



**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
(ADJUDICATION ORDER NO. Order/JS/VC/2026-27/32414)**

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**UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA  
ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD  
OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES)  
RULES, 1995.**

**In respect of:**

**Catalyst Trusteeship Limited**

(PAN: AACCG4147R)

(SEBI Registration No.: IND000000034)

**In the matter of thematic inspection of debenture trustees with respect to action  
taken in the event of default by issuers**

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**BACKGROUND OF THE CASE**

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) conducted thematic inspection of Debenture Trustees (“**DTs**”) with respect to action taken in the event of default by issuers, to verify the compliance of DTs with the actions provided under SEBI (Debenture Trustees) Regulations, 1993 (hereinafter referred to as “**DT Regulations**”) and circulars issued thereunder.
2. Catalyst Trusteeship Limited (hereinafter referred to as “**Noticee / Catalyst**”) is registered with SEBI as Debenture Trustee having Registration No. IND000000034. Thematic inspection of Noticee was conducted for the period of July 31, 2022 to July 31, 2024 (hereinafter referred to as “**Inspection Period**”). Based on the findings of thematic inspection, SEBI initiated adjudication proceedings against Noticee for violating the following provisions:
  - (a) Regulation 15(1)(d) of DT Regulations and clause 3.3.1 of Chapter X of Master Circular for DTs dated July 06, 2023 and May 16, 2024;
  - (b) Clauses 2.2 and 3.1.2 of Chapter VIII of Master Circular for DTs dated May 16, 2024;
  - (c) Clause 4 of Chapter VIII of Master Circular for DTs dated May 16, 2024; and

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*Adjudication Order in respect of Catalyst Trusteeship Limited in the matter of thematic inspection of debenture trustees with respect to action taken in the event of default by issuers*



(d) Chapter XII of Master Circular for DTs dated May 16, 2024.

### **APPOINTMENT OF ADJUDICATING OFFICER**

3. SEBI appointed the undersigned as the Adjudicating Officer, vide communiqué dated December 12, 2025, under section 19 of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) read with section 15-I (1) of the SEBI Act and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Rules**”), to inquire into and adjudge the alleged violations by the Noticee under the provisions of the section 15HB of the SEBI Act.

### **SHOW CAUSE NOTICE, REPLY AND HEARING**

4. Show Cause Notice bearing Ref. No. DIS/1995-1996/JS/2026 dated January 5, 2026 (hereinafter referred to as “**SCN**”) was issued to the Noticee in terms of the provisions of rule 4(1) of the Rules read with section 15-I of the SEBI Act, requesting Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed upon the Noticee under section 15HB of the SEBI Act for the alleged violations.
5. The SCN dated January 5, 2026, *inter alia*, alleged the following:
  - A. Delay in issuing notice to the debenture holders and not maintaining proof of delivery**
    - (a) *During inspection, it was observed that an issuer, i.e., Srivatsa Encivil Pvt. Ltd. defaulted on payments on June 30, 2024 and two debenture holders of the same group holding ISINs, viz., INE0K8T07024 and INE0K8T07032 had informed Noticee about default by the issuer vide letters dated July 2, 2024 and advised Noticee to take the required action against the issuer as per their instructions. Accordingly, on getting specific instructions from the debenture holders, with draft of notice, the default notice was sent by the Noticee on July 12, 2024. Further, it was observed that a notice was issued to the issuer to pay the redemption amount, however, notice was not issued to the debenture holders within 3 days of event of default.*
    - (b) *As per regulation 15(1)(d) of the DT Regulations, DTs are required to promptly communicate debenture holders about any defaults relating to interest payment or redemption. Further, clause 3.3 of Chapter X of the Master Circular for DTs dated July 06, 2023 and May 16, 2024 requires that DTs issue a notice to investors within 3 days of an event of default, with the notice containing certain mandatory provisions.*



- (c) *In view of the same, it was alleged that Noticee failed to issue a notice to debenture holders within 3 days of the event of default in the case of Srivatsa Encivil Pvt. Ltd. Therefore, Noticee violated regulation 15(1)(d) of DT Regulations and clause 3.3.1 of Chapter X of Master Circular for DTs dated July 06, 2023 and May 16, 2024.*

