009 as a public limited company under the Companies Act, 1956, with registered office located at New Delhi. It was in the business of design, manufacturing, marketing, distribution and servicing of mobile handsets, tablets and other electronics accessories under “LAVA” and “XOLO” brands, and provide value added services.
- (g) The promoters of Sojo were major shareholders of LIL with a total stake of 82.24% as on March 31, 2021.
- (h) The shareholding pattern of LIL as on March 31, 2021 was as follows:

Table 5		
S. No.	Name of the shareholder	% Holding
A	Key Promoters	82.24
1.	-Mr. Hari Om Rai	34.55
2.	-Mr. Sunil Bhalla	21.75
3.	-Mr. Vishal Sehgal	16.94
4.	-Mr. Shailendra Nath Rai	9.00
B	Promoter Group	8.94
C	Unic Memory Technology (HK)	3.33
D	Bennett Coleman	0.99
E	Others	4.50
	Total	100.00

- (i) The shareholding pattern of LIL as on September 27, 2021 (post issuance of NCDs of Sojo), as per DHRP filed with SEBI, was as follows:

Table 6		
S. No.	Name of the shareholder	% Holding
A	Key Promoters	79.33
1.	-Mr. Hari Om Rai	33.32
2.	-Mr. Sunil Bhalla	20.99
3.	-Mr. Vishal Sehgal	16.34
4.	-Mr. Shailendra Nath Rai	8.68
B	Promoter Group	10.27
1.	Sojo Infotel P Ltd	2.54
2.	Others (Promoter Group)	7.73
C	Unic Memory Technology (HK)	Negligible
D	Tupperware Kitchen P Ltd	2.06
E	Clipper Global S A	5.15
F	Others	0.27
G	Lava Employee Welfare Trust	1.13
	Total	98.21

- (j) The issue of NCDs amounting to Rs.260 Crore by Sojo was secured by:
- (i) 26% pledge of shares of LIL held by the Promoters;
 - (ii) 100% pledge of shares of Sojo held by the Promoters;
 - (iii) Personal Guarantee of the Promoters;
 - (iv) Charge through hypothecation on all the assets of Sojo;
 - (v) Charge over NCD Escrow Account and lien on Fixed Deposits; (created on balances in NCD Escrow); and
 - (vi) Demand Promissory Note.

- (k) The issue of NCDs by Sojo was subscribed by:

Table 7		
S. No.	Name of Investor*	Amount Invested (INR Cr.)
1	Aditya Birla Finance	150
2	Sun TV Limited	100
3	Shriram Foundry	10

**The above investors continued to hold the NCDs till redemption.*

- (l) The NCDs of Sojo were listed on the BSE. The coupon rate was 8.48% per annum payable quarterly (Annualized Yield of 8.75%). The redemption date or scheduled maturity date was March 25, 2024. Sojo, at the end of 30 months from the Deemed Date of Allotment, was entitled to redeem the Debentures in entirety, on the Call Option Exercise Date ("Call Option").

- (m) A “Share Agreement” was executed on March 22, 2021 between Sojo, its promoters, Axis Debenture Trustee (Axis DT) and ACL. The said Agreement, *inter-alia*, stated that:

“

- (i) *The Debenture Trustee hereby irrevocably appoints Axis Capital, at the cost and expense of the Issuer, as its agent for the sale of the Secured Assets (the “Appointment Effective Date”). The Debenture Trustee agrees that the appointment of Axis Capital as the agent of the Debenture Trustee for the sale of the Secured Assets shall not be terminated until the Purchase Price has been paid in full to the Debenture Holders and all Secured Obligations are paid in full to the Debenture Instructing Group. Pursuant to aforesaid right of Axis Capital, the Debenture Trustee, the Obligors hereby irrevocably appoint Axis Capital as their attorney and authorise Axis Capital to do all such acts, deeds and things as may be desirable and necessary and to execute all documents in their respective names for the purpose of sale of the Secured Assets pursuant to this Agreement. The Parties agree that the power of attorney being coupled with interest cannot be revoked. The Debenture Trustee shall not be entitled for any reason whatsoever to terminate the right granted to Axis Capital under this Agreement and the other Transaction Documents to sell the Secured Assets on occurrence of the Asset Sale Event and Axis Capital shall not be required to obtain the consent or approval of any of the Parties hereto nor any Person claiming through or under any of them (nor any of the Debenture Holders) for the purpose of exercising its rights hereunder.*
- (ii) *On occurrence of the Asset Sale Event, the Debenture Trustee shall notify Axis Capital and the Debenture Holders in writing of such occurrence within 1 (one) Business Day of the Asset Sale Event (the “Asset Sale Notice”). Upon such notification, Axis Capital undertakes to carry out the sale of Secured Assets in the manner as set out in this Agreement and other Transaction Documents. Notwithstanding the foregoing, the Parties agree that Axis Capital*

