



**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
[ADJUDICATION ORDER NO. Order/JS/DP/2026-27/32396]**

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

**In respect of:**

**Axis Trustee Services Ltd.  
(PAN: AAHCA3172B)**

**In the matter of Role of Axis Trustee and Embassy Office Parks in the matter of  
Fit and Proper Criteria for Aravind Maiya pursuant to NFRA Order dated August  
19, 2024**

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**BACKGROUND OF THE CASE**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), carried out an examination to ascertain whether, pursuant to the National Financial Reporting Authority (hereinafter referred as '**NFRA**') order, Embassy Office Parks Management Services Private Limited, Manager to Embassy Office Parks REIT (hereinafter referred to as '**manager**'/ '**EOPMSPL**') made adequate disclosures to the unitholders, in accordance with SEBI (Real Estate Investment Trusts) Regulation, 2014 (hereinafter referred to as '**REIT Regulations**') and whether Axis Trustee Services Ltd. (hereinafter referred to as '**Noticee**'), as a trustee to Embassy Office Parks REIT (hereinafter referred to as '**Embassy REIT**'), has overseen the activities of Embassy REIT and taken adequate steps with regard to the eligibility of Mr. Aravind Maiya, then Chief Executive Officer (hereinafter referred as '**CEO**') of manager in terms of Schedule II of Intermediaries Regulations, to act as a CEO of EOPMSPL.
2. Based on the findings of examination, SEBI initiated adjudication proceedings against the Noticee for the alleged violation of regulations 9(3), 9(4) and 9(16) of SEBI (Real Estate Investment Trusts) Regulations, 2014 (hereinafter referred as '**REIT**

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*Adjudication Order in the matter of Role of Axis Trustee and Embassy Office Parks in the matter of Fit and Proper Criteria for Aravind Maiya pursuant to NFRA Order dated August 19, 2024*



**Regulations'**), regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations.

### **APPOINTMENT OF ADJUDICATING OFFICER**

3. SEBI appointed the undersigned as the Adjudicating Officer vide communique dated April 02, 2025 under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**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 aforesaid violations under section 15HB of SEBI Act.

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

4. A Show Cause Notice no. SEBI/EAD/EAD-8/JS/DP/0014415/1/2025 dated May 30, 2025 (hereinafter referred to as '**SCN**') was issued to the Noticee to show cause as to why an inquiry should not be initiated against it and penalty, if any, should not be imposed upon it under the provisions of section 15HB of SEBI Act, for violation of regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations, alleged to have been committed by the Noticee.
5. The SCN, *inter alia*, alleged the following:

5.1. *NFRA vide order no. 020/2024 dated August 19, 2024 (herein after referred as 'Order') in the matter of M/s BSR & Associates LLP, CA Aravind Maiya and CA Amit Somani, under section 132 (4)(c) of the Companies Act, 2013 passed the following directions:*

*"Based on the proceedings under section 132 (4) of the Companies Act 2013 and after giving the Auditors an opportunity to present their case in person, Noticee Noticee found the Audit Firm and its partners, who performed the audit as EP and EQCR, guilty of professional misconduct. Thus, this Order imposes a monetary penalty of Rs ten crores upon M/s BSR & Associates LLP; Rs fifty lakh upon CA Aravind Maiya; and Rs twenty-five lakhs upon CA Amit Somani. In addition, CA Aravind Maiya is debarred for a period of ten years and CA Amit Somani is debarred for a period of five years, from being appointed as an auditor or internal auditor or from undertaking any audit in respect of financial statements or internal audit of the functions and activities of any company or body corporate. This Order will be effective after 30 days from its issuance."*



- 5.2. At the time of NFRA order, Mr. Aravind Maiya was the Chief Executive Officer (hereinafter referred as '**CEO**') of EOPMSPL, Manager of Embassy REIT.
- 5.3. In view of the above NFRA Order, SEBI carried out an examination to check the compliance status of Embassy REIT with "fit and proper person" criteria under Schedule II of the SEBI (Intermediaries) Regulations, 2008 (hereinafter referred as '**Intermediaries Regulations**'). SEBI had passed an Interim Order cum Show Cause Notice dated November 04, 2024 to EOPMSPL, inter alia, issuing the following directions:
- (a) EOPMSPL is directed to suspend Mr. Aravind Maiya from acting as its CEO and appoint an interim CEO with the immediate effect, in compliance with applicable laws including 'fit and proper person' criteria, till further directions, or till the NFRA Order dated August 19, 2024 is stayed/set aside, whichever is earlier;
- (b) EOPMSPL is directed to ensure compliance with 'fit and proper person' criteria.
- 5.4. During the course of examination, it was observed that Noticee, a SEBI registered debenture trustee, was the trustee of Embassy REIT. As a Trustee to Embassy REIT, Noticee was in charge of overseeing the activities of the manager in the interest of unitholders.
- 5.5. Noticee being the Trustee of the Embassy REIT was under the mandate to oversee the activities of EOPMSPL in the interest of unitholders and ensure that the activity of the REIT is being operated in accordance with the provisions of the trust deed, REIT Regulations and if any discrepancy is noticed, shall inform the same to SEBI immediately in writing.
- 5.6. SEBI vide email dated August 20, 2024, had directed both EOPMSPL and Noticee to assess the eligibility of Mr. Aravind Maiya, CEO of EOPMSPL at the relevant time pursuant to NFRA order dated August 19, 2024, in terms of Intermediaries Regulations. As submitted by EOPMSPL, the NFRA order was not disclosed to unitholders as EOPMSPL was in view that the fit and proper person criteria would not be triggered in respect of the CEO of the Manager of REIT, Mr. Aravind Maiya. It may be noted that in case the investment manager of a REIT fails to comply with REIT Regulations, it is the responsibility of the trustee of the REIT to rectify such non-compliance on an urgent basis. It was alleged that Noticee failed to ensure timely disclosure of NFRA order against the CEO of Investment Manager, EOPMSPL and did not take any corrective actions till intervention of SEBI.
- 5.7. Pursuant to direction issued by SEBI to assess eligibility of Mr. Aravind Maiya, EOPMSPL obtained legal opinions from its legal counsel and retd. Supreme Court Justice supporting its own submission of non-applicability of 'fit and proper person' criteria specified in the Intermediaries Regulations to Mr. Aravind Maiya, key management personnel (KMP) of Investment Manager, EOPMSPL. The opinion of EOPMSPL that Mr. Aravind Maiya is 'fit and proper' to act as a CEO of EOPMSPL is a material development in the context of NFRA order and had to be disclosed to the unitholders. However, the same was not disclosed to unitholders and stock exchanges until October 19, 2024. It was alleged that Noticee failed to ensure timely disclosure of material development pursuant to NFRA order against the CEO of EOPMSPL and did not take any corrective actions till intervention of SEBI.



- 5.8. Accordingly, Noticee conducted meetings with independent directors and unitholders' nominee director on October 15, 2024 and October 16, 2024. It is noted here that the meeting with the independent directors and unitholders' nominee director were conducted almost 2 months after the NFRA order. From the recordings of the meetings, it is observed that the said meetings discussed the legal opinions obtained by EOPMSPL. It is alleged that, Noticee failed to independently assess whether Mr. Aravind Maiya was 'fit and proper' to act as a CEO of the manager pursuant to NFRA order.
- 5.9. On the basis of the aforesaid, it was alleged that Noticee failed to oversee the manager of Embassy REIT with respect to the compliance. It is further alleged that Noticee failed to ensure that EOPMSPL complied with the reporting and disclosure requirements and failed to rectify the same promptly and therefore, it was alleged that Noticee violated regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations.
6. Vide email dated June 05, 2025, Noticee acknowledged the receipt of the SCN. Subsequently, vide email dated June 16, 2025, Noticee sought fifteen days' time to file reply to the SCN which was granted.
7. Noticee filed its reply to the SCN vide email dated July 01, 2025 and, *inter alia*, submitted the following:
- 7.1. *In its role as a trustee to Embassy REIT, Noticee was guided by the REIT Regulations and the trust documents. Its primary focus is ensuring compliance with the REIT Regulations and protecting investor interests. As such, it was fully aligned in intent and objectives with the Regulator.*
- 7.2. *The NFRA order dated August 19, 2024 posed a complex situation for the trustee, especially since EOPMSPL had furnished the legal opinion in the matter, and also since, the manager was also separately directly engaged with the SEBI on this matter. The SEBI had required the Noticee to 'assess' the 'fit and proper' status, and the Noticee took steps towards such assessment. It was incumbent upon the Noticee to deal with the submissions made by the manager in the matter. Since it was informed to the Noticee that the manager has made its submissions to SEBI and furnished the legal opinion to SEBI directly, it was also incumbent upon the Noticee to seek SEBI's guidance on the position and the matter, particularly in light of the fact that, as per publicly available SEBI orders, there were no precedents in relation to the NFRA order, the fit and proper assessment by a Noticee (or intermediary), especially in the context of a REIT, and also especially since the manager raised significant issues with SEBI directly pertaining to the applicability of the REIT Regulations in the matter. It may be noted that given the complexities involved, the Board of Noticee apprised itself of the situation on a regular basis.*
- 7.3. *Noticee submitted that it was not a party to the proceedings before the NFRA, and as such, it was not aware of the NFRA Order before SEBI wrote an email dated August 20, 2024, to it.*



