

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. Order/AN/SM/2025-26/31444**

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) RULES, 1995.

In respect of

M/s Highlight Investment Research (Proprietor: Ms. Shilpa Garg)

(PAN: AZNPG3349J / SEBI Registration Number: INA000007094)

In the matter of M/s Highlight Investment Research (Proprietor: Ms. Shilpa Garg)

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI"), had received a complaint in SEBI Complaint Redressal System "SCORES" bearing registration no. SEBI/MP22/0000080/1 on January 28, 2022, against M/s Highlight Investment Research (Proprietor - Ms. Shilpa Garg) (hereinafter referred to as "Investment Adviser" / "Noticee" / "Highlight"/ "IA"), a SEBI Registered Investment Adviser having SEBI Registration No. INA000007094. Pursuant to the said complaint, based on the examination in the matter, SEBI initiated adjudication proceedings against the Noticee under Section 15-I of SEBI Act, 1992 (hereinafter also referred as "SEBI Act") in respect of the Noticee in the subject matter for the alleged violation of following provisions:

- 1.1. SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014 read with Regulation 21(1) read with 28(f) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter also referred as "IA Regulations" / "SEBI IA Regulations, 2013"/ "IA Regulations, 2013")
- 1.2. Regulation 3(a), (b) (c) and (d) and 4(1) and 4(2) (k) and (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter "PFUTP Regulations") read with sections 12 A (a) (b) and (c) of the SEBI Act and Clauses 1 (honesty and fairness) 2

(diligence) and 8 (compliance) of the Code of Conduct as specified in Third Schedule read with Regulation 15(9) of IA Regulations, 2013.

- 1.3. SEBI Circular SEBI/HO/IMD/IMD-I/DOF1/P/CIR2021/579 dated June 18, 2021 read with SEBI Circular SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/622 dated August 31, 2021 read with Regulation 14(3) of IA Regulations, 2013 read with clause 8 of Code of Conduct specified in IA Regulations read with Regulations 28(a) of IA Regulations, 2013.

B. APPOINTMENT OF ADJUDICATING OFFICER

2. Whereas, the Competent Authority was prima facie of the view that there were sufficient grounds to adjudicate upon the alleged violations by the Noticee, therefore, in exercise of the powers conferred under Section 15I (1) of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred as the 'SEBI Adjudication Rules') read with Section 19 of the SEBI Act, 1992, the Competent Authority had appointed the undersigned as Adjudicating Officer ("AO") vide order dated August 23, 2023 to inquire into and adjudge under Sections 15C, 15EB and 15HA of the SEBI Act, 1992 for the aforesaid alleged violations by the Noticee. The said proceedings of appointment were communicated to the undersigned vide communique dated August 25, 2023. Thereafter, the matter was reallocated to Shri. Biju S., CGM (erstwhile AO) vide order dated March 14, 2024, and proceedings of appointment as an AO were communicated to the erstwhile AO vide communique dated April 23, 2024. Pursuant to the transfer of the erstwhile AO, vide order dated July 22, 2024 the Adjudication proceedings were transferred to the undersigned. The said proceedings of appointment were communicated to the undersigned vide Communique dated Communique dated July 31, 2024.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

3. A Show Cause Notice No. SEBI/EAD-1/BS/16814/1/2024 dated May 15, 2024 (hereinafter also referred to as 'SCN' / 'SCN dated May 15, 2024' in short) was issued to Noticee, by erstwhile AO, under Rule 4 of SEBI Adjudication Rules, 1995 to show cause as to why an inquiry should not be held against it and why penalty be not imposed under Sections 15C, 15EB and 15HA of the SEBI Act, 1992 for the aforesaid alleged violation.

4. In this regard, following was inter alia observed and alleged in respect of the Noticee:

“ ...

3. The complainant vide email dated February 4, 2022 (**Flag B**) submitted to SEBI the copies of KYC form, risk profile questionnaire form and declaration letter to Investment Advisor regarding suitability of advice. Further, the complainant also submitted his Axis Bank account statement highlighting the debit entries with regard to the payment of advisory fees made by him to the IA (**Flag C**). The details of payments to the IA are tabulated as under:

Date of payment	Amount (Rs)
06/11/2019	2000/-
12/11/2019	5500/-
20/11/2019	10005.90/-
25/11/2019	10005.90/-
25/11/2019	10005.90/-
26/11/2019	9005.90/-
30/11/2019	15505.90/-
30/11/2019	5005.90/-
10/12/2019	8005.90/-
19/12/2019	30000/-
26/12/2019	5001/-
26/12/2019	8005.90/-
Total	118048.2/-

