

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
SETTLEMENT ORDER NO. ORDER/BD/BM/2019-20/4567

SETTLEMENT ORDER

In respect of application no. 3889/2019

Submitted by Malabar Institute of Medical Sciences Ltd.

1. SEBI conducted an examination into the alleged irregularity in the dealing of the shares of Malabar Institute of Medical Sciences Ltd (hereinafter referred to as “MIMS”/ “Company”) pertaining to allotments made by MIMS by way of Private Placements on May 01, 2002 and January 05, 2003 and into the possible violation of the provisions of the SEBI Act, 1992, other allied Acts, various Rules and Regulations made thereunder.
2. During the course of examination, it was observed that the allotment made to 376 allottees and 128 allottees on January 5, 2003 and May 1, 2002 respectively (aggregating to 504 allottees in FY 2002-03) deemed to be pursuant to a public offer and MIMS was required to comply with various statutory / regulatory requirements pertaining to a public issue as provided in the Companies Act, 1956 and DIP Guidelines in respect of the issuance. However, MIMS allegedly did not comply with these requirements including that of seeking listing and filing of prospectus. It was, therefore, alleged that MIMS had violated Clauses 2.1.1, 2.1.4, 2.1.5, 2.2, 4.1, 4.11, 4.14, 5.3.1, 5.6A, 5.6.2, 6.0 to 6.33 and 8.8.1 of the DIP Guidelines, 2000.
3. Consequently, SEBI initiated Adjudication proceedings against the Applicant and I was appointed as the Adjudicating Officer vide order dated May 18, 2017 under Section 19 of the SEBI Act, 1992 read with Section 15I of the SEBI Act and Rule 3 of (SEBI Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (*hereinafter referred to “Adjudication Rules”*)

to inquire into and adjudge the alleged violations of the provisions of DIP Guidelines, 2000, committed by the Applicant, under Section 15 HB of SEBI Act in the matter.

4. Accordingly, in terms of Rule 4 of SEBI Adjudication Rules, a Show Cause Notice reference no. EAD/BJD/BKM/28472/2017 dated November 16, 2017 (hereinafter referred to as '**SCN**') was served upon the Applicant, seeking its reply as to why an Inquiry should not be held against it for the alleged violation of the provisions of DIP Guidelines, 2000.
5. While the Adjudication proceedings were in progress, the Applicant submitted an application on January 10, 2018 for settlement of the Adjudication proceedings, in terms of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as "**Settlement Regulations**").
6. It is noted from the application filed by the Applicant that vide an undertaking dated January 02, 2018, the applicant had inter-alia submitted that *"We neither admit nor deny the findings of fact and conclusions law which may be part of the consent order and consent to enter into the consent order as may be passed by SEBI/AO as settlement of the issues contained in this application, in line with the consent terms agreed by me.*
7. The Applicant vide, its letter dated July 19, 2019 had proposed the revised settlement terms of ₹ 36,97,500/- (Rupees Thirty Six Lakhs Ninety Seven Thousand and Five Hundred Only), which was considered by an Internal Committee (**IC**) of SEBI in its meeting held on July 12, 2019.
8. The settlement terms as proposed by the Applicant were placed before the High Powered Advisory Committee (**HPAC**) in its meeting held on July 30, 2019. After considering the facts / circumstances of the case, material brought before it, the HPAC recommended that the aforesaid violations, in the facts of the case, may be settled on payment of ₹ 36,97,500/- (Rupees Thirty Six Lakhs

Ninety Seven Thousand and Five Hundred Only), towards settlement terms as proposed by the Applicant.

9. The recommendation of HPAC were approved by a Panel of the Whole Time Members of SEBI on August 22, 2019, which was communicated to the Applicant through email on August 23, 2019. The applicant vide, letter dated September 03, 2019 confirmed the payment of ₹ 36,97,500/- (Rupees Thirty Six Lakhs Ninety Seven Thousand and Five Hundred Only) towards the settlement of actions in the instant matter.
10. Therefore, in view of acceptance of the settlement terms as proposed by the Applicant and upon receipt of settlement amount by SEBI, the pending Adjudication Proceedings initiated against the Applicant under the aforesaid SCN dated November 16, 2017, are hereby disposed of in terms of Regulation 23(1) of the Settlement Regulations.
11. This Order is without prejudice to the right of SEBI to initiate Enforcement actions including commencing / reopening of the pending proceedings against the Applicant/Noticee, if SEBI finds that:

any representations made by the Applicant in the present settlement proceedings are subsequently discovered to be untrue.

the Applicant has breached any of the clauses / conditions of undertakings / waivers filed during the present settlement proceedings.
12. This settlement order passed on 23 September, 2019 shall come into force with immediate effect.

13. In terms of Regulation 25 of Settlement Regulations, a copy of this order is being sent to the Applicant and for publication on the website of SEBI.

Date: 23 September, 2019
Place: Mumbai

B J DILIP
Adjudicating Officer