- 7.4. SEBI had also initiated the direct engagement with the manager, where the Noticee was not marked on the said communications.
- 7.5. The REIT Regulations require the trustee to ensure that the activity of a real estate investment trust (hereinafter referred as '**REIT**') is operated in accordance with the REIT Regulations, and to inform the SEBI if any discrepancy is noticed. Thus, it is inferred from the REIT Regulations that the trustee can call upon the manager to comply with the REIT Regulations; however, the express provisions of the REIT Regulations do not give the trustee any substantive enforcement powers beyond informing the SEBI about the discrepancies. Schedule II of the Intermediaries Regulations at paragraph 3 makes reference to the Board, i.e., SEBI, to determine whether a person is 'fit and proper' or not. Even as regards disclosures, REIT Regulations provide for the manager to make the disclosures. There is no provision in the said Regulations for the trustee to make the disclosures should the manager fail to do so. REIT Regulations expressly state that in case the manager fails to make the disclosures as required by the trustee, the trustee can ask the manager to rectify. There is no further power with the trustee to make the disclosure if the manager still does not disclose. The trustee can only intimate the SEBI about it, which means that SEBI will take further decisions. Even for removal of the manager, the trustee cannot take any decisions unless the same is approved by SEBI and the unitholders. Moreover, any decision pertaining to the removal of a key managerial personnel ((hereinafter referred as '**KMP**') falls within the ambit of the board of directors of the manager and is not within the trustee's authority under the REIT Regulations or the trust documents. Thus, the scheme of the REIT Regulations is significantly different than the other regulations, like the mutual fund regulations, where the trustee has the power to remove the asset management company. In terms of enforcement or violations, the overall scheme of the REIT Regulations bestows directly upon the regulator, i.e., SEBI, with most of the powers, and the trustee's role is mostly in terms of reporting violations, if any, to SEBI. In its continued endeavour to strengthen the regulatory framework and enhance the effectiveness of the fiduciary role of trustee, SEBI's recent Board Meeting dated June 18, 2025 includes approval to insert specific provisions in the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 which marks a significant step forward. By formally recognizing the rights of debenture trustees ("DT") and placing corresponding obligations on issuers under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI has addressed a long-standing gap that hindered trustees from fully executing their responsibilities.
- 7.6. As mentioned earlier, the trustee could not have disregarded the legal opinions obtained by the manager. There were critical issues raised by the manager on the applicability itself. As mentioned earlier, it was expressly informed to the trustee that the manager has raised the issues directly with SEBI as well. This would have involved determination of significant issues, e.g., whether the 'fit and proper' status applies only to the intermediary or even to the KMP of the intermediary, especially since the REIT Regulations make reference of application of only the 'criteria' under the Intermediaries Regulations, and that too only to the parties to the REIT. Applicability to KMP is covered under paragraph 2 of Schedule II to the Intermediaries Regulations, whereas the 'criteria' is covered under paragraph 3 thereof, and the Intermediaries Regulations are not otherwise in force. Whether the order in question itself was concerning securities laws, as a violation of



securities law was not expressly dealt with in the order. Whether only the 'criteria' under the Intermediaries Regulations applied or even paragraph 6, which spoke of replacement of the KMP, also applied, especially since the principal regulations being REIT Regulations do not state the same. Such critical issues in relation to the absence of clarity in the REIT Regulations required regulatory determination and regulatory guidance. In view of this, Noticee also had meetings with SEBI on September 09, 2024 and October 09, 2024.

- 7.7. Since the manager had given the trustee a legal opinion, it was important for the Noticee to examine the same, so the Noticee had to engage with the manager and give the manager an opportunity of being heard. The Noticee cannot be expected to act in haste without due examination of the situation, as any hasty/premature action could also lead to loss of investor confidence and loss of value to investors. In parallel and as an exercise of its independent judgment, the Noticee also engaged Wadia Ghandy & Co. as its legal advisor to assist in giving legal advice. The Noticee, in consultation with Wadia Ghandy & Co., raised additional points which it felt were not addressed in the legal opinion and remained to be addressed. The Noticee enquired about these additional points with the manager, to which the manager obtained a supplementary legal opinion. Further, the Noticee conducted meetings from time to time with other advisors in the concerned matter, for an independent assessment of the matter as well as to ensure the Noticee's complete compliance with the REIT Regulations. In furtherance of its assessment, Noticee also kept SEBI updated in a timely manner vide our emails dated September 02, September 11, September 18, October 01, October 09, October 14, October 15, October 16, October 19, October 20 and November 13, 2024, and sought regulatory guidance through its emails and meetings with SEBI.
- 7.8. The Securities Appellate Tribunal in the matter of Almondz Global Securities Limited v. SEBI, stressed the importance of applying the 'principle of proportionality' when imposing adverse findings and punishments by SEBI, particularly in the context of determining 'fit and proper' criteria, so the Noticee had to be very careful in examining the matter. In the meanwhile, the Noticee did prevail upon the manager on at least two occasions, vide emails dated August 28, 2024, and September 03, 2024, to make necessary disclosures on the exchanges and to the unitholders, which the Trustee felt were important to protect the investor/beneficiary interest. As the most prudent measure and in the most appropriate manner, the Noticee parallelly kept the matter of 'fit and proper' assessment progressing in a logical sequence. The Noticee also met with the independent directors of the manager and discussed the matter in detail. The Noticee was in the process of analysing the supplementary legal opinion obtained by the manager and further representations made by the manager.
- 7.9. In the meanwhile, the Noticee learnt from the manager that SEBI had directly written to the manager making a determination on 'fit and proper' status. Before the manager informed the Noticee about the same, the Noticee was not aware of it, as the SEBI's letter making such a determination on 'fit and proper' status was not marked to the Noticee.
- 7.10. It must be noted that throughout this matter, the SEBI was also directly engaged on this 'fit and proper' issue with the manager, vide various communications and meetings. Further, the SEBI in its meeting with the Noticee on September 09, 2024, also mentioned



*that the matter is being looked into by its legal department, which shows that the regulator itself was assessing the legal interpretations in the concerned matter. Paragraph 22.4 of the examination report shared with the Noticee by the SEBI ("Examination Report") states that in the meeting conducted between the manager and SEBI on October 07, 2024, it was communicated to the manager that pursuant to the NFRA Order, Mr. Maiya does not meet the 'fit and proper' criteria which shows that the regulator was also investigating the matter parallelly. The relevant part of the Examination Report is reproduced hereunder for ready reference:*

*"A meeting was held with the Mr. Aravind Maiya, CEO of EOPMSPL, Mr. Donnie Dominic George, General Counsel of EOPMSPL and Ms. Vinitha Menon, Compliance Officer of EOPMSPL with ED (Mr. Pramod Rao) and GM (Ms. Deena Venu Sarangadharan) on October 07, 2024 wherein it was communicated that pursuant to NFRA order dated August 19, 2024, Mr. Aravind Maiya does not meet the 'fit and proper person' criteria for acting as a CEO of EOPMSPL and appropriate action to be taken by EOPMSPL."*

*7.11. In any case, as mentioned above, the Intermediaries Regulations make reference to the SEBI to make a determination of 'fit and proper'. Paragraph 21.5 of the Examination Report states that SEBI vide letter dated October 08, 2024, stated that Mr. Maiya does not meet the 'fit and proper' criteria, which highlights that SEBI holds the ultimate power to give binding directions in the concerned matter. Paragraph 21.5 of the Examination Report is reproduced hereunder for ready reference:*

*"Vide letter dated October 08, 2024, EOPMSPL was informed that Mr. Aravind Maiya does not meet 'fit and proper person' criteria to act as CEO of EOPMSPL and directed to take appropriate action and inform the same."*

*7.12. Without prejudice to the position that it is SEBI which is required to make 'fit and proper' determination under the Intermediaries Regulations, it is submitted that the Trustee, however, did everything within its control to ensure compliance with the REIT Regulations and compliance with SEBI's directive to assess the status of Mr. Maiya. As such, the determination having been done by the Regulator itself, it became infructuous for the Noticee to make such a determination. The determination was made by SEBI itself in terms of the REIT Regulations. Subsequently, SEBI also issued a reasoned interim order on this.*

*7.13. The Noticee's primary responsibility has always been to act in the best interest of the unitholders, ensuring the compliance by the manager with all relevant regulations and safeguarding unitholder value. This objective was pursued against the backdrop of the need for regulatory clarity.*

*7.14. At all stages, the Noticee was aware of the potential market impact and the need to protect unitholders' interests. As such, Noticee diligently sought to proceed in the matter with the utmost sensitivity, ensuring to mitigate any negative consequences for the REIT's investors while keeping the regulator informed.*

*7.15. With the aforesaid background, Noticee provided the chronological sequence of events, as under:*