**B. Sharing details pertaining to event of default with concerned Credit Rating Agency (CRA)**

- (a) *On July 1, 2024, issuer company, viz., Srivatsa Encivil Pvt. Ltd. submitted intimation to stock exchanges under regulation 57(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.r.t. on Non-Convertible Debentures (NCDs) having ISIN- INE0K8T07024, wherein the amount towards the part principal redeemed was mentioned as 'Rs. 25,00,00,000' and it was also mentioned that 'part premature redemption on non-convertible debentures was pending'. The said payment was due on June 30, 2024, though, it was made with a delay. However, on July 1, 2024, Noticee informed to the CRAs that issuer company had made timely payment of the amount due.*
- (b) *Therefore, it was observed that Noticee shared incorrect information with the concerned CRA regarding the status of payment of interest/repayment of principal in the matter of Srivatsa Encivil Pvt. Ltd. Further, even after the information related to said default by Srivatsa Encivil Pvt. Ltd. was provided by debenture holders to the Noticee, it failed to intimate the CRA on receipt of the same.*
- (c) *Clause 2.2 of Chapter VIII of the Master Circular dated May 16, 2024 mandates that CRAs and DTs shall share information regarding issues/issuers to enable them to effectively discharge their duties. Further, clause 3.1.2 of Chapter VIII of the Master Circular for DTs dated May 16, 2024 requires the DTs to provide ISIN-wise information regarding the payment of interest/redemption to the CRAs, with such intimation being made not later than one day after the due date.*
- (d) *In view of the above, it was alleged that Noticee violated clauses 2.2 and 3.1.2 of Chapter VIII of Master Circular for DTs dated May 16, 2024.*

**C. Delay in issuance of Press Release w.r.t. event of default**

- (a) *With respect to the above mentioned event of default on payments on June 30, 2024 by Srivatsa Encivil Pvt. Ltd. related to NCDs having ISIN- INE0K8T07024, it was further observed that Noticee failed to issue a press release within the given timelines, i.e., within one day from occurrence of such events for the aforementioned cases. The issuer defaulted on payments on June 30, 2024, however, the press release was issued by the Noticee on July 12, 2024.*
- (b) *Clause 4 of Chapter VIII of the Master Circular for DTs dated May 16, 2024 mandates that DTs must issue a press release regarding any default by the issuer to pay interest or redemption amount on listed debt securities, and this press release must be placed on the DT's website not later than one day after the occurrence of such events.*
- (c) *In view of the same, it was alleged that Noticee violated clause 4 of Chapter VIII of Master Circular for DTs dated May 16, 2024.*



**D. Delay in verifying and updating default history on India BondInfo database**

- (a) With respect to the above mentioned event of default on payments on June 30, 2024 by Srivatsa Encivil Pvt. Ltd. related to NCDs having ISIN- INE0K8T07024, it was further observed that Noticee failed to verify and update the default history information for Srivatsa Encivil Pvt. Ltd. in the Corporate Bond Database within 7 days of the knowledge of default. The issuer defaulted on payments on June 30, 2024, however, the default history on Centralised Database was updated by the Noticee on July 12, 2024.
- (b) Chapter XII of Master Circular for DTs dated May 16, 2024 states that DTs shall access India BondInfo database to verify and update the default history information about the instrument/ issuer, in the database within 7 days of knowledge of default.
- (c) In view of the same, it was alleged that Noticee violated Chapter XII of Master Circular for DTs dated May 16, 2024.

6. Vide letter dated January 19, 2026, Noticee submitted its reply to the SCN. The relevant extracts of the Noticee's reply are reproduced below:

**A. Delay in issuing notice to debenture holders and not maintaining proof of delivery**

- (a) The regulatory requirement under regulation 15(1)(d) of DT Regulations and clause 3.3.1 of Chapter X of the Master Circular for DTs is intended to ensure that debenture holders are promptly informed of defaults so as to enable them to exercise their rights through the trustee, in an informed and meaningful manner.
- (b) In the case of privately placed NCDs, the structure and functioning of the debt market materially differs from public issuances. Such issuances typically involve a very limited number of investors, often one or two and mostly who are institutional and where the transaction is, in substance, bilateral in nature. The DT is appointed to comply with the regulatory framework and to act as a fiduciary conduit, but the commercial decision-making, particularly in situations of delayed payment or default, is driven by the debenture holders themselves.
- (c) In such transactions, institutional debenture holders independently engage with the issuer and involve the DT only for implementing actions aligned with their commercial and enforcement strategy. It is neither uncommon nor improper that debenture holders require the Trustee to act strictly in accordance with their instructions, especially where premature or unilateral action by the Trustee may adversely affect ongoing negotiations or commercial relationships between the issuer and the debenture holders. This market reality is intrinsic to privately placed debt and is well recognised.
- (d) In the present case, the default occurred on June 30, 2024. There were only two debenture holders, namely:
- (i) Edelweiss India Real Estate Fund; and
  - (ii) Edelweiss Alternative Asset Advisors Limited;
- both being institutional investors, belong to the same group.