shall, upon occurrence of the Asset Sale Event, have the unconditional, irrevocable and unequivocal right to proceed to act as arranger for the sale of all or any of the Secured Assets on and from the Appointment Effective Date irrespective of receiving or not receiving the Asset Sale Notice. Provided however, in the event Axis Capital has not received the Asset Sale Notice and Axis Capital initiates any action pursuant to this clause, Axis Capital shall intimate the Debenture Holders and the Debentures Trustee within 1 (one) day.

- (iii) ACL has agreed to use its reasonable efforts to procure a Purchaser in accordance with the Agreement and the other Transaction Documents.*
- (iv) Upon the occurrence of the Asset Sale Event and ACL being unable to identify a Purchaser for the sale of the Pledged Shares or in the event that the Purchaser identified for the sale of the Pledged Shares fails to purchase all or any part of the Pledged Shares for an amount equal to the Purchase Price at least 5 Business Days prior to: (i) the date falling 6 months from the occurrence of the Asset Sale Event, or (ii) Maturity Date, whichever is earlier (the "Purchase Event"), ACL is unconditionally, unequivocally and irrevocably obligated to (either directly and/ or through its affiliates), within 4 days of the Purchase Event: (i) purchase or fund the purchase of the Pledged Shares for the amount detailed below as consideration towards the purchase of the whole or part of the Pledged Shares; or (ii) in the event that ACL, for any reason whatsoever, is unable to purchase the Pledged Shares where required to do so for the purpose of complying with its Underwriting Commitment under this Clause, make payment of monies specified herein below as advance consideration towards the purchase of Pledged Shares, and this obligation of ACL shall be deemed to be, for the period commencing from the date on which the obligation of ACL under this Clause has arisen and expiring on the date on which this obligation is discharged by ACL (which obligation is required to be discharged within a maximum*

period of 4 days of the Purchase Event), an indemnity obligation of ACL in favour of the Debenture Holders (represented by the Debenture Trustee) for the amounts detailed hereinafter.”

- (n) The planned repayment of the NCDs of Sojo was through sale of shares of LIL by promoters through either IPO/pre-IPO/secondary sale. Accordingly, the Draft Red Hearing Prospectus (DRHP) of LIL was filed on September 27, 2021, i.e., after 6 months of issuance of NCDs by Sojo. ACL was one of the Lead Managers for the IPO of LIL.
- (o) In the event of the IPO not being completed within 15 months of date of issuance of NCDs by Sojo, a process of either merger of Sojo with LIL or a buyback /capital reduction was to be initiated by LIL. However, during the 15th month from the date of issuance of NCDs by Sojo, the DRHP of LIL was still under examination by SEBI. The options of repayment of the Sojo NCDs through merger of Sojo with LIL or buyback/ capital reduction of LIL would have altered the capital structure of LIL and necessitated a re-filing of the DRHP. Hence, the promoters made a partial repayment of Rs.60 Crore in September 2022 and NCDs amounting to Rs.60 Crore were redeemed. The NCDs outstanding at this point came down to Rs.200 Crore.
- (p) On January 13, 2023, the DRHP of LIL was returned by SEBI and LIL was advised to file a revised DRHP after updating necessary details as suggested (by SEBI). Thereafter, promoters were in discussions for redemption of the balance NCDs through secondary sale / refinancing.
- (q) Clause 2.1.2 (b)(ii) of the Debenture Trust Deed (“**DTD**”) executed between Sojo, Axis DT and ACL stated that *“No later than 7 Business Days prior to the Call Option Exercise Date, the Issuer may, by providing a prior written notice to the Debenture Trustee (the “Call Option Exercise Notice”), confirm its intention to exercise the Call Option. For avoidance of doubt, it is hereby clarified that a Call Option Exercise Notice shall not be issued in respect of part of the Principal Amount and the Debenture*

Trustee shall not accept any Call Option Exercise Note issued in respect of a part of the Principal Amount.”