- a) After SEBI wrote to the Noticee on August 20, 2024, requiring us to assess the eligibility of Mr. Maiya in terms of Schedule II of the Intermediaries Regulations, it took the following steps till date:
- (i) The Noticee had, without any delay, written to the manager on August 20, 2024, seeking confirmation regarding Mr. Maiya's compliance with the 'fit and proper' criteria;
  - (ii) The manager vide its letter dated August 21, 2024, responded stating that the 'fit and proper' criteria does not apply to Mr. Maiya as a KMP of the manager and hence is not violated. Further, the manager, in the said letter, emphasised that such confirmations for the KMP of the manager are also not required to be provided as part of the registration process for a REIT;
  - (iii) Noticee discussed the matter with its board of directors who advised that, based on prima facie assessment, purely from a prudence perspective, it does not appear proper for the manager to continue with Mr. Maiya's appointment, however 'fit and proper' criteria would need to be assessed in terms of regulatory provisions under clauses 3(a) and 3(b)(iii) of Schedule II to the Intermediaries Regulations, after considering the submissions from the manager. In the light of this and following a thorough review of the response given by the manager, Noticee, vide its email dated August 23, 2024, directed the manager to check the criteria mentioned in clauses 3(a) and 3(b)(iii) of Schedule II to the Intermediaries Regulations and provide an explanation on how Mr. Maiya continues to be a 'fit and proper' person under the said Intermediaries Regulations.
  - (iv) The manager vide its letter dated August 26, 2024, provided additional submissions in relation to previous letter dated August 21, 2024, inter alia stating that a REIT and the parties to the REIT (and not their respective key managerial personnel) are required to comply only with the conditions prescribed under clause 3 of Schedule II of the Intermediaries Regulations.
  - (v) Noticee, vide its email dated August 28, 2024, sought confirmation from the manager on the following points:
    - Whether the Board of Directors of the manager is in concurrence with the response provided to the Noticee vide letter dated August 21 and 26, 2024?
    - Whether necessary intimation has been given to the unitholders along with a stock exchange disclosure?
  - (vi) The manager, vide its email dated August 29, 2024, provided the following response to the points mentioned in (v) above:
    - The responses provided to SEBI vide their letter dated August 21 and 25, 2024, were forwarded to the board of directors of the manager;
    - No intimation to unitholders or disclosure to the stock exchanges was required under the relevant regulations, so no such intimation/disclosure was made.



- (vii) Noticee, vide its email dated August 29, 2024, sought the following details from the manager:
- Response submitted by the manager to SEBI.
  - Keep the Noticee informed about view of board of directors of the manager.
- (viii) The manager vide its email dated September 02, 2024, provided us with the response submitted by them to SEBI.
- (ix) We, vide our email dated September 03, 2024, wrote to the manager on the following points:
- Sought view of the board of directors of the manager on the matter;
  - Advised to intimate about the NFRA Order to the unitholders along with a stock exchange disclosure.
- (x) The manager, vide its email dated September 09, 2024, provided its response to the points mentioned in (ix) above, inter alia, stating that several board members have indicated their approval to the response submitted to SEBI. Further, regarding the disclosure, they stated that the authorized persons of the manager (the Chief Financial Officer and Compliance Officer) have determined that the NFRA Order was not otherwise material for disclosure. They believed that it would be neither reasonable nor proportionate to regard the NFRA Order as a material or price sensitive event for purposes of disclosure to the unitholders, since the NFRA Order pertains to Mr. Maiya's prior professional engagement and does not relate to his current role as the CEO of the manager or to the affairs of the Embassy REIT, and further, Mr. Maiya was in the process of filing an appeal against the said NFRA Order before the Hon'ble NCLAT. The aforesaid facts became important and could not have been disregarded by the Noticee. Any decision in the matter was required to be taken by the Noticee after due consideration of the foregoing circumstances. At this stage, we, as the Noticee, examined the matter in light of the relevant regulations and facts. The way applicable regulations are worded, the responsibility for making disclosures lies with the manager. If the manager fails to fulfil this obligation, the trustee's role is limited to intimating the matter to SEBI, as the trustee does not have the authority to enforce or mandate such disclosures beyond this. Therefore, while Noticee duly advised the manager to disclose the NFRA Order to the unitholders in accordance with the relevant regulations, Noticee recognized that if the manager fails to make the required disclosure, Noticee did not possess the power to mandate or enforce such disclosures. The Noticee only has to inform the SEBI, which it did on multiple occasions vide emails as well as personal meetings with SEBI including September 09, 2024, and October 09, 2024;
- (xi) The manager vide its email dated September 12, 2024, furnished a legal opinion from retd. Supreme Court Justice and Memorandum from a law firm, inter alia, stating that the 'fit and proper' criteria was not applicable to Mr. Maiya as a KMP of the manager. Further, only the REIT and the parties to the REIT (as defined in the REIT Regulations) are required to comply with the conditions prescribed in paragraph 3 of Schedule II to the Intermediaries Regulations.



- (xii) Subsequently, Noticee held meetings with the independent directors of the manager and also the unitholder nominee director ("Manager's Independent Directors") on October 15 and October 16, 2024, and sought their views on the matter. The meeting with the independent directors on October 15-16, 2024, was in continuation of its number of communications with the manager and meeting of our Chief Compliance Officer with their officials in Bengaluru. Earlier, Noticee had sought confirmation from them whether their board members had endorsed the view that Mr. Maiya was a fit and proper person. The meetings had to be organised over two separate days as it was difficult to find the availability of all the directors in a single time slot. The manager's independent directors were, inter alia, of the view that they were guided by the legal opinions in place and hence, were of the opinion that the 'fit and proper' criteria were not applicable to Mr. Maiya and that the NFRA Order was not pertaining to his role as the CEO of the manager. They also mentioned that Mr. Maiya had added enormous value to the REIT, and if he stepped down from his position, it could have an adverse effect on the price of units and adversely affect unitholders' interests. Considering the sensitivity of the issue and the interests of unitholders, Noticee also sought views of the unitholder nominee director, who was representative of unitholders interest, was of the opinion that Mr. Maiya qualified as a 'fit and proper person' under the Intermediaries Regulations. With respect to the disclosure of the NFRA Order, the unitholder nominee director was of the view that, since the order was already in the public domain, separate disclosure was not required. In light of the foregoing, it became imperative for the Noticee to engage with SEBI to seek regulatory guidance, given the absence of precedents and the legal, interpretational complexities involved in the matter and the opinions of independent directors including unitholder nominee director, any decision taken without due consideration of these aspects could have resulted in major legal ramifications, and significant consequential loss of value to unitholders which would not have been in the best interests of the unitholders.
- (xiii) On October 16, 2024, for the first time, Noticee learnt from the mail that was forwarded to Noticee by the manager, that SEBI vide its letter dated October 08, 2024, had communicated to the manager that Mr. Maiya did not meet the 'fit and proper' criteria for acting as CEO of the manager and had directed the manager to take appropriate action and inform SEBI about the same ("SEBI Letter").
- (xiv) Immediately, on the same day, i.e., October 16, 2024, Noticee wrote to the manager directing them to make the disclosure of the SEBI letter to the unitholders and the stock exchanges, maintaining that the same was a material issue, under regulation 23(5)(i) of the REIT Regulations, and warranted disclosure to the unit holders. In accordance with compliance of its duties as Noticee under the REIT Regulations, Noticee also sought an update on the actions taken consequent to SEBI's directions to the manager in the aforesaid SEBI Letter.
- (xv) The manager responded to Noticee on October 17, 2024, stating that the disclosure would be pre-mature at this stage without any clarity in relation to the regulatory provisions under which the SEBI Letter has been issued and an



*outstanding appeal before the NCLAT challenging the NFRA Order. They also stated that they had sent a response to the SEBI Letter, urging SEBI to reconsider the findings and the directives therein, as also seeking certain clarifications from SEBI vide their email dated October 16, 2024, which was shared with Noticee on October 18, 2024.*

- (xvi) In its reply to the manager on October 18, 2024, Noticee maintained that Noticee did not agree with the submissions made by the manager regarding the disclosure being pre-mature and directed the manager to make the required disclosure in terms of regulation 9(4) of the REIT Regulations, to the stock exchanges immediately. Noticee also requested the manager to update Noticee on the action proposed to be taken by them as per SEBI directives.*
- (xvii) The manager, vide its email dated October 19, 2024, informed Noticee that the SEBI Letter had been disclosed to the stock exchanges on October 19, 2024.*
- (xviii) Noticee, vide its email dated October 23, 2024, requested the manager to update it on the action taken by them as directed in the SEBI Letter.*
- (xix) Noticee, vide its email dated November 06, 2024, requested the manager to provide the following information and keep it informed about the progress relating to appointment of interim CEO:*
  - Composition of Management Committee consequent to Mr. Aravind Maiya stepping down as CEO, in case the committee had been reconstituted;*
  - Whether Mr. Aravind Maiya, Head of Strategy had been designated as a Key Managerial Personnel by the Board of Directors;*
  - Brief role of Mr. Aravind Maiya as Head of Strategy and whether his appointment in the new role would be in compliance with SEBI's Interim Order cum Show Cause Notice dated November 04, 2024.*
- (xx) The manager responded to Noticee on November 08, 2024, in which they mentioned that Mr. Maiya had stepped down as CEO and the Board of Directors had since appointed Mr. Ritwik Bhattacharjee as interim CEO. They also stated that Mr. Maiya would not be involved in the business, operations or management of the manager/Embassy REIT in any capacity pending appropriate developments in the legal proceedings relating to the NFRA Order / other connected proceedings.*
- (xxi) Noticee kept informed SEBI about the aforesaid developments in a timely manner vide our emails dated September 02, September 11, September 18, October 01, October 09, October 14, October 15, October 16, October 19, October 20 and November 13, 2024 and personal meetings with SEBI held on September 09, 2024 and October 09, 2024.*