- (e) *On July 02, 2024, both debenture holders formally advised the Noticee to act strictly in accordance with the course of action discussed and instructed by them. In furtherance thereof, the draft notice proposed to be issued to the issuer was prepared and sent by the investors themselves and acting on such instructions, Catalyst issued the notice to the Issuer on July 12, 2024. These facts were expressly recorded and acknowledged by SEBI in paragraph 6 of the SCN.*
- (f) *The regulatory obligation under regulation 15(1)(d) of DT Regulations and clause 3.3.1 of Chapter X of the Master Circular, is intended to ensure that debenture holders are promptly informed of defaults and are enabled to exercise their rights in an informed manner. In the present case, the interaction between the debenture holders and Catalyst started on the day of default itself, as reflected in their letters of July 02, 2024. Thus, no information asymmetry, no lack of awareness, and no impairment of investor decision-making.*
- (g) *Accordingly, the issuance of a formal notice to the debenture holders within three days, in the peculiar facts of this case, would have been a purely mechanical exercise, devoid of any substantive regulatory purpose. Further, such communication would not have been warranted by the said institutional debenture holders, when they themselves were actively engaged with the issuer and were directing the Trustee on the precise manner and timing of action to be taken by the Trustee.*
- (h) *Regulatory provisions must be applied in a manner that advances their object and not in a rigid or out of context manner. In the context of the facts of the case, the literalistic application of timelines cannot, by itself, give rise to a finding of non-compliance warranting penal action.*
- (i) *As to the second part of allegation regarding non-maintenance of proof of delivery, Noticee submitted that though the title of point No. A, describes “delay” and “non-maintenance of proof of delivery”, the observations in para 6, 7 and 8 are confined strictly to “delay” and does not record any specific observations of non-maintenance of proof of delivery. In any event, the factual record demonstrates continuous engagement, informed decision-making and instruction-driven action by the debenture holders.*
- (j) *In the absence of any allegation of investor prejudice, suppression of information, or failure of fiduciary duty, the facts recorded in the SCN itself, negate the charge of non-compliance under regulation 15(1)(d) of DT Regulations and clause 3.3.1 of Chapter X of the Master Circular. Catalyst’s conduct was aligned with the commercial realities of the transaction, the express instructions of the debenture holders and the underlying objective of the regulatory framework.*
- (k) *Therefore, the allegation is unsustainable and liable to be dropped in entirety, as there has been no contravention in spirit, substance or effect of the applicable regulations.*

**B. Incorrect or delayed sharing of information with Credit Rating Agency**

- (a) *The initial intimation to the CRA was made on the basis of disclosures provided by the issuer under the LODR Regulations, which indicated delayed payment. At the relevant*



time, verification and confirmation were being undertaken simultaneously with the debenture holders, who were actively engaged in discussions with the issuer.

- (b) The letters dated July 02, 2024 clearly establish that the debenture holders were aware of the breach and that Catalyst's actions were aligned with their confirmed understanding and instructions. There is no material on record to suggest that any adverse rating action was taken by the CRA on account of the alleged delay or that any market participant was misled.
- (c) The obligations under clauses 2.2 and 3.1.2 of Chapter VIII of the Master Circular are facilitative in nature and intended to enable CRAs to effectively discharge their functions. That objective stood fully achieved in the present case. The allegation, therefore, does not disclose any substantive non-compliance.

**C. Delay in issuance of press release about event of default:**

- (a) The issuer had already made the requisite disclosure to the stock exchanges. There was no suppression of information from the market, nor did Catalyst's press release introduce any new or undisclosed price-sensitive information.
- (b) In the context of a privately placed issuance with two institutional debenture holders, and where dissemination to the market had already occurred through issuer disclosure, the objective of clause 4 of Chapter VIII of the Master Circular stood fully satisfied. No investor prejudice or informational asymmetry is alleged or established.

**D. Delay in verifying and updating default history on India BondInfo database**

- (a) The update was undertaken after verification and confirmation of the default status, consistent with the regulatory expectation that information uploaded to centralised databases be accurate and reliable. The database ultimately reflected complete and correct information and no regulatory or stakeholder reliance was adversely impacted.
- (b) Chapter XII of the Master Circular contemplates verification-based updating, and Catalyst's actions were aligned with both the letter and the spirit of the regulatory framework.

