

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

On Application No. 3849/2019

Filed by M/s. Axis Bank Ltd., Debenture Trustee. [PAN: AAACU2414K]

In the matter of inspection of books of accounts of Axis Bank Ltd., Debenture Trustee.

1. M/s. Axis Bank Ltd. , Debenture Trustee (hereinafter referred to as “applicant”) filed a settlement application in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as ‘Settlement Regulations’) proposing to settle, without admitting the findings of fact and conclusions of law, through a settlement order, the pending proceedings under Section 12(3) of the SEBI Act, 1992 along with the adjudication proceedings initiated vide Show Cause Notices dated June 25, 2018, for the alleged violation of Clauses 19 of the Code of Conduct read with Regulation 16 of the SEBI (Debenture Trustee) Regulations, 1993 (hereinafter referred to as DT Regulations); Regulation 13A(b) of the DT Regulations; Regulation 15(1) (a) and Clause 6(17) of the Model Trust Deed as laid down under Schedule IV read with Regulation 14 of the DT Regulations and Regulation 15(1) (i) of the DT Regulations.
2. SEBI conducted an inspection of the applicant on November 26 and 27, 2014. Certain instances of irregularities were observed during the inspection which are: a) the applicant lent to issuer companies to which it also extended Debenture Trustee services, b) failed in obtaining quarterly reports from the issuer companies, c) non incorporation of mandatory clauses in Trust Deed, d) Lack of due diligence to ensure compliance of listing agreement by the issuer company and e) falsely stating that corrective steps have been taken since previous inspection.
3. The authorized representatives of the applicant had a meeting with Internal Committee on April 24, 2019, wherein the settlement terms were deliberated. Thereafter, the applicant, vide letter dated May 08, 2019, proposed the revised settlement terms to settle the defaults mentioned above.

4. The High Powered Advisory Committee ('HPAC') in its meeting held on June 27, 2019 considered the settlement terms proposed and recommended the case for settlement upon payment of ₹2,43,00,000/- (Rupees Two Crore Forty Three Lakh only) by the applicant towards settlement charges for the aforementioned defaults. The Panel of Whole Time Members of SEBI accepted the said recommendation of the HPAC on July 03, 2019, and the same was communicated to the applicant vide e-mail dated July 05, 2019.
5. The applicant remitted the settlement amount of ₹2,43,00,000/- (Rupees Two Crore Forty Three Lakh only) by way of RTGS on July 19, 2019, towards the settlement amount.
6. In view of the above, in exercise of the powers conferred under Section 15JB of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 and 28 read with Regulation 34 of the Settlement Regulations, it is hereby ordered that:
 - i. the proceedings under Section 12(3) of the SEBI Act, 1992 along with the adjudication proceedings for the alleged default as discussed in paragraph 1 above, are settled qua the applicant as per the above terms,
 - ii. SEBI shall not initiate any enforcement action against the applicant for the said defaults,
 - iii. passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicant, if SEBI finds that:
 - a. any representation made by the applicant in the present settlement proceedings is subsequently discovered to be untrue;
 - b. the applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings.
7. This settlement order is passed on this 6th day of August, 2019 and shall come into force with immediate effect.

8. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the applicant and shall also be published on the website of SEBI.

Sd/-

S.K. MOHANTY
WHOLE TIME MEMBER

Sd/-

ANANTA BARUA
WHOLE TIME MEMBER