*7.16. In light of the above submissions, it was submitted that the Noticee had diligently discharged all its responsibilities in accordance with the REIT Regulations. Accordingly, the allegations contained in paragraph 11 of the SCN are not tenable and merit reconsideration. Noticee, therefore, requested the SEBI to kindly take this response on*



*record and confirm that the Noticee has not acted in violation of any applicable regulatory provisions.*

8. Vide Notice of hearing dated November 18, 2025, Noticee was granted opportunity of hearing on December 01, 2025. The Authorised Representatives of the Noticee, viz., Mr. Sameer Pandit, Advocate, M/s Wadia Ghandy & Co. and Ms. Shloka Sah, Associate M/s. Wadia Ghandy & Co. appeared for the hearing and reiterated the submissions made in its reply. The Authorised Representatives also submitted the chronology of events and chain of communication with the manager of the REIT. The Authorised Representatives of the Noticee further sought ten days time to file additional submissions which was granted.

9. Vide email dated December 11, 2025, Noticee filed additional submissions to the SCN and *inter alia*, submitted the following:

9.1. *It is necessary to first understand the role and responsibilities of the trustee and manager under the REIT Regulations. The REIT Regulations prescribe distinct and separate rights and responsibilities for both the trustee and the manager. Under regulation 2(zv) read with Regulation 9(1), the primary responsibility of the trustee is to hold assets of the REIT in trust for the benefit of the unit holders. On the other hand, under regulation 2(w) read with Regulation 10, the management of the operational activities of the REIT including disclosure requirements, is the obligation of the manager.*

9.2. *The primary responsibility of ensuring compliance with the regulatory requirements of the REIT, including disclosure obligations, is on the manager. The trustee only has a supervisory role and can step in only when there is a default/non-compliance by the manager. Thus, the duties of the manager and trustee are not co-terminus with each other and the trustee is not jointly responsible to carry out the duties of the manager.*

9.3. *With specific reference to disclosure requirements, regulation 23(5) imposes the obligation of making disclosure of material information on the manager. This is not imposed on the trustee.*

9.4. *The difference in the nature of obligations is also apparent from a comparison of regulation 10(14) and regulation 9(4):*

| <b>Reg 10(14)</b>   | <b>Reg 9(4)</b>  |
|---|--|
| <i>The manager shall ensure that the disclosures to the unit holders, Board, trustees and designated stock exchange are <u>adequate, timely and in accordance with these regulations and guidelines or circulars issued thereunder.</u></i> | <i>The trustee shall ensure that the manager complies with the reporting and disclosures requirements in these regulations and <u>in case of any delay or discrepancy, require the manager to rectify the same on an urgent basis.</u></i> |



- 9.5. *The above comparison shows that the obligation of 'timely' disclosure is on the manager and not on the trustee. The trustee cannot be blamed for a failure of the Manager to make a timely disclosure. The trustee can only step in when there is a delay on part of the manager. Thus, whenever the trustee is required to step in, it is implicit that there has in fact been a delay in disclosure by the manager.*
- 9.6. *It is also relevant to note that the trustee does not have real-time visibility of intimations made by the manager to the unit holders. Moreover, the trustee has no power or obligation to itself carry out the disclosure process. It can only rely upon the manager for the same.*
- 9.7. *In case the manager does not comply after receiving advice from the trustee, the trustee's obligation is limited to informing SEBI of the same under regulation 9(18). In the present case, the trustee has complied with both requirements as demonstrated from the submissions below. The trustee does not have any independent enforcement power over the manager.*
- 9.8. *It is also relevant to note that the REIT Regulations were amended with effect from April 23, 2025. Among other things, Schedule XII (Illustrative Roles and Responsibilities of Trustees) was added. Para. 2(iv) of Schedule XII now includes the following obligation:  
(iv) Where the trustee has reason to believe that the conduct of business of the REIT is not in accordance with these regulations they shall forthwith take such remedial steps as are necessary by them and shall immediately inform the unitholders and the Board of the violation and the action taken by them.*
- 9.9. *The above obligation did not exist prior to amendment of the Regulations. The SCN relates to events that transpired in August-November 2024. The amended Regulations however were not in force at that time and therefore cannot be applied on the trustee.*
- 9.10. *The chronology of events that transpired will show that the Noticee has acted in accordance with its legal obligations and taken prompt steps even before any intervention by SEBI on the issue of disclosure. The manager was asked to comply with disclosure requirements by disclosing the NFRA Order. But the manager's refusal to disclose the NFRA Order to the unit holders and stock exchanges was duly reported to SEBI by the Noticee as required under the REITs Regulations.*
- 9.11. *Mr. Aravind Maiya previously served as a partner with an audit firm M/S. BSR & Associates which is part of the KPMG network. On May 28, 2019, Mr. Maiya resigned from BSR. He was appointed as the CEO of the manager w.e.f. July 01, 2023.*
- 9.12. *As argued by the manager, the allegations against Mr. Maiya by the NFRA pertained to the audit carried out by BSR of Coffee Day Enterprises Limited ("CDEL") for F.Y. 2018-2019. Mr. Maiya was a partner of BSR at that point of time. By an order dated August 19, 2024 ("NFRA Order"), NFRA found that BSR and its concerned partners (including Mr. Maiya) had failed to meet the requisite audit standards and imposed penalties on them under section 134(2) of Companies Act, 2013. In view of the above contentions, Noticee was required to examine the matter in detail. Further, since Noticee did not know the stand taken by SEBI in such cases in the past, it was appropriate for the Noticee to*



*coordinate with SEBI to follow a uniform approach. Noticee relies and refer to submissions at this point in its earlier response.*

- 9.13. On August 20, 2024, the SEBI sent an email to the Noticee, asking it to assess the eligibility of Mr. Maiya under Schedule II of the Intermediaries Regulations. SEBI also sent a similar email to the manager. There was no direction from the SEBI regarding disclosure or any finding that Mr. Maiya was not fit and proper.*
- 9.14. On the very same day, the Noticee issued an email to the manager asking for confirmation on whether Mr. Maiya was a 'fit and proper' person under the Intermediaries Regulations, as required under reg. 7 read with reg. 4 of the REIT Regulations.*
- 9.15. On August 21, 2025, the manager responded to the Noticee's email clarifying that Mr. Maiya did not perform any audit functions whilst under the employment of the manager, and that the 'fit and proper' criteria did not apply to him as the CEO of the REIT. Separately, the manager also responded to SEBI's email and explained that the NFRA Order did not apply to Mr. Maiya in his capacity as the CEO.*
- 9.16. It was the manager's contention that the NFRA Order made no reference to Mr. Maiya's role in the REIT. Also, Mr. Maiya did not perform any audit functions in the capacity of a Chartered Accountant whilst under the employment of the REIT. The manager also pointed out that Mr. Maiya had already surrendered his certificate of practice. In view of the above contentions, it was necessary to examine the matter, which the Noticee did do. The Noticee was not aware what stand SEBI had taken in similar matters.*
- 9.17. Since, the manager's response did not address the query raised by SEBI, on August 23, 2024 the Noticee once again wrote to the manager pointing out the relevant regulations and asked the manager to confirm if Mr. Maiya continued to fulfil the 'fit and proper' requirement under regulations 3(a) and 3(b)(iii) of Schedule II of the Intermediaries Regulations.*
- 9.18. On August 25, 2024 the manager made additional submissions to SEBI, stating, inter alia, that Mr. Maiya had surrendered his certificate of practice before joining the REIT, and therefore the NFRA Order and Intermediaries Regulations were not applicable to him as the CEO of the manager. These additional submissions were forwarded to the Noticee on August 26, 2024.*
- 9.19. After having examined the communications from the manager, the Noticee was of the view that the explanation of the manager was not satisfactory. Hence, on August 28, 2024, the Noticee called upon the manager to confirm "[w]hether necessary intimation has been given to the unitholders along with a Stock Exchange disclosure". On August 29, 2024, the manager responded to Noticee that no intimation had been provided to the unit holders and stock exchanges as the same was not required.*
- 9.20. Since the Noticee was not aware if the stand taken by the manager was in consonance with the views of its board of directors and also if the issue of disclosure was intimated to SEBI, on August 29, 2024, the Noticee wrote to the manager asking it to share copies of the submissions made to SEBI and also intimate it on the views of the board of directors.*