**E. Submissions**

- (a) Across all the allegations contained in the SCN, there is no assertion or evidence of (i) investor loss or prejudice, (ii) lack of information to debenture holders, (iii) mala fide intent, or (iv) failure of fiduciary responsibility.
- (b) The debenture holders were institutional entities, fully informed at all material times, and actively directing Catalyst's actions.
- (c) Subsequent to the aforesaid events, in June 2025 the Issuer settled the outstanding dues, and the concerned debenture holders issued their No Dues Certificate in this regard and issue stands redeemed.
- (d) The allegations, at best, arise from a rigid and isolated reading of procedural timelines, without any corresponding failure of regulatory objectives. In adjudication proceedings,



*penal consequences cannot be sustained in the absence of substantive non-compliance or regulatory harm.*

7. Vide notice of hearing dated February 03, 2026, an opportunity of personal hearing on February 13, 2026 was granted to the Noticee. On the said date, authorised representatives of the Noticee (hereinafter referred to as “ARs”), Ms. Mily Ghoshal (Advocate) and Ms. Kalyani Pandey, (Chief Compliance Officer, Catalyst), attended the personal hearing through video-conferencing and requested for adjournment of hearing. Accordingly, the hearing was adjourned and re-scheduled to March 13, 2026. Vide letter dated March 09, 2026, Noticee furnished the copies of documents relied upon by it in its submissions. On March 13, 2026, ARs of the Noticee appeared for hearing in person and reiterated the submissions made by the Noticee vide replies dated January 19, 2026 and March 09, 2026.

### **CONSIDERATION OF ISSUES AND FINDINGS**

8. I have carefully perused the charges levelled against the Noticee in the SCN, its reply, submissions made during personal hearing and material available on record. The issues that arise for consideration in the present case are as follows:
  - I. Whether Noticee delayed in issuance of notices to the debenture holders in event of default by issuers and thereby violated regulation 15(1)(d) of DT Regulations and clause 3.3.1 of Chapter X of Master Circular for DTs dated July 06, 2023 and May 16, 2024?
  - II. Whether Noticee shared incorrect information with the CRA regarding the payment of interest/repayment of principal and thereby violated clauses 2.2 and 3.1.2 of Chapter VIII of Master Circular for DTs dated May 16, 2024?
  - III. Whether Noticee issued press release w.r.t. event of default with delay and thereby violated clause 4 of Chapter VIII of Master Circular for DTs dated May 16, 2024?
  - IV. Whether Noticee delayed in verifying and updating default history on India BondInfo database and thereby violated Chapter XII of Master Circular for DTs dated May 16, 2024?



- V. Does the violation, if any, attract monetary penalty under section 15HB of the SEBI Act?
- VI. If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15-J of the SEBI Act read with rule 5(2) of the Rules?
9. Before proceeding further, it is pertinent to refer to the relevant provisions of DT Regulations and Master Circulars for DTs which are alleged to have been violated by the Noticee. The said provisions are reproduced below for reference:

**DT Regulations:**

***“Duties of the debenture trustees.***

**15.(1)** *It shall be the duty of every debenture trustee to-*

...

*(d) communicate promptly to the debenture holders defaults, if any, with regard to payment of interest or redemption of debentures and action taken by the trustee therefor;”*

**Master Circulars for DTs:**

***Clause 2.2 of Chapter VIII of Master Circular for DTs:***

***“2.2.*** *Towards this, Debenture Trustees and CRAs shall share information including but not limited to, as specified in Annex-VIIIA of this Master Circular, in respect of issues/ issuers which would help them in effective discharge of their duties.”*

***Annex-VIII-A of Chapter VIII of Master Circular for DTs:***

***“Sharing of information between Debenture Trustees and Credit Rating Agencies***

***1. Information from Credit Rating Agencies to Debenture Trustees***

- a) Rating assigned/revised for debt securities along with the rationale for the same.*
- b) Press release, outstanding ratings etc. in respect of debt securities.*
- c) Non-cooperation by the issuers with respect to sharing necessary information for monitoring the credit quality of the rated instrument with Credit Rating Agencies.*
- d) Press release and separate communication to Debenture Trustee on withdrawal of rating post redemption of entire amount due towards.*