4. Promise assured return:

- Vide email dated February 4, 2022, Shri. Purushottam Mahobia, submitted a call recording substantiating his allegations of profit commitment against the Investment Adviser (**Flag D**).
- From the above, it is alleged that IA assured high returns to the complainant, despite fully knowing that all the investments in securities market are subject to market risk and that such returns cannot be assured. Therefore, it is alleged that, the IA has made false and misleading representation to its clients. By making / promising assured profits, the IA has tried to deceive its client. It is also alleged that, knowing fully well that assured profits in securities market is practically impossible; the IA is knowingly making misrepresentation regarding the same. Hence, Highlight Investment Research (Proprietor Ms. Shilpa Garg) is alleged to have violated the provisions of Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992, Which mandates:

➤ Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of PFUTP Regulations:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

- buy, sell or otherwise deal in securities in a fraudulent manner;
- use or employ ,in connection with issue , purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

- employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities [markets]. [Explanation.—For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.]

(2) Dealing in securities shall be deemed to be a [manipulative] fraudulent or an unfair trade practice if it involves [any of the following]:—

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities;]

(s) {mis-selling of securities or services relating to securities market;

Explanation- For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by—

(i) knowingly making a false or misleading statement, or

(ii) knowingly concealing or omitting material facts, or

(iii) knowingly concealing the associated risk, or

(iv) not taking reasonable care to ensure suitability of the securities or service to the buyer];

➤ **Section 12A(a), (b) and (c) of SEBI Act, 1992:**

12A. No person shall directly or indirectly –

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognised stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

- c. Moreover, it is also alleged that, IA by promising its client of assured profits and not making the clients aware that their investments in the securities market is subject to market risk where there is possibility of loss of capital, shows that the IA has not been honest and has not taken due care in its dealings with its clients. Thus, it is alleged that, Highlight Investment Research (Proprietor Ms. Shilpa Garg) failed to act in its fiduciary capacity towards its clients. Thus, it is alleged that the IA has violated the provisions of Clauses 1 (honesty and fairness), 2 (diligence) and 8 (compliance) of the Code of Conduct as specified in the Third Schedule read with Regulation 15(9) of IA Regulations, 2013, which mandates:

CODE OF CONDUCT FOR INVESTMENT ADVISER:

1. Honesty and Fairness

An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.

2. Diligence

An investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and taking into account available alternatives.

8. Compliance

An investment adviser including its [partners, principal officer and persons associated with investment advice] shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

Regulation 15(9) of IA Regulations, 2013

(9) An investment adviser shall abide by Code of Conduct as specified in Third Schedule.

5. Non redressal of investor grievance:

Pursuant to receipt of documents from the complainant, SEBI forwarded the complaint to the IA in SCORES on February 16, 2022, requesting it to take immediate efforts for its resolution within 30 days and submit ATR to SEBI. Further, as

no reply received from the IA, several telephone calls were attempted on all the contact numbers available in SEBI's records. However, the numbers were found to be switched off and non-functional. Further, IA was informed in SCORES on March 30, 2022 and the IA was communicated in SCORES to provide valid contact details and resolve the complaint on an urgent basis. Subsequently, as there was no response from the IA in SCORES and also the IA did not communicate with SEBI Officials, therefore again in SCORES on May 18, 2022, the IA was advised to resolve the complaint and submit the final ATR to SEBI and also provide contact details on which the IA can be reached. The complete action history sheet is placed alongside as **Flag A**. In view of the above, in spite of several attempts and efforts made by SEBI, the IA has not submitted any response in SCORES with respect to SCORES Complaint bearing Registration No. SEBI/MP22/0000080/1. Therefore, it is alleged that, the IA has not submitted the ATR in a time bound manner as prescribed by SEBI and has not resolved investors' grievance. In view of the same, it is alleged that IA has not complied with SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014 read with Regulation 21(1) of SEBI (Investment Advisers) Regulations read with Regulation 28(f) of SEBI (Investment Advisers) Regulations, 2013.

6. Membership of BSE Administration & Supervision Limited (hereinafter referred to as, "**BASL**"):

- I. SEBI, vide circular no. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/579 dated June 18, 2021, inter-alia, prescribed the following:
BSE Administration & Supervision Limited (BASL), a wholly owned subsidiary of BSE Limited, has been granted recognition as IAASB for a period of three years from June 01, 2021.

In order to ensure compliance with Regulation 6(n) of the IA Regulations and to keep their registration in force, all existing IAs shall seek membership of Investment Adviser Administration and Supervisory Body (herein after referred as "**IAASB**") in such manner as may be specified by the IAASB, within three months of the recognition of IAASB by SEBI.