- (r) On September 13, 2023, in terms of the abovementioned Clause 2.1.2 (b)(ii) of the DTD, Sojo (Issuer) issued the Call Option Exercise Notice confirming its intention to exercise the Call Option. However, even after issuing the said notice, Sojo failed to redeem the remaining NCDs in entirety, in accordance with the DTD and other transaction documents and a partial deposit of Rs.26 Crore was made by Sojo. The outstanding NCDs at this point got reduced to Rs.174 Crore plus accrued interest.
- (s) In view of the failure of the Issuer to redeem the NCDs by making payment of the Secured Obligations in terms of the DTD, as well as other transaction documents, Axis DT informed Sojo and its promoters on September 25, 2023 that an Event of Default and an Asset Sale Event under DTD and other transaction documents had occurred, post which in terms of Clause 2.1 of Share Agreement dated March 22, 2021 executed between Sojo, its promoters, Axis DT and ACL, ACL was required to perform its obligations under the said Agreement for the sale of pledged shares and other securities to recover the outstanding amount of Rs.174 Crore.
- (t) On October 27, 2023, Axis DT invoked pledge over 26 % shares of LIL held by its Promoters, which were pledged by the promoters of Sojo as security cover for NCDs issued by Sojo. As ACL was unable to find a purchaser for the pledged shares, it led to triggering of Asset Purchase Event on March 15, 2024, which required ACL to fulfil its “*underwriting commitment*”.
- (u) On March 19, 2024, ACL fulfilled its “*underwriting commitment*” by depositing Rs.166.84 Crore in the NCD Escrow Account of Sojo. The said amount along with the amounts already lying in the Escrow account, was utilized to fully repay the outstanding NCDs of Rs.174 Crore (plus accrued interest).

- (v) ACL charged a fee of Rs. 33 Crore (approx.) from Sojo for the entire transaction.

7. During the course of inspection of ACL, it was further found that since FY 2021-22, ACL had acted as an arranger and undertaken similar activity (as in case of issue of listed NCDs by Sojo) for 5 unlisted NCD issuances, the details of which are as follows:

Table 8						
S. No.	Name of Issuer	Issue Size (In INR crore)	Credit Rating given by the Rating Agency	Debenture Trustee	Date of Issuance	Fee Received by ACL for acting as Arranger (in INR Cr.)
1	M G M Consulting Services Pvt Ltd	263	[ICRA] AAA (CE) Stable	Axis Trustee Services Ltd	30/03/2022	30
2	MGM Consulting Services Pvt Ltd	166	[ICRA] AAA (CE) Stable	Axis Trustee Services Ltd	28/09/2022	
3	Day1 Advisors Pvt Ltd	70	[ICRA] AAA (CE) Stable	Axis Trustee Services Ltd	13/04/2022	8
4	MGM Consulting Services Pvt Ltd	102	[ICRA] AAA (CE) Stable	Axis Trustee Services Ltd	31/01/2023	5
5	Day1 Advisors Pvt Ltd	80	[ICRA] AAA (CE) Stable	Axis Trustee Services Ltd	31/03/2023	5
Total Fees charged for the above unlisted issuances						50
Fees charged from Sojo (listed issuance)						33
TOTAL FEES CHARGED FOR ACTING AS ARRANGER AND GUARANTOR						83