***2. Information from Debenture Trustees to Credit Rating Agencies***

- a) Whether the asset in respect of which security has been created is free from any encumbrance and adequate to ensure security cover for the debt securities or if there is any breach of the terms of creation of the security. This information shall be shared on a half yearly basis.*
- b) Funds transferred to Debenture Redemption Reserve (DRR), depletion of the DRR /invocation of guarantee which could affect the payment of debt obligations. This information shall be shared annually.*
- c) Details of redemption of the issue.*



- d) Any default committed including the default in payment of interest or redemption of debt or delay in creation of security.
- e) Any change or restructuring of the terms of the issue.
- f) Periodic reports from lead banks about the progress of the project for which funds have been raised through debentures and certificate from issuer's auditors in respect of utilization of funds.
- g) Details of grievances filed by debenture-holders and action taken to resolve them.
- h) Non-cooperation by the issuer with respect to furnishing required reports/ certificates/ information.

Information pertaining to points c to h shall be shared on receipt.”

**Clause 3.1.2 of Chapter VIII of Master Circular for DTs:**

“3.1.2. If the Issuer confirms the status of such payment/ repayment or where no information is received from the Issuer on or before the due date, the Debenture Trustee shall accordingly provide ISIN-wise information to the CRAs latest by one day after such due date which shall state the following:

- a) Information about payment made on or before the due date or;
- b) Information about delay/ default in payment or;
- c) No information forthcoming from the Issuer on the payment status.”

**Clause 3.3.1 of Chapter X of Master Circular for DTs dated July 06, 2023 and May 16, 2024:**

“3.3.1. The Debenture Trustee shall send a notice to the investors within three days of the event of default by registered post/ acknowledgement due or speed post/ acknowledgement due or courier or hand delivery with proof of delivery as also through email as a text or as an attachment to email with a notification including a read receipt, and proof of dispatch of such notice or email, shall be maintained.”

**Clause 4 of Chapter VIII of Master Circular for DTs dated May 16, 2024:**

“4. Dissemination of Information on Listed Debt Securities.

The Debenture Trustee shall disclose the information to the holders of debt securities and the general public by issuing a press release regarding default by Issuer to pay interest on listed debt securities or redemption amount, failure to create a charge on the assets and revision of rating assigned to the listed debt securities. Further, such information shall also be placed on the website of the Debenture Trustee, the issuer and the stock exchanges. It is clarified that such actions shall be taken by the Debenture Trustee promptly and in any case not later than next day of the occurrence of such events.”

**Chapter XII of Master Circular for DTs dated May 16, 2024:**

“Debenture Trustee shall access the database to verify the information regarding default history and other relevant information. In case of any discrepancy, Debenture Trustee shall notify the same to Stock Exchanges and update the correct information in the database, within the time stipulated below-

Activity Timelines Verification and updating of default history information about the instrument/ issuer, as applicable in the database: Within seven days knowledge of default.”



10. The issues raised in this matter are dealt in the following paragraphs.

**Issue I. Whether Noticee delayed in issuance of notices to the debenture holders in event of default by issuers and thereby violated regulation 15(1)(d) of DT Regulations and clause 3.3.1 of Chapter X of Master Circular for DTs dated July 06, 2023 and May 16, 2024?**

11. It was alleged in the SCN that an issuer, i.e., Srivatsa Encivil Pvt. Ltd. defaulted on payments on June 30, 2024 and two debenture holders of the same group holding ISINs, viz., INE0K8T07024 and INE0K8T07032 had informed Noticee about default by the issuer vide letters dated July 2, 2024 and advised Noticee to take the required action against the issuer as per their instructions. Accordingly, on getting specific instructions from the debenture holders, with draft of notice, the default notice was sent by the Noticee on July 12, 2024. Further, it was observed that a notice was issued to the issuer to pay the redemption amount, however, notice was not issued to the debenture holders within 3 days of event of default. Therefore, it was alleged that Noticee failed to issue a notice to debenture holders within 3 days of the event of default in the case of Srivatsa Encivil Pvt. Ltd.
12. In response to above allegations, Noticee submitted that private placement involved only two sophisticated institutional debenture holders, namely, Edelweiss India Real Estate Fund and Edelweiss Alternative Asset Advisors Limited, which were actively engaged with the issuer and were directing the Trustee on the precise manner and timing of action to be taken by the Trustee. On July 02, 2024, both debenture holders formally advised the Noticee to act strictly in accordance with the course of action discussed and instructed by them. In furtherance thereof, the draft notice proposed to be issued to the issuer was prepared and sent by the investors themselves and acting on such instructions, Catalyst issued the notice to the issuer on July 12, 2024. Noticee further submitted that the regulatory obligation under regulations and Master Circular for DTs is intended to ensure that debenture holders are promptly informed of defaults and are enabled to exercise their rights in an informed manner. In the present case, the interaction between the debenture holders and Catalyst started on the day of default itself, as reflected in their letters of July 02, 2024. Thus, there was



no information asymmetry, no lack of awareness, and no impairment of investor decision-making. Accordingly, the issuance of a formal notice to the debenture holders within three days, in the peculiar facts of this case, would have been a purely mechanical exercise, devoid of any substantive regulatory purpose.