- 9.21. *Since the manager had not yet complied with the direction to disclose the NFRA Order, on September 02, 2024, the Noticee informed SEBI of the steps taken in the matter. SEBI was specifically informed of the manager's refusal to disclose the NFRA Order to the unit holders and stock exchanges. It is relevant to note that this was done by the Noticee on its own initiative without any intervention or direction by SEBI. Moreover, after receiving the above intimation regarding the manager's refusal to disclose, SEBI did not direct the manager to disclose the NFRA Order. SEBI also did not ask the Noticee to take any further action in the matter regarding disclosure.*
- 9.22. *The Noticee continued to remain proactive on this issue and on September 3, 2024 the Noticee once again called upon manager to disclose NFRA Order to the unit holders and make a stock exchange disclosure. However, the manager continued to maintain the same position that the NFRA Order was not required to be disclosed and responded on these lines vide email dated September 9, 2024.*
- 9.23. *As the manager was refusing to comply with its disclosure obligations under the REITs Regulations, and SEBI had not provided any guidance on future course of action, the Noticee requested a physical meeting with SEBI officials for guidance. This was held on September 9, 2024. At this meeting, the SEBI officials were briefed in detail about the stand of the manager. SEBI officials only informed the Noticee that the issue relating to Mr. Maiya's fitness under the Intermediaries Regulations was yet to be determined, and that the Noticee should continue this assessment. No issue was raised by SEBI on the matter of disclosure of the NFRA Order.*
- 9.24. *As a matter of good measure, on September 11, 2024, the Noticee once again informed SEBI that it had asked manager to disclose the NFRA Order but manager had taken the view that disclosure was not required. SEBI however neither responded to this email nor gave any other direction regarding disclosure.*
- 9.25. *Through the course of September - October, 2024, the manager obtained various legal opinions on the issue of applicability of the Intermediary Regulations to Mr. Maiya. After reviewing the opinions, the Noticee continued to hold the same view that the NFRA Order was required to be disclosed. Accordingly, vide email dated October 9, 2024, the Noticee reiterated that the manager should disclose the NFRA Order to unit holders and the stock exchanges. The Noticee once again informed SEBI of this instruction given to the manager vide a separate email dated October 9, 2024.*
- 9.26. *Ultimately, the manager disclosed the NFRA Order to the stock exchanges on October 11, 2024. The Noticee informed SEBI of this development vide a separate email dated October 14, 2024.*
- 9.27. *The above chronology of events shows that there has been no delay on part of the Noticee on the issue of disclosure of the NFRA Order. As set out above, the Noticee 's obligation to step in under regulation 9(4) arises only after the manager commits a delay. In the present case, after the manager delayed the disclosure, the Noticee stepped in and took proactive steps without any intervention from SEBI on the issue of disclosure.*



*The Noticee, of its own volition, called upon the manager to confirm if the necessary disclosure was made on August 28, 2024.*

- 9.28. *The direction to disclose was reiterated to the manager on September 3, 2024 and October 9, 2024. However, the manager continued to resist the disclosure. Each time this happened, the Noticee duly intimated SEBI of the manager's refusal to disclose. In fact, the Noticee also met with SEBI officials on this matter to explain the position being taken by the manager. However, SEBI did not issue any direction to the manager to disclose the NFRA Order. SEBI also did not ask the Noticee to take any further action on the issue of disclosure.*
- 9.29. *It is also to be noted that the requirement of disclosure is primarily the duty of the manager under regulation 23(5) of the REIT Regulations. The role of the Noticee is only to supervise and step in if there is a delay. The Noticee cannot be held liable for a violation committed by the manager so long as the Noticee has discharged its supervisory role under the REIT Regulations, which it has done in the present case.*
- 9.30. *In view of the above, it is submitted that the Noticee has acted in accordance with its obligations under regulation 9(4) on the issue of disclosure. Moreover, the Noticee has also complied with its obligation to notify SEBI of the manager's failure to comply. All of this was done without any intervention by SEBI. Thus, it is respectfully submitted that there is no basis to hold that the Noticee did not till the intervention of SEBI as alleged in the SCN.*
- 9.31. *The REIT Regulations, as they stood in 2024, did not impose any other obligation on the Noticee regarding disclosure. Moreover, they did not give the Noticee any power to force compliance by the manager other than by informing SEBI. Thus, there was nothing further that the Noticee was required to do under law on the issue of disclosure apart from informing SEBI of the manager's refusal to make the disclosure.*

## **CONSIDERATION OF ISSUES AND FINDINGS**

10. The issues that arise for consideration in the instant matter are:

**Issue No. I** Whether the Noticee failed to ensure timely disclosure of the NFRA order against the CEO of the manager and thereby violated regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations?

**Issue No. II** Whether the Noticee failed to ensure timely disclosure of the opinion of the manager that Mr. Aravind Maiya was 'fit and proper' to act as a CEO of EOPMSPL and thereby violated regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations?



**Issue No. III** Whether the Noticee failed to independently assess as to whether Mr. Aravind Maiya was 'fit and proper' to act as a CEO of the manager pursuant to NFRA order and thereby violated regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations?

**Issue No. IV** If yes, whether the failure, on the part of the Noticee would attract monetary penalty under section 15HB of SEBI Act?

**Issue No. V** If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15J of SEBI Act?

11. Before proceeding further, I would like to refer to the relevant provisions of the REIT Regulations:

***“Conditions of certificate.***

*(d) the REIT and parties to the REIT shall comply, at all times, with the Code of conduct as specified in the Schedule VI, wherever applicable.”*

***“Rights and responsibilities of trustee.***

9. ...

*(3) The trustee shall oversee activities of the manager in the interest of the unit holders, ensure that the manager complies with regulation 10 and shall obtain compliance certificate from the manager in the form as may be specified on a quarterly basis.*

*(4) The trustee shall ensure that the manager complies with the reporting and disclosures requirements in these regulations and in case of any delay or discrepancy, require the manager to rectify the same on an urgent basis.*

...

*(16) The trustee shall ensure that the activity of the REIT is being operated in accordance with the provisions of the trust deed, these regulations, the offer document and if any discrepancy is noticed, shall inform the same to the Board immediately in writing.”*

***“CODE OF CONDUCT FOR REIT AND PARTIES TO THE REIT***

*1. REIT and parties to the REIT shall conduct all affairs of the REIT in the interest of all the unit-holders of the REIT.*



2. REIT and parties to the REIT shall make adequate, accurate, explicit and timely disclosure of relevant material information to all unit holders, Designated Stock Exchanges and the Board in accordance with these Regulations and as may be specified by the Designated Stock Exchanges from time to time.

...

7. REIT and parties to the REIT shall maintain high standards of integrity and fairness in all their dealings and in the conduct of their business,

8. REIT and parties to the REIT shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment.”

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

**Issue No. I** Whether the Noticee failed to ensure timely disclosure of the NFRA order against the CEO of the manager and thereby violated regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations?

13. NFRA passed an order on August 19, 2024 against Mr. Aravind Maiya, CEO of the manager. The said NFRA order, *inter alia*, held that Mr. Aravind Maiya was guilty of professional misconduct and imposed a monetary penalty of Rs. Fifty Lakh along with a debarment for a period of ten years. It is a fact that SEBI, vide email dated August 20, 2024, had, *inter alia*, apprised Noticee of the NFRA order dated August 19, 2024. However, the said NFRA order was disclosed after 53 days, i.e., on October 11, 2024, consequent to SEBI's intervention. In this background, I proceed to analyse the justifications put forth by the Noticee for the delayed disclosure of the said NFRA order.

14. Noticee stated that as per REIT Regulations, the primary duty to make disclosures is on the manager and the role of the trustee is only to supervise and step in if there is a delay. It further contended that there is no provision in the said Regulations for the trustee to make the disclosures should the manager fail to do so. Noticee further cited the amendments made to REIT Regulations to support its contention that Noticee



lacked the power to make disclosures in 2025. Noticee has further drawn attention to the various steps undertaken by it after it was apprised of the NFRA order to substantiate that its actions were in tandem with the regulatory requirements.

15. At the outset, I note that the said NFRA order brought to fore the grave misconduct by the CEO of the manager, albeit in a separate proceeding. It is not in dispute that the said NFRA order had a bearing on the competence and integrity of the CEO. Thus, the said NFRA order when considered in light of the nature of findings *qua* Mr. Aravind Maiya left no iota of doubt that it was material information which required prompt disclosure. Adding to that, it is not the case of Noticee that the said NFRA order did not warrant expeditious disclosure.

16. Here, it is important to mention that the instant issue is confined to examine whether the Noticee failed to ensure timely disclosure of NFRA order against the CEO of manager and not whether trustees had the power to make the disclosures, should the manager fail to do so. Therefore, the REIT Regulations in 2025 have no bearing on the determination of the present issue. In this context, I proceed to analyse the regulatory mandate that existed at the time of the NFRA order.