8. From the rating rationale published by ICRA, the sole CRA for all the private placements in respect of the abovementioned issuances, it was noted that Credit Enhancement (CE) ratings were assigned to the issued instruments on the basis of the credit enhancement provided by ACL in the form of “underwriting commitment” which was legally enforceable, irrevocable and unconditional covering the entire amount of issue and tenure of the rated instrument with a well-defined payment mechanism.
9. A Merchant Banker, as defined in MB Regulations, 1992 means a person who is engaged in the business of issue management either by making arrangements regarding selling, buying or subscribing to securities or acting as manager, consultant, adviser or rendering corporate advisory service in relation to such issue management. Further, the provisions of MB Regulations, 1992

prohibit a merchant banker from carrying on any business other than that in the securities market. In this regard, the relevant provisions of MB Regulations, 1992 are reproduced hereunder: -

SEBI (Merchant Banking Regulations), 1992

Regulation 2(1)(cb):

“merchant banker” means any person who is engaged in the business of issue management either by making arrangements regarding selling, buying or subscribing to securities or acting as manager, consultant, adviser or rendering corporate advisory service in relation to such issue management;”

Regulation 2(1)(h):

“underwriting” means an agreement to subscribe to or procure subscription for securities, issued or offered for sale, remaining unsubscribed.

Regulation 13A:

“No merchant banker, other than a Bank or a Public Financial Institution, who has been granted a certificate of registration under these regulations shall after June 30, 1998 carry on any business other than that in the securities market.....”

Regulation 22B (2):

“At any point of time, the total underwriting obligations under all the agreements shall not exceed twenty times of the net worth of the merchant banker.”

10. Under the provisions of MB Regulations, 1992, the activity of underwriting essentially means subscribing to or procuring subscription for securities, issued or offered for sale, that remain unsubscribed. The MB Regulations, 1992 permit underwriting by a Merchant Banker to an extent of 20 times the net worth of the Merchant Banker. Very clearly, the intent of the Regulations is to permit a Merchant Banker to take market risk by subscribing to the unsubscribed portion of the securities offered to the investors and to dispose of the securities so procured, by charging a fee. However, in the case of NCDs of Sojo, ACL provided credit risk cover to the subscribers of the NCDs issued by Sojo.

11. As per the terms of “*Underwriting Commitment*” signed by ACL, in the event of occurrence of the Asset Sale Event and ACL being unable to identify a purchaser for the sale of the pledged shares or in the event that the purchaser identified for the sale of the pledged shares failed to purchase all or any part of the pledged shares, ACL was unconditionally, unequivocally and irrevocably obligated to purchase or fund the purchase of the Pledged Shares. Such obligation was nothing but a guarantee to repay redemption proceeds to the NCD investors of Sojo. Further, in the event of ACL being unable to purchase the pledged shares, it was under obligation to make payment for the pledged shares as advance consideration which was an indemnity provided by ACL to the subscribers of NCDs issued by Sojo, for providing full NCD redemption amount which included outstanding principal and interest (Rs.174 Crore).
12. The commitment provided by ACL in respect of NCDs of Sojo cannot be termed as an underwriting activity as it was not an agreement to “*subscribe to or procure subscription for securities, issued or offered for sale, remaining unsubscribed.*” Rather, it was a guarantee to redeem the NCDs of Sojo in the event of default on maturity. It is pertinent was noted that the CRAs (CRISIL / ICRA) had rated and assigned CE ratings to all of the above mentioned issuances on the basis of the guarantee/indemnity provided by ACL which was legally enforceable, irrevocable and unconditional covering the entire amount and full tenure of the rated instrument.
13. Further, para 2.1.5 of the DTD, executed between Sojo, its promoters, Axis DT and ACL detailed the priority of payments to be appropriated towards dues. The waterfall mechanism for payment mentioned therein indicates that fees were to be paid to ACL in tranches, as against a one-time fee payment which happens in the case of underwriting.
14. It was thus noted that in the instant case, ACL went beyond the mandate of issue management, as the activity undertaken by ACL was in contravention of the definition of underwriting and the role of Merchant Banker as defined in MB Regulations, 1992.

15. In view of the above, it *prima facie* appeared that the activities of ACL were in violation of the provisions of regulation 13A of MB Regulations, 1992.

Need for interim directions:

16. Merchant Bankers by the very nature of their operations undertake market risk related assignments and not those related to credit risk that fall in the domain of banking. Underwriting is an activity undertaken by a Merchant Banker at the time of subscription of the issue and not thereafter, including during the redemption of NCDs or at enforcement of securities by Debenture Trustee in case of default. However, the binding commitment provided by ACL to Sojo and other unlisted NCDs was in the nature of providing guarantee for redemption of NCDs or indemnifying NCD subscribers.
17. As detailed in paras above, ACL provided guarantee/indemnity towards redemption of NCDs in the guise of underwriting, which it was not permitted to do under the existing regulatory framework. Such activity poses risk to the financial system as it can potentially disrupt the orderly functioning of the market. The CRAs construed such guarantee / indemnity as credit enhancement and rated the instruments accordingly, which the investors relied upon.
18. The role played by ACL in the transaction of Soja was not part of issue management but of security enforcement mechanism, which essentially fell in the domain of debenture trustee (Axis DT, which was ACL's sister company). The whole transaction was, in substance, a structured secured credit transaction in the cloak of a capital market instrument (bonds) designed to finance an acquisition, which had adequate collateral / guarantees in the form of pledge of shares of Sojo and LIL, personal guarantees of promoters of Sojo, lien over escrow account and hypothecation of assets of Sojo. ACL's credit support or credit enhancement, which was a credit guarantee in the guise of underwriting, was a critical component of the said structured credit transaction. ACL in this case was taking credit risk exposure, rather than market risk. By

undertaking such activities, ACL got into the realm of banking, as the Sojo transaction had all the ingredients of a banking transaction.

19. While ACL had to bear the cost of its transgressions in the form of fulfilling its indemnity obligations by making payments for redemption of NCDs, ACL should not have ventured into the banking space in the first place, that risked its credit profile.
20. As stated earlier, the commission earned by ACL was apparently spread over the period of such support enhancement or subsistence of guarantee. Accordingly, ACL has undertaken impermissible activities by providing credit support/credit enhancement/guarantee by mislabelling such activities as underwriting.
21. In sum, the role played by ACL in the transaction went beyond the permissible activities as a Merchant Banker. There is a potential risk of ACL continuing to undertake activities as a registered Merchant Banker beyond the realm of permitted activities.
22. Further, the essence and spirit of MB Regulations, 1992 envisage the fees received for underwriting activity to be a one-time payment and not a recurring payment received over the tenure of the NCDs. However, in this case, the fees received by ACL for its services was apparently a recurring fee and not a one-time payment, reflecting a continuing nature of its assurance in form of guarantee/indemnity for the NCDs.
23. In view of the above, there is an urgent need for SEBI to step in and pass interim directions, pending inspection, to prevent any further erosion in market integrity by virtue of such practices.
24. Further, given that ACL is a subsidiary of a scheduled commercial bank (Axis bank Limited), the guarantee / indemnity provided by ACL to NCD holders also exposed the bank to credit risks. Accordingly, it would be proper to make a reference to the Reserve Bank of India for examining the matter under laws administered by it.

Directions:

25. Keeping in view the *prima facie* observations and findings recorded in the preceding paragraphs and in order to protect the integrity of the securities market, I, in exercise of the powers conferred upon me under Sections 11, 11(4) and 11B(1) read with Section 19 of the SEBI Act, 1992, as an interim measure pending inspection of ACL by SEBI, hereby restrain ACL from taking up new assignments in the capacity of a merchant banker, arranger or underwriter for any issue / offer for sale of securities in the debt segment, till further order.
26. The foregoing *prima facie* observations contained in this Order are made on the basis of the material available on record. ACL may, within 21 days from the date of receipt of this Order, file its reply/ objections, if any, to this Order and may also indicate whether it desires to avail an opportunity of personal hearing on a date and time to be fixed in this regard.
27. This Order shall come into force with immediate effect.
28. A copy of this order shall be served upon ACL for necessary action and compliance. A copy of this order shall also be forwarded to the Reserve Bank of India for examining ACL's activities as a subsidiary of a banking company.

DATE: SEPTEMBER 19, 2024**PLACE: MUMBAI****ASHWANI BHATIA****WHOLE TIME MEMBER****SECURITIES AND EXCHANGE BOARD OF INDIA**