13. In this regard, it is noted that the debenture holders in said privately placed issue were only two institutional investors, which were fully informed of the default by Srivatsa Encivil Pvt. Ltd. and they were directing the Trustee to take action as per their instructions. Further, Noticee issued the notice to the issuer on July 12, 2024 on instructions of the debenture holders. Therefore, I am inclined to accept the submissions of Noticee that the issuance of a formal notice to the debenture holders within three days would have been a mechanical and redundant exercise, devoid of substantive regulatory purpose. In this specific context, Noticee's conduct as a fiduciary conduit was aligned with the underlying regulatory objective, as there was no information asymmetry or investor prejudice.
14. In view of the above, I hold that the allegations of violation of regulation 15(1)(d) of DT Regulations and clause 3.3.1 of Chapter X of Master Circular for DTs dated July 06, 2023 and May 16, 2024 by Noticee is not established.

**Issue II. Whether Noticee shared incorrect information with the CRA regarding the payment of interest/repayment of principal and thereby violated clauses 2.2 and 3.1.2 of Chapter VIII of Master Circular for DTs dated May 16, 2024?**

15. It was alleged that on July 1, 2024, the issuer company, viz., Srivatsa Encivil Pvt. Ltd. submitted intimation to stock exchanges under regulation 57(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.r.t. NCDs having ISIN- INE0K8T07024, wherein the amount towards the part principal redeemed was mentioned as 'Rs. 25,00,00,000' and it was also mentioned that '*part premature redemption on non-convertible debentures was pending*'. However, on July 1, 2024, Noticee informed to the CRAs that issuer company had made timely payment of the due amount. Therefore, it was alleged that Noticee shared incorrect information with the concerned CRA regarding the status of payment of interest/repayment of principal in the matter of Srivatsa Encivil Pvt. Ltd. Further, despite the information



related to aforesaid default by the issuer was provided by debenture holders to the Noticee, it failed to intimate the CRA on receipt of the same.

16. With respect to above allegations, Noticee submitted that the initial intimation to the CRA was made on the basis of disclosures provided by the issuer under the LODR Regulations, which indicated delayed payment. At the relevant time, verification and confirmation were being undertaken simultaneously with the debenture holders, who were actively engaged in discussions with the issuer. Noticee further submitted the letters dated July 02, 2024 clearly establish that the debenture holders were aware of the breach and that Catalyst's actions were aligned with their confirmed understanding and instructions. There is no material on record to suggest that any adverse rating action was taken by the CRA on account of the alleged delay or that any market participant was misled.
  
17. In this regard, it is noted that on July 1, 2024, the issuer company, viz., Srivatsa Encivil Pvt. Ltd. submitted intimation to stock exchanges that the payment of part premature redemption of NCD was pending and on same day, however, Noticee informed to the CRA on July 1, 2024 that the payment was made on due date. Therefore, it is observed that Noticee shared incorrect information with the concerned CRA regarding the status of payment of interest/repayment of principal in respect of NCDs having ISIN- INE0K8T07024 issued by Srivatsa Encivil Pvt. Ltd. Subsequently, on July 12, 2024, a press release was issued by the Noticee regrading non-payment of part principal and on same day, the CRA was intimated regrading default in payment of principal amount by the issuer. It is noted that the clause 3.1.2 of Chapter VIII of the Master Circular for DTs dated May 16, 2024 mandates that DTs shall provide ISIN-wise information regarding the payment of interest/redemption to the CRAs, with such intimation being made not later than one day after the due date. However, the said revised intimation was made with a delay of 11 days and it was made only on the day of press release issued by the Noticee. Hence, Noticee's submission that the initial intimation was made to the CRA on the basis of disclosures provided by the issuer indicating default in payment is incorrect and misplaced.