- II. In view of the above provisions, existing IAs were required to seek membership of BASL-IAASB latest by August 31, 2021. However, SEBI, vide circular no. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/622 dated August 31, 2021, (**Flag E**) extended the timeline for seeking membership by existing IAs by a period of two months till October 31, 2021. It was also specified vide SEBI circular dated August 31, 2021, that existing IAs who fail to seek membership of BASL within the aforesaid timeline shall be liable for appropriate action including suspension or cancellation of certificate of registration of such IAs, in terms of the Securities and Exchange Board of India Act, 1992 and the Regulations framed thereunder.
- III. In this regard, vide email dated October 20, 2022, BASL was requested to confirm whether the Investment Adviser has obtained membership of BASL. In response, vide email dated October 20, 2022, BASL has submitted that the Investment Adviser is not registered with BASL (Copy of SEBI's email and response of BASL is placed alongside as **Flag F**).
- IV. In view of the above, it is alleged that, as IA has not obtained membership from BASL, IA has not complied with provisions of SEBI Circular (SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/579) dated June 18, 2021, read with SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/622 dated August 31, 2021 read with Regulation 14(3) of IA Regulations, 2013 read with Clause 8 of Code of Conduct specified in IA Regulations read with Regulations 28 (a) of IA Regulations, 2013.

...

5. The SCN issued by erstwhile AO, was sent through Speed Post Acknowledgment Due (SPAD) at the address of the Noticee viz., 42 Ganiyari Gulwara, Murwara, Katni – 483501, Madhya Pradesh. The SCN was delivered through SPAD on May 21, 2024 at the said address. In this regard, I note that copy of the India Post Tracking Details has been placed in file. As regards Noticee's reply to the SCN, I note that no reply to the SCN has been received.
6. Having regard to the principles of natural justice, vide Hearing Notice dated August 28, 2024, Noticee was granted an opportunity of hearing on September 05, 2024. The said Hearing Notice was sent through SPAD on two addresses of the Noticee

viz., (i) Katni address and (ii) 366-367, Scheme No. 54, PU-4, Indore, Madhya Pradesh-452010 ('registered address of Noticee' in short). The said hearing notice was delivered on Katni address and was returned undelivered from registered address of Noticee. Copy of the India Post Tracking Details with regard to delivery at Katni address has been placed in file. The hearing Notice dated August 28, 2024 was also served through digitally signed email at SHILPA@HIGHLIGHTINVESTMENT.COM. Copy of the delivery receipt wrt service by digitally signed email has been placed in file. However, no response was received from the Noticee in this regard and on the scheduled hearing date, the Noticee failed to appear for the hearing.

In the interest of principles of natural justice, another opportunity of Hearing was provided to Noticee vide Hearing Notice dated September 25, 2024 (said HN) on October 01, 2024. The said HN was sent to the Noticee at its registered address at Indore and also at its address at Katni, however the same was returned undelivered. The hearing Notice dated September 25, 2024 was also served through digitally signed email at SHILPA@HIGHLIGHTINVESTMENT.COM. Copy of the delivery receipt wrt service by digitally signed email has been placed in file. However, no response was received from the Noticee in this regard and on the scheduled date of second hearing, the Noticee failed to appear for the hearing.

In the interest of natural justice, last and final opportunity of hearing was provided to Noticee vide Hearing Notice dated December 06, 2024 (said Hearing Notice) on December 19, 2024. The said Hearing Notice was sent to the Noticee at its registered address as well as at Katni address. Additionally, service of the said Hearing Notice along with copy of the SCN and annexures, was also attempted for service by hand delivery /affixture inter alia at the Indore based addresses of the Noticee, through Indore Local Office of SEBI (ILO), however the same could not be served for reason that there was no such firm at the given addresses. The Hearing Notice sent at the Katni address of the Noticee was delivered at the Katni address. The hearing Notice dated December 06, 2024 was also served through digitally signed email at SHILPA@HIGHLIGHTINVESTMENT.COM. Copy of the

delivery receipt wrt service by digitally signed email has been placed in file. In this regard, neither any response was received from the Noticee nor did the Noticee appear for the hearing scheduled on December 19, 2024. Vide hearing notice dated December 06, 2024, the Noticee was inter alia also informed that if no reply to the SCN was received from the Noticee and no appearance was made by the Noticee for hearing, the matter shall be proceeded with on the basis of facts /material available on record in terms of Rule 4(7) of the SEBI Adjudication Rules.

7. In this regard, I note that despite having been provided with sufficient opportunities to submit reply to the SCN and appear for hearing, as detailed in the foregoing, neither any reply to the SCN was received from the Noticee nor the Noticee appeared for hearing. Accordingly, I am constrained to proceed to deal with the matter ex-parte on the basis of material available on record in terms of Rule 4(7) of the SEBI Adjudication Rules which reads as under: -

“

...

4(7) If any person fails, neglects or refuses to appear as required by sub-rule (3) before the Board or the adjudicating officer, the Board or the adjudicating officer may proceed with the inquiry in the absence of such person after recording the reasons for doing so.

...”

8. Further, in this regard, reliance is placed on Hon'ble Securities Appellate Tribunal (SAT) order dