

**SECURITIES AND EXCHANGE BOARD OF INDIA
MUMBAI**

SETTLEMENT ORDER

On the application No. 2712 of 2013

filed by

State Bank of India (PAN- AAACS8577K)

Settlement Order No. EAD-5/ASK/04/2014-15

1. Securities and Exchange Board of India (**SEBI**) conducted an inspection of the Debenture Trustee (**DT**) operations of State Bank of India (**SBI/Applicant**) during July 26, 2010 to July 30, 2010. During the inspection, a few public issues and listed private issues wherein the applicant had acted as DT were examined. It was, inter alia, observed that the applicant had acted as both lender and DT to certain companies. The standard trust deed which the applicant had accepted from the issuer companies contained certain clauses which were not in conformity with the provisions of the model trust deed as contained in Schedule IV and certain clauses which were required to be included were not part of the standard trust deed. It was thus observed that the applicant had violated the provisions of regulations 13 A (b), 13 (b) (ii), 14, 15 (1) (h), 15 (1) (a), 15 (1A) (b) & (c) and Clauses 1, 4 and 26 of Code of Conduct read with Regulation 16 of SEBI (Debenture Trustees) Regulations, 1993 (**DT Regulations**).
2. In view of the above, SEBI initiated adjudication proceedings in the respect of the applicant to inquire into and adjudge under section 15HB of

the SEBI Act the alleged violations as stated above. Shri Piyoosh Gupta was appointed as Adjudicating Officer vide order dated May 18, 2012 to inquire into and adjudge the alleged violation committed by the applicant. Consequent to the transfer of Shri Piyoosh Gupta, erstwhile Adjudicating Officer, the undersigned was appointed as the Adjudicating Officer in the matter vide order dated November 08, 2013.

3. A Show Cause Notice dated November 08, 2012 (**SCN**) was issued to the applicant under rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 to show cause as to why an inquiry should not be initiated and penalty be not imposed under section 15HB of the SEBI Act, 1992 for the alleged violations specified in the SCN.
4. While the adjudication proceedings were in progress, the applicant, vide application dated March 01, 2013 filed an application with SEBI in terms of SEBI Circular No. EFD/ED/Cir-1/2007 dated April 20, 2007 further amended Circular No. CIR/EFD/1/2012 dated May 25, 2012, proposing to settle, through a settlement order, the aforementioned adjudication proceedings for the alleged violation of the provisions of regulations 13 A (b), 13 (b) (ii), 14, 15 (1) (h), 15 (1) (a), 15 (1A) (b) & (c) and Clauses 1, 4 and 26 of Code of Conduct read with Regulation 16 of DT Regulations.
5. Pursuant to the deliberations regarding terms of settlement that took place during the meeting held on August 20, 2014 when the representatives of the applicant met the Internal Committee of SEBI, the applicant, vide letter dated August 20, 2014 proposed revised consent terms to settle the aforesaid adjudication proceeding by offering to pay a sum of Rs 6,80,000/- (Rupees Six Lac Eighty Thousand only) towards settlement charges.

6. The High Powered Advisory Committee (**HPAC**) in its meeting held on October 28, 2014 considered the settlement terms proposed by the applicant and recommended the case for settlement upon payment of a sum of Rs 6,80,000/- (Rupees Six Lac Eighty Thousand only) by the Applicant towards settlement charges. The Panel of Whole Time Members of SEBI accepted the said recommendations of the HPAC and the same was communicated to the Applicant vide e-mail dated January 01, 2015.
7. Accordingly, the applicant has, vide letter dated January 13, 2015 submitted Demand Draft no. 542665 dated January 13, 2015 drawn on 'State Bank of India' remitting a sum of Rs 6,80,000/- (Rupees Six Lac Eighty Thousand only) towards the settlement charges.
8. In view of the above, in terms of Regulation 15(1) of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 it is hereby ordered that:
 - a. This Settlement Order disposes of the said Adjudication Proceedings pending in respect of the Applicant as mentioned above and;
 - b. Passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing/reopening of the pending proceedings against the Applicant, if SEBI finds that;
 - i. Any representations made by the Applicant in the settlement proceedings are subsequently discovered to be untrue;
 - ii. The Applicant has breached any of the clauses/conditions of undertakings/ waivers filed during the current settlement proceedings.

9. This Settlement Order is passed on this Twenty Eighth day of January, 2015 and shall come into force with immediate effect.
10. In terms of Regulation 17 of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014, copies of this order are being sent to the Applicant and also to SEBI.

DATE: JANUARY 28, 2015	A. SUNIL KUMAR
PLACE: MUMBAI	ADJUDICATING OFFICER