18. Further, Noticee contended that there was no material on record to suggest that any adverse rating action was taken by the CRA on account of the alleged delay or that any market participant was misled. In this regard, it is noted that whether an adverse rating action was taken by the CRA or not is immaterial to the underlying violation as the regulatory mandate requires Debenture Trustees to provide accurate and timely information to CRAs regarding interest and redemption payments regardless of the subsequent rating outcome. However, it is further noted that the CRA, viz., Infomerics Valuation and Rating Private Ltd. vide press release dated July 16, 2024, downgraded the rating of issuer to “IVR D” in the instant case after receipt of information from the Noticee, though the said default occurred on June 30, 2024. Therefore, above submission of Noticee is flawed and misplaced.
19. In view of the above, I hold that Noticee shared incorrect information with the CRA regarding the status of payment of interest/repayment of principal in the matter of Srivatsa Encivil Pvt. Ltd., therefore, Noticee violated the provisions of clause 2.2 and 3.1.2 of Chapter VIII of Master Circular for DTs dated May 16, 2024.

**Issue III. Whether Noticee issued press release w.r.t. event of default with delay and thereby violated clause 4 of Chapter VIII of Master Circular for DTs dated May 16, 2024?**

20. It was alleged that the aforesaid event of default on payments of principal of NCDs (ISIN- INE0K8T07024) issued by Srivatsa Encivil Pvt. Ltd. occurred on June 30, 2024, however, Noticee failed to issue a press release within the prescribed timelines, i.e., within one day from occurrence of such events. The issuer defaulted on payments on June 30, 2024, however, the press release was issued by the Noticee on July 12, 2024.
21. In response to above allegations, Noticee submitted that the issuer had already made the requisite disclosure to the stock exchanges. There was no suppression of information from the market nor did Catalyst’s press release introduce any new or undisclosed price-sensitive information. Noticee further submitted that in context of a privately placed issuance with two institutional debenture holders and where dissemination to the market had already occurred through issuer’s disclosure, the



objective of clause 4 of Chapter VIII of the Master Circular stood fully satisfied and no investor prejudice or informational asymmetry was alleged or established.

22. In this regard, the Noticee's contention that the issuer's disclosure satisfied the regulatory objective is untenable as the mandate under SEBI Master Circular for Debenture Trustees to issue a press release within one day from occurrence of the default is a mandatory and independent obligation. This requirement is intended to provide a verified and credible information of the default to the market participants to ensure transparency, acting as a check against any potential misinformation or suppression by the issuer. The obligation of the Noticee to issue a press release within the prescribed timelines is neither contingent upon nor substituted by the issuer's own disclosures. The issuer had defaulted on payments on June 30, 2024, however, the press release was issued by the Noticee on July 12, 2024, with a delay of 11 days. Therefore, by failing to act for 12 days, Noticee failed in its fiduciary duty as a Debenture Trustee, regardless of the investors profile or the private nature of the placement. The delay in issuance of mandated press release constitutes a violation of the provisions of Master Circular for DTs dated May 16, 2024, as the requirement for prompt disclosure is absolute and not subject to the Noticee's subjective assessment of market impact. Therefore, the contentions of the Noticee are untenable.
23. In view of the above, I hold that Noticee violated the provisions of clause 4 of Chapter VIII of Master Circular for DTs dated May 16, 2024.

**Issue IV. Whether Noticee delayed in verifying and updating default history on India BondInfo database and thereby violated Chapter XII of Master Circular for DTs dated May 16, 2024?**

24. It was alleged that the aforesaid event of default on payments of principal of NCDs (ISIN- INE0K8T07024) issued by Srivatsa Encivil Pvt. Ltd. occurred on June 30, 2024, however, Noticee failed to verify and update the default history information for issuer in the corporate bond database within seven days of the knowledge of default. The issuer defaulted on payments on June 30, 2024, however, the default history on Centralised Database was updated by the Noticee on July 12, 2024.



25. In response to above allegations, Noticee submitted that the update was undertaken after verification and confirmation of the default status, consistent with the regulatory expectation that information uploaded to centralised databases be accurate and reliable. The database ultimately reflected complete and correct information and no regulatory or stakeholder reliance was adversely impacted. Noticee further submitted that the Chapter XII of the Master Circular contemplates verification-based updating, and Catalyst's actions were aligned with both the letter and the spirit of the regulatory framework.
  
26. In this regard, it is noted that the Chapter XII of Master Circular for DTs dated May 16, 2024 stipulates that DTs shall verify and update the default history information about the instrument/ issuer, in the Centralised Database within seven days of obtaining knowledge of default. This seven-day window is a fixed regulatory deadline that expressly accounts for the time required to verify and update default history in India BondInfo database, it is not a discretionary period that can be extended at the Noticee's convenience. In the present case, Noticee had knowledge of the default as early as July 1, 2024, following the issuer's own disclosure to the stock exchanges. Despite this, Noticee failed to update the India BondInfo database until July 12, 2024, a delay that clearly demonstrates a lack of due diligence.
  
27. Further, Noticee's argument that database ultimately reflected complete and correct information and no stakeholders were adversely impacted is irrelevant, as the duty to maintain the integrity and timeliness of the Centralised Database is an unconditional regulatory requirement. Therefore, the contentions of the Noticee are untenable. Furthermore, Noticee's submission that its actions were aligned with the 'letter and spirit' of the regulatory framework is fundamentally flawed, as the 'letter' of Chapter XII of the Master Circular explicitly prescribes a seven-day limit for verifying and updating default history, a deadline Noticee undeniably breached by four days. Furthermore, the 'spirit' of this regulation is to ensure the prompt dissemination of critical default information to the market participants to prevent informational asymmetry, which Noticee failed to do.



28. In view of the above, I hold that Noticee violated the provisions of Chapter XII of Master Circular for DTs dated May 16, 2024.

**Issue V. Does the violation, if any, attract monetary penalty under section 15HB of the SEBI Act?**

29. In the light of findings and observations made against the Noticee in the foregoing paragraphs, it is established that the Noticee violated the following provisions:

- (a) Clause 2.2 and 3.1.2 of Chapter VIII of Master Circular for DTs dated May 16, 2024;
- (b) Clause 4 of Chapter VIII of Master Circular for DTs dated May 16, 2024; and
- (c) Chapter XII of Master Circular for DTs dated May 16, 2024.

The said violations by the Noticee attracts monetary penalty under the provisions of the section 15HB of the SEBI Act.

30. In this regard, reliance is placed on the judgment of Hon'ble Supreme Court in the matter of *SEBI v. Shriram Mutual Fund*, [2006] 68SC 216(SC), wherein it was, *inter-alia*, observed that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not."*

31. The aforesaid violations make the Noticee liable for penalty under section 15HB of the SEBI Act, which reads as follows:

***"Penalty for contravention where no separate penalty has been provided.***  
**15HB.** *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees."*



**Issue VI. If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15-J of the SEBI Act read with rule 5(2) of the Rules?**

32. While determining the quantum of penalty, the following factors stipulated in section 15-J of the SEBI Act are taken into account:

***“Factors to be taken into account while adjudging quantum of penalty***

***15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely :—***

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

33. In this connection, any quantifiable gain or unfair advantage accrued to the Noticee or the extent of loss suffered by the investors as a result of non-compliance to the provisions of Master Circular for DTs dated May 16, 2024 is not available from the material available on record. With respect to the repetitive nature of the default, it is noted that vide Adjudication Order in the matter of breach of covenants by Spandana Sphoorty Financial Limited dated August 26, 2024, a penalty of Rs. 1,00,000/- was imposed on the Noticee for violation of the provisions of DT Regulations and SEBI Circulars. Further, in the present matter, based on the foregoing findings, it is established that the Noticee failed to comply with the mandatory requirements of the SEBI Master Circular for DTs dated May 16, 2024. As a SEBI registered intermediary, Noticee operates in a fiduciary capacity and is under a statutory obligation to abide by the regulatory framework designed to protect investor interests. However, Noticee’s failure to comply with the aforesaid provisions render it liable for a monetary penalty.

## **ORDER**

34. Taking into account the facts and circumstances of the case, material available on record, submissions of the Noticee, findings hereinabove and factors mentioned in section 15J of the SEBI Act, in exercise of the powers conferred upon me under



section 15-I of the SEBI Act read with rule 5 of the Rules, I hereby impose a monetary penalty of ₹2,00,000/- (Rupees Two Lakh only), under section 15HB of the SEBI Act, on the Noticee. In my view, the said penalty is commensurate with the violations committed by the Noticee in this case.

35. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e., [www.sebi.gov.in](http://www.sebi.gov.in) on the following path, by clicking on the payment link:

**ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW**

36. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.
37. In terms of rule 6 of the Rules, copy of this order is sent to the Noticee and also to SEBI.

**Place: Mumbai**  
**Date: May 25, 2026**

**JAI SEBASTIAN**  
**ADJUDICATING OFFICER**