17. Under the scheme of REITs framework, the trustee acts as an independent overseer. Trustees hold the assets of REIT in a fiduciary capacity for the benefit of unitholders and they are expected to maintain a high standard of transparency. In this context, it is apposite to reproduce regulations 9(3) and 9(4) of the REIT Regulations:

***Rights and responsibilities of trustee.***

*"9. ...(3) The trustee shall oversee activities of the manager in the interest of the unit holders, ensure that the manager complies with regulation 10 and shall obtain compliance certificate from the manager in the form as may be specified on a quarterly basis.*

*(4) The trustee shall ensure that the manager complies with the reporting and disclosures requirements in these regulations and in case of any delay or discrepancy, require the manager to rectify the same on an urgent basis..." (Emphasis supplied)*

18. From the perusal of the aforesaid provisions, it is evident that the REIT Regulations require the trustee to, *inter alia*, exercise continuous and independent oversight over



the manager and ensure timely and accurate disclosures by promptly addressing any delay or discrepancy. The trustee's duty to oversee under regulation 9(3) and ensure compliance under regulation 9(4) is not a secondary or reactive duty but it is a parallel, proactive obligation. Further, regulation 9(4) of REIT Regulations uses the mandatory phrase "shall ensure" and requires delay or discrepancy to be addressed "on an urgent basis". Thus, there is no gainsaying that the trustee's power to rectify on an urgent basis is not a suggestion, it is a mandate. Further, in terms of clause 2 of Schedule II of the REIT Regulations, the REIT and all associated parties, including the trustee, are required to ensure the timely disclosure of material information. In light of the foregoing discussions, I note that a trustee has, *inter alia*, an active and continuous duty to ensure that the disclosures are made by the manager in a timely manner.

19. In the present matter, the NFRA order was issued on August 19, 2024. As highlighted in the preceding paragraphs, as per the scheme of the REIT Regulations, Noticee was required to independently assess whether the said NFRA order warranted disclosure. If disclosure was required, it was under an obligation to ensure that the manager had made the necessary disclosure. In case of omission, it was incumbent on the Noticee to take immediate steps to rectify the omission. In this regard, the key events pertaining to the disclosure of the NFRA order as they unfolded thereafter, are tabulated below:

**Table 1**

| <b>Date</b>        | <b>Event</b>   |
|--------------------|--|
| August 20, 2024    | SEBI, <i>inter alia</i> , informed Noticee regarding the NFRA order against the CEO of the manager.  |
| August 20-25, 2024 | Noticee and the manager were engaged in correspondences through multiple emails. However, these correspondence were limited to the ramification of the NFRA order on the ability of Mr. Maiya to fulfil 'fit and proper' criteria. |
| August 28, 2024    | Noticee called upon the manager to confirm " <i>[w]hether necessary intimation has been given to the unitholders along with a Stock Exchange disclosure</i> ".   |



| Date               | Event  |
|--------------------|--|
| August 29, 2024    | The manager replied to Noticee that no intimation had been provided to the unit holders and stock exchanges as the same was not required.  |
| September 02, 2024 | Noticee, <i>inter alia</i> , forwarded the response of the manager dated August 29, 2024 to SEBI wherein the manager had stated that the disclosure of the NFRA order was not made to the unit holders and stock exchanges as the manager believed there was no requirement to disclose. |
| September 03, 2024 | Noticee asked the manager to disclose NFRA Order to the unit holders and stock exchange.   |
| September 09, 2024 | The manager continued to maintain the same position that the NFRA order was not required to be disclosed and responded on these lines vide email dated September 9, 2024. Further, Noticee had a meeting with SEBI.  |
| September 11, 2024 | Noticee once again informed SEBI that it had asked manager to disclose the NFRA order.   |

20. From the abovementioned table, it is manifest that Noticee did not undertake an independent assessment on an urgent basis so as to determine whether the NFRA order required disclosure. It is observed that the Noticee engaged in a series of correspondence with the manager. It is a fact that the said correspondence was conspicuously silent on the need for disclosure of the NFRA order until August 28, 2024. It is pertinent to mention that the said communication dated August 28, 2024, in no manner directed the manager to make disclosure rather it was to confirm whether any disclosure had been made. It is further observed that the Noticee explicitly asked the manager to disclose the NFRA order for the first time only on September 03, 2024. Here, it is crucial to accentuate that the Noticee had already been made aware of the NFRA order vide email dated August 20, 2024 and the order was already in the public domain. Despite these, Noticee sought mere clarification from the manager after a gap of eight days, i.e., on August 28, 2024 and advised a corrective action after a period of 13 days, i.e., on September 03, 2024 which by no means can be considered to be prompt. Similarly, SEBI was informed about the aforesaid non-disclosure only



on September 02, 2024 when the mandate of regulation 9(16) of the REIT Regulations required it to inform immediately. It is a fact that Noticee, vide the said email dated September 02, 2024, had merely forwarded the manager's response dated August 29, 2024 to SEBI without undertaking any independent examination or assessment. It was only on September 03, 2024 when the Noticee for the first time asked the manager to make disclosure in this regard. Hence, the said email dated September 02, 2024 cannot be regarded as compliance with the requirement of regulation 9(16) of the REIT Regulations. Thus, it is apparent that the approach of the Noticee *qua* the disclosure of the NFRA order fall short of the standard of urgency obligated under the REIT Regulations. In these circumstances, it cannot be held that the Noticee acted in a manner that was consistent with its duty to ensure the timely disclosure of the NFRA order.

21. Even if it is accepted for the sake of argument that the primary responsibility for making the disclosure was not on Noticee rather on the manager as per regulation 23(5) of the REIT Regulations, the operation of regulation 9(4) would still devolve the said obligation on the Noticee as the manager failed to make the disclosure in this regard. I note that the said regulation 9(4) would be triggered in the event of delay/discrepancy at the manager's end. In the instant case, admittedly, there is a delay on the part of the manager as the manager had the knowledge of the NFRA order on August 20, 2024 though it made disclosure only on October 19, 2024. The existence of the delay had triggered regulation 9(4), which mandated the Noticee to rectify the same on an urgent basis, which it failed to do. Therefore, it cannot be said that the Noticee acted in a manner that ensured the timely disclosure of the NFRA order against the CEO of the manager.

22. The Noticee also stated that it had informed SEBI about the lapses without any intervention from the regulator. Further, Noticee argued that as the manager continued to resist the disclosure, the Noticee duly intimated SEBI of the manager's refusal to disclose. Furthermore, Noticee highlighted the fact that it had also met with SEBI



officials on this matter to explain the position being taken by the manager but SEBI neither issued any direction to the manager to disclose the NFRA order nor did it ask the Noticee to take any further action on the issue of disclosure. In this regard, I note from the above paragraphs that the Noticee forwarded the response of the manager to SEBI on September 02, 2024 wherein the manager had stated that the NFRA order did not warrant any disclosure. It is also important to highlight that the manager had expressly informed Noticee on August 29, 2024 that no disclosure was made regarding the NFRA order. In these circumstances, I am of the opinion that on August 29, 2024, the Noticee had sufficient knowledge the existence of the NFRA order as well as the failure of manager to disclose the same. Despite these, the matter was brought to the attention of SEBI only on September 02, 2024. Therefore, the conduct of the Noticee cannot be considered to be in line with the mandate of "immediately" as provided in regulation 9(16) of the REIT Regulation. As a trustee of a REIT, the Noticee was expected to navigate the REIT's compliance with the regulatory requirements independently. In this regard, I note that the duty to take steps with respect to disclosure of the NFRA order was immediate which the Noticee failed to do. In such circumstances, Noticee's attempt to attribute the lapses to a lack of guidance from SEBI appears misconceived and unsustainable more so when the regulatory mandate was unambiguous. Thus, I note that Noticee, being a SEBI registered intermediary, should not have required a specific direction from SEBI to abide by the REIT Regulations and trust deed. Hence, the Noticee's argument on regulatory silence as a justification for inaction is untenable and hence rejected.

23. In light of the discussion in the preceding paragraphs, I find that Noticee failed to ensure timely disclosure of the NFRA order against the CEO of the manager. Consequently, the Noticee violated regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations.



**Issue No. II** Whether the Noticee failed to ensure timely disclosure of the opinion of the manager that Mr. Aravind Maiya was 'fit and proper' to act as a CEO of EOPMSPL and thereby violated regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations?

24. It was observed that pursuant to direction issued by SEBI, vide email dated August 20, 2024, to assess eligibility of Mr. Aravind Maiya, the manager obtained legal opinions from its legal counsel and ret'd. Supreme Court Justice supporting its own submission of non-applicability of 'fit and proper person' criteria specified in the Intermediaries Regulations to Mr. Aravind Maiya. In this regard, it was observed that the opinion of the manager that Mr. Aravind Maiya was 'fit and proper' to act as a CEO of the manager was a material development in the context of the NFRA order and had to be disclosed to the unitholders. However, the same was not disclosed to unitholders and stock exchanges until October 19, 2024.

25. From the material on record, I note that the manager, vide its email dated September 12, 2024, had furnished legal opinions from ret'd. Supreme Court Justice and its legal counsel, to Noticee, *inter alia*, stating that the 'fit and proper' criteria were not applicable to Mr. Aravind Maiya as a KMP of the manager. It is a fact that the said opinions had a direct and substantial nexus with the said NFRA order and the assessment of the 'fit and proper' status of Mr. Aravind Maiya. Therefore, it was essential that the said opinion was disclosed to the unitholders and the stock exchanges in the manner contemplated under regulations 9(3) and 9(4) of the REIT Regulations. However, it is an undisputed fact that the said legal opinions were not disclosed until October 19, 2024. Adding to that, I also note that no reasoning or justification has been put forth by the Noticee for the delay in the disclosure of the said legal opinions.

26. Based on the above reasoning, I find that Noticee failed to ensure timely disclosure of material development pursuant to the NFRA order against the CEO of the manager.



Therefore, the Noticee violated regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations.

**Issue No. III** Whether the Noticee failed to independently assess as to whether Mr. Aravind Maiya was 'fit and proper' to act as a CEO of the manager pursuant to NFRA order and thereby violated regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations?

27. I note that SEBI, vide email dated August 20, 2024, had, *inter alia*, directed Noticee to assess the eligibility of Mr. Aravind Maiya in terms of Intermediaries Regulations pursuant to the NFRA order dated August 19, 2024,

28. In this regard, as mentioned in foregoing paragraphs, the manager had obtained legal opinions with respect to 'fit and proper' status of Mr. Aravind Maiya. It is observed that after the receipt of the legal opinions, Noticee held meetings had with independent directors and the unitholders' nominee director on October 15, 2024 and October 16, 2024 which were almost two months after the NFRA order. From the recordings of the meetings, it is noted that the said meetings discussed the legal opinions obtained by the manager. In this background, it was alleged in SCN that Noticee failed to independently assess as to whether Mr. Aravind Maiya was 'fit and proper' to act as a CEO of the manager pursuant to NFRA order.

29. It is a fact that Noticee did not carry out an assessment with respect to the compliance of Mr. Aravind Maiya with 'fit and proper' criteria pursuant to NFRA order despite the explicit direction of SEBI.

30. Noticee contended that it had to deal with the submissions made by the manager in the 'fit and proper' matter. Further, as the manager had provided a legal opinion, it was important for the Noticee to examine the same, so the Noticee had to engage with the manager and give the manager an opportunity to be heard. Moreover, Noticee



conducted meetings from time to time with other advisors in the concerned matter, for an independent assessment of the matter.

31. At the outset, it is crucial to reiterate that regulations 9(3) and 9(4) of the REIT Regulations required the Noticee to exercise independent and continuous supervision over the activities of the manager and take prompt action for rectification in case of any delay or discrepancy. This mandate is in furtherance of its fiduciary duty towards the unit holders.

32. I note that 'fit and proper person' criteria, *inter alia*, constitute the foundational basis for granting registration to an intermediary by SEBI. This criterion is accorded paramount significance as it filters out entities/persons who are not fit to engage with the financial market at large, thereby safeguarding the general public. In this regard, I take note of the decision of the Hon'ble SAT in the matter of *Jermyn Capital LLC v. Securities and Exchange Board of India*<sup>1</sup> wherein it was held as under:

*"... Good reputation and character of the applicant is a very material consideration which must necessarily weigh in the mind of the Board in this regard. Reputation is what others perceive of you. In other words, it is the subjective opinion or impression of others about a person and that, according to the Regulations, has to be good. This impression or opinion is generally formed on the basis of the association he has with others and/or on the basis of his past conduct..." (Emphasis supplied)*

33. In this background, I proceed to analyse the facts at hand. I note that after the NFRA order dated August 19, 2024, SEBI had sent an email on August 20, 2024 wherein it had, *inter alia*, directed the Noticee to:

*"...assess the eligibility of Mr. Aravind Maiya in terms of Schedule II of SEBI Intermediaries Regulations, 2008 pursuant to NFRA order dated August 19, 2024, take appropriate action as necessary and inform SEBI about the same. ..." (Emphasis supplied)*

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<sup>1</sup>Appeal No. 21 of 2006.



34. After the receipt of the email dated August 20, 2024 from SEBI, the following events, as noted from the material on record, transpired:

**Table 2**

| <b>Date</b>        | <b>Event</b>   |
|--------------------|--|
| August 20, 2024    | Noticee wrote to the manager on August 20, 2024, seeking confirmation regarding Mr. Maiya's compliance with the 'fit and proper' criteria.   |
| August 21, 2024    | The manager responded stating that the 'fit and proper' criteria does not apply to Mr. Maiya as a KMP of the manager.  |
| August 23, 2024    | Noticee directed the manager to check the criteria mentioned in clauses 3(a) and 3(b)(iii) of Schedule II to the Intermediaries Regulations and provide an explanation as to how Mr. Maiya continues to be a 'fit and proper' person under the said Intermediaries Regulations.  |
| August 26, 2024    | The manager provided additional submissions, <i>inter alia</i> , stating that a REIT and the parties to the REIT (and not their respective key managerial personnel) are required to comply only with the conditions prescribed under clause 3 of Schedule II of the Intermediaries Regulations.   |
| August 28, 2024    | Noticee sought confirmation from the manager on whether the board of directors of the manager is in concurrence with the response provided to the Noticee vide letter dated August 21 and 26, 2024.  |
| August 29, 2024    | The manager stated that the response provided to SEBI vide its letter dated August 21 and 25, 2024 were forwarded to the board of directors of the manager.  |
| August 29, 2024    | Noticee sought the response submitted by the manager to SEBI. It further asked the manager to keep the Noticee informed about the view of the board of directors of the manager.   |
| September 02, 2024 | The manager provided Noticee with the response submitted by it to SEBI.  |
| September 03, 2024 | Noticee wrote to the manager, <i>inter alia</i> , seeking the view of the board of directors of the manager on the matter.   |
| September 09, 2024 | The manager provided its response, <i>inter alia</i> , stating that several board members have indicated their approval to the response submitted to SEBI.<br>Meeting between SEBI and the Noticee.  |
| September 11, 2024 | Noticee apprised SEBI of the steps taken by it which, <i>inter alia</i> , included taking view of the board of directors.  |
| September 12, 2024 | The manager furnished a legal opinion from ret'd. Supreme Court Justice and Memorandum from a law firm, <i>inter alia</i> , stating that the 'fit and proper' criteria was not applicable to Mr. Maiya as a KMP of the manager. Further, only the REIT and the parties to the REIT (as defined in the REIT Regulations) are required to comply with the conditions prescribed in paragraph 3 of Schedule II to the Intermediaries Regulations. |



| <b>Date</b>                     | <b>Event</b>  |
|---------------------------------|---|
| September 17, 2024              | Noticee obtained note on appropriate course of action pursuant to the NFRA order dated August 19, 2024 from its own counsel/law firm.                                 |
| September 18, 2024              | Noticee informed SEBI about the legal opinion tendered by the manager along with the additional queries raised by it.   |
| September 30, 2024              | Noticee obtained supplementary note from its own counsel/law firm on certain queries in relation to its obligations pursuant to the NFRA order dated August 19, 2024. |
| October 01, 2024                | Noticee informed SEBI about the supplementary legal opinion provided by the manager.  |
| October 07, 2024                | There was a meeting between SEBI and the Noticee wherein Noticee was asked to oversee the activities of manager in terms of REIT Regulation.                          |
| October 08, 2024                | SEBI informed the manager that Mr. Maiya did not meet the 'fit and proper' criteria.  |
| October 15 and October 16, 2024 | Noticee held meetings with the independent directors of the manager and also the unitholder nominee director.   |
| October 19, 2024                | Noticee, via email, informed SEBI about the steps taken by it till date.  |

35. From the above Table, it is evident that the Noticee had sought the response of the manager after the receipt of the SEBI's email dated August 20, 2024. It is observed that Noticee had indulged in protracted correspondence with the manager on various occasions, i.e., on August 20, 2024, August 23, 2024, August 28, 2024, September 03, 2024, October 16, 2024 and October 18, 2024. Here, it is crucial to note that the manager, in the very first response itself on August 21, 2024, had explicitly articulated its position that the 'fit and proper' criteria were not applicable to Mr. Maiya. It is a fact that even in the subsequent response, the manager continued to remain steadfast in its position. Irrespective of this, the Noticee continued to engage with the manager, each time framing its queries slightly differently but ultimately seeking the same clarification. I note that as per the REIT Regulations and the explicit communication from SEBI in this regard, Noticee was duty bound to undertake an independent assessment and maintain an active oversight. Noticee was not expected or required to repeatedly seek deference from the manager on this issue. However, in the present case, rather than taking decisive steps to protect the integrity of the REIT, the Noticee engaged in a protracted cycle of seeking opinions. I further note that even after receiving the legal opinion from the manager and obtaining its own legal opinion,



Noticee failed to act with the promptness expected of a trustee. I note that the Noticee waited over two weeks after receiving the legal opinions to conduct a meeting with the independent directors of the manager and the unitholder nominee director. Even in these meetings, the discussions was limited to the legal opinions obtained by the manager. It is noted that notwithstanding the completion of all the steps as deemed necessary by the Noticee, Noticee failed to undertake an independent assessment of the compliance of the CEO of the manager with the 'fit and proper' criteria. In this regard, I note that examination, if any, can in no manner dilute the statutory obligation cast on the Noticee. The Noticee was required to exercise its own independent assessment while evaluating the 'fit and proper' status in a prompt and time bound manner consistent with the regulatory mandate which evidently the Noticee failed to do in the case at hand. Therefore, I find no merit in the instant contention of the Noticee.

36. Noticee argued that as the manager had made its submissions to SEBI and furnished the legal opinion to SEBI directly, it was incumbent upon the Noticee to seek SEBI's guidance on the position and the matter, particularly in light of the fact that, as per publicly available SEBI orders, there were no precedents in relation to the NFRA order and also as the manager raised significant issues with SEBI directly pertaining to the applicability of the REIT Regulations in the matter. I note that the regulatory framework imposed an independent obligation on the Noticee to ensure the compliance of the intermediary with the 'fit and proper status'. In this context, I note that the submissions and significant issues, if any, were raised by the manager, in its own capacity, and not by the Noticee. It is not the case of Noticee that it had raised any issue or sought clarification from SEBI. Therefore, it is not proper on the part of Noticee to claim that the compliance was contingent on the actions undertaken by the manager or SEBI. Moreover, Noticee has failed to demonstrate that it took an independent evaluation of the issue *qua* 'fit and proper status' of Mr. Maiya. Accordingly, I find that the Noticee's reliance on the submissions of the manager to SEBI is misplaced and it in no manner absolves the Noticee from the instant violation.



37. Noticee further contended that the express provisions of the REIT Regulations did not give the trustee any substantive enforcement powers beyond informing the SEBI about the discrepancies. Noticee also averred that Schedule II of the Intermediaries Regulations makes reference to the SEBI to make a determination of 'fit and proper'. In this regard, it argued that paragraph 21.5 of the Examination Report states that SEBI vide letter dated October 08, 2024, stated that Mr. Maiya does not meet the 'fit and proper' criteria, which highlights that SEBI holds the ultimate power to give binding directions in the concerned matter. In this regard, reference is made to clause 2(b) and clause 6 of Schedule II of the Intermediaries Regulations which is reproduced below:

*“(2) The ‘fit and proper person’ criteria shall apply to the following persons:*

*...*

*(b) the principal officer, the directors or managing partners, the compliance officer and the key management persons by whatever name called; and*

*...*

*6. .... Provided that if any person as referred in sub-clause (b) of clause (2) fails to satisfy the ‘fit and proper person’ criteria, the intermediary shall replace such person within thirty days from the date of such disqualification failing which the ‘fit and proper person’ criteria may be invoked against the intermediary....”(Emphasis supplied)*

38. From the perusal of the aforesaid provision, it is evident that the duty to determine 'fit and proper status' does not lie in the exclusive domain of SEBI rather the Noticee, in its capacity of trustee, had an active role to play. Accordingly, I find this contention of the Noticee lacks merit and hence cannot be accepted.

39. Noticee stated that as the determination had been made by the regulator itself, it became infructuous for the Noticee to make such a determination. At the outset, I note that the subsequent determination by the regulator did not in any manner absolve the Noticee from its failure to undertake assessment *qua* the 'fit and proper' status of Mr. Maiya. Further, Noticee was specifically instructed to assess the eligibility of Mr. Maiya in terms of SEBI's email dated August 20, 2024. Thus, Noticee was under a clear obligation to evaluate the compliance by Mr. Maiya with the 'fit and proper' criteria and



the said obligation was never suspended. In this background, I note that Noticee failed to undertake an independent assessment in this regard despite emails, meetings and a specific instruction. Consequently, SEBI was constrained to intervene in the matter vide letter dated October 08, 2024 and enforce the 'fit and proper' criteria vide interim order dated November 04, 2024. Therefore, this contention of the Noticee cannot be accepted.

40. Noticee stated that it was aware of the potential market impact and the need to protect unitholders' interests and hence, it proceeded in the matter with the utmost sensitivity, ensuring to mitigate any negative consequences for the REIT's investors while keeping the regulator informed. In this regard, I note that regulatory compliance is paramount and cannot be made subject to market impact. The protection of the investor is inextricably linked to compliance with regulatory mandates. Therefore, it is not proper on the part of Noticee to justify the violation on the ground of the potential market impact and the need to protect unitholders' interests. Therefore, this contention of the Noticee lacks merit and hence warrants no further consideration.

41. Noticee has relied upon the order of Hon'ble SAT in the matter of *Almondz Global Securities v. SEBI* with respect to the importance of applying the 'principle of proportionality'. However, I note that Noticee has misapplied the principle. Proportionality applies to the penalty, not the standard of integrity. A "fit and proper" failure is absolute, a debarred individual cannot remain a KMP. A prudent trustee would recognize that the risk of a CEO who had been found guilty of professional misconduct by the NFRA, leading a REIT is a greater threat to investor confidence than the volatility caused by his immediate removal. Therefore, I do not find merit in the contention of the Noticee.

42. Based on the above, it is established that Noticee failed to independently assess whether Mr. Aravind Maiya was 'fit and proper' to act as a CEO of the manager pursuant to the NFRA order.



43. Therefore, from the aforesaid, I am of the opinion that Noticee failed in its duty as the trustee of the REIT and hence, violated regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7 and 8 of Schedule VI of REIT Regulations.

**Issue No. IV** If yes, whether the failure on the part of the Noticee would attract monetary penalty under section 15HB of the SEBI Act?

**Issue No. V** If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15J of the SEBI Act read with rule 5(2) of the Rules?

44. In the light of findings and observations made against the Noticee brought out in the foregoing paragraphs, it is evident that the Noticee has violated regulations 9(3), 9(4) and 9(16) of REIT Regulations, regulation 7(d) read with clauses 1, 2, 7, 8 of Schedule VI of REIT Regulations.

45. The aforesaid violations, makes the Noticee liable for penalty under section 15HB of the SEBI Act.

46. In this context, I would also like to refer to the order of the Hon'ble Supreme Court of India in the matter of *Chairman, SEBI v. Shriram Mutual Fund*<sup>2</sup> wherein Hon'ble Supreme Court of India held 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.*"

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<sup>2</sup> [2006] 68 SCL 216 (SC).



47. The text of the above referred section 15HB of SEBI Act is reproduced herein below:

***“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.”*

48. While determining the quantum of penalty, the 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.”*

49. In this case, from the material available on record, 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 is not available. Further, from the material available on record, it is not possible to ascertain the exact monetary loss to the investors on account of violations by the Noticee. As regards the repetitive nature of the default, it is noted that following actions have been taken by SEBI with respect to Noticee:

**Table 3**

| <b>Sr. No.</b> | <b>Case Name</b>   | <b>Penalty/Sanction</b> |
|----------------|--|-------------------------|
| 1.             | Inspection of books of accounts, records etc.  | ₹10,00,000/-            |
| 2.             | Inspection of books and records of Axis Trustee Services Ltd, Debenture Trustee (DT) conducted from August 22, 2012 to August 24, 2012 | Administrative Warning  |
| 3.             | Inspection of India Grid Trust   | Administrative Warning  |
| 4.             | inspection of Axis Trustee Services Limited  | Administrative Warning  |



50. I note that the regulatory scheme places the trustee as the first line of supervision who plays a crucial role in safeguarding the interest of the unitholders. Timely and prompt disclosure of material information is essential to reduce information asymmetry and maintain market integrity. Further, the compliance with the 'fit and proper' criteria is vital because it has a direct bearing on the integrity and governance of the REIT. In the present case, it is established that the Noticee did not act with the level of promptness and seriousness that is expected of a trustee, despite being nudged by the regulator. I also note that the delayed and passive approach of the Noticee was not in alignment with the REIT framework. Adding to that, the failure of the Noticee to discharge its fiduciary duty in accordance with the regulatory mandate necessitated the SEBI's interim order dated November 04, 2024, against the manager where SEBI directed the manager to suspend Mr. Aravind Maiya from acting as its CEO and appoint an interim CEO with immediate effect, in compliance with applicable laws including 'fit and proper person' criteria, till further directions, or till the NFRA order dated August 19, 2024 is stayed/ set aside, whichever is earlier.

51. In these circumstances, it is evident that the Noticee, in its role as trustee, failed to meet the fiduciary standard expected of it. The aforementioned factors have been taken into consideration while adjudging the penalty.

## **ORDER**

52. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in section 15J of the SEBI Act and 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 Rs.10,00,000/- (Rupees Ten Lakh) on Noticee, viz., Axis Trustee Services Limited under section 15HB of SEBI Act.

53. The said penalty is commensurate with the lapses/omissions on the part of Noticee.



54. Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order through the 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.

55. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

**JAI  
SEBASTIAN** Digitally signed by  
JAI SEBASTIAN  
Date: 2026.04.29  
16:51:21 +05'30'

**Date : April 29, 2026  
Place: Mumbai**

**JAI SEBASTIAN  
ADJUDICATING OFFICER**