

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA**

SETTLEMENT ORDER

(Application No. 6542/2021)

On the application submitted by

Vivro Financial Services Private Limited (PAN: AAACV5002E)

Settlement Order No: SO/SBM/KL/2022-23/6542

**In the matter of alleged misleading advertisement w.r.t public issue of
Muthoottu Mini Financiers Limited.**

1. In the year 2019, Muthoottu Mini Financiers Limited (hereinafter referred to as '**MMFL**') came out with a public issue of secured, redeemable and non-convertible debentures (NCD), which was opened for subscription on August 07, 2019 and closed on September 05, 2019. It is observed that Vivro Financial Services Pvt. Ltd. (hereinafter referred to as '**Vivro**'), was the lead manager for the aforesaid public issue of MMFL. In this regard, Reserve Bank of India (RBI) informed SEBI that a misleading advertisement was published by MMFL in respect of the aforesaid public issue on its website. It is alleged that, MMFL, in the advertisement on its website, misled the investors and claimed the following under the heading 'stability' w.r.t the public issue ...***"Rated as 'Stable' investment by RBI and SEBI"***.
2. In this context, information was sought from MMFL and Vivro, which was the lead manager of the public issue. In response, Vivro submitted to SEBI that the erroneous content in the aforementioned advertisement was removed by MMFL in less than 48 hours of publishing it on its website. However, it is observed that a total of 242 people viewed the aforementioned misleading advertisement on MMFL's webpage and out of these, eight (8) people invested Rs. 30,90,000/- cumulatively in the NCDs.
3. It is noted that the 'Scope of Services' as mentioned in the Engagement Letter between MMFL and Vivro made Vivro responsible for finalizing all issue related advertisements whether statutory (regulatory) or otherwise. Further, it is also seen that Clause 7 of Code of Conduct as prescribed in Schedule III read with Regulation 13 of SEBI (Merchant Bankers) Regulations, 1992 (hereinafter referred to as '**Merchant Bankers Regulations**') casts responsibility on Vivro to ensure that only correct and complete information is shared with investor community. In this regard, it

is alleged that Vivro failed to ensure that only correct and complete information (w.r.t the public issue of NCDs by MMFL) reaches the investors through advertisements. Therefore, it is alleged that Vivro violated the provisions of Clause 7 of Code of Conduct of Schedule III r/w Regulation 13 of Merchant Bankers Regulations.

4. Pursuant to the above examination and findings therein, SEBI appointed the undersigned as the Adjudicating Officer ('AO') in the matter vide communiqué dated June 14, 2021, under Section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, to inquire into and adjudge under the provisions of section 15HB of SEBI Act, the aforementioned alleged violations of the provisions of Merchant Bankers Regulations committed by Vivro.
5. In this regard, a Show Cause Notice ref.no. SCN/SEBI/EAD1/SBM/KL/18875/2021 dated August 10, 2021 (hereinafter referred to as '**SCN**') was issued to Vivro. Briefly, the following major observations/allegations were levelled against Vivro in the SCN:
 - a. *Noticee in this regard submitted to SEBI that the erroneous content in the aforementioned advertisement has been removed by MMFL in less than 48 hours of placing it on its website. Further, it is seen that an option was given to investors (including those who may have invested based on this misleading content) through a remedial advertisement dated September 04, 2019 to withdraw their investment till the closure of the issue and the finalization of the basis of allotment. It is also seen that the remedial advertisement was also placed in the same set of newspapers, which carried the initial advertisement about the public issue of NCD by MMFL viz. The Financial Express dated Sep 5, 2019 and in Jansatta of the same date.*
 - b. *In this regard the Engagement Letter dated June 10, 2019, signed between the issuer viz. MMFL and its Merchant Banker (Lead Manager) viz. Vivro/Noticee has been perused. It is observed that the Engagement Letter mentions the following:*
 - c. *Scope of Services*

The scope of services of Vivro shall in particular include:

 - k) *Assisting in drafting and finalization of issue advertisements, statutory or otherwise.*
 - d. *From the above it is observed that the 'Scope of Services' as mentioned in the Engagement Letter between Noticee and MMFL made the Noticee responsible for finalizing all issue related advertisements whether statutory (regulatory) or otherwise. In this regard, it is alleged that the Noticee failed to ensure that only correct and complete information (w.r.t the public issue of NCDs by MMFL) reaches the investors through*

advertisements. Therefore, it is alleged that the Noticee violated the provisions of Clause 7 of Code of Conduct of Schedule III r/w Regulation 13 of Merchant Bankers Regulations.

6. Pending Adjudication Proceedings commenced by the aforesaid SCN, Vivro/ Applicant proposed to settle the instant proceedings initiated against it, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed a settlement application ref. 6542/2021 dated September 08, 2021 with SEBI in terms of the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as '**Settlement Regulations**').
7. Pursuant to the above mentioned settlement application filed by the applicant, the Authorized Representatives (ARs) of the applicant attended a meeting with the Internal Committee (hereinafter referred to as '**IC**') on December 22, 2021 and the settlement terms were settled for an amount Rs. 20,11,875/- (Rupees Twenty Lakh Eleven Thousand Eight Hundred and Seventy-Five only) towards settlement charges. The settlement terms were placed before the High Powered Advisory Committee (hereinafter referred to as '**HPAC**') on April 05, 2022. The HPAC, after considering the facts and circumstances of the case, the proposed settlement terms offered by the applicant and also the material made available before it by SEBI, recommended that the aforesaid adjudication proceedings initiated against the applicant may be settled on payment Rs. 20,11,875/- (Rupees Twenty Lakh Eleven Thousand Eight Hundred and Seventy-Five only) towards the settlement terms. The Panel of Whole Time Members of SEBI approved the said recommendation of HPAC on April 26, 2022 and the same was communicated to the applicant vide email dated April 29, 2022. Subsequently, the applicant has made the aforesaid payment of Rs. 20,11,875/- (Rupees Twenty Lakh Eleven Thousand Eight Hundred and Seventy-Five only) through online payment (payment transaction number: WICO1154615976) towards the settlement terms in the matter and informed the same to SEBI vide email dated May 18, 2022.
8. In view of the aforesaid and in exercise of the powers conferred under section 15JB of the SEBI Act read with Regulation 23 (1) of the Settlement Regulations, it is hereby ordered that this settlement order disposes of the adjudication proceedings initiated against the applicant viz. Vivro Financial Services Pvt. Ltd. vide SCN/SEBI/EAD1/SBM/KL/18875/2021 dated August 10, 2021.

9. This order is without prejudice to the right of SEBI to take enforcement actions, in terms of Regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which the settlement order was passed against the applicant, if:
- a. any representations made by the applicant in the settlement proceedings is subsequently found to be untrue; or
 - b. the applicant breaches any of the clauses / conditions of undertakings / waivers filed during the current settlement proceedings.
10. This settlement order is passed on the **23rd of May, 2022** and shall come into force with immediate effect.
11. In terms of Regulation 25 of the Settlement Regulations, copies of this order are sent to the applicant viz. Vivro Financial Services Pvt. Ltd. and also to the Securities and Exchange Board of India.

Place: Mumbai

Date: May 31, 2022

SURESH B. MENON

ADJUDICATING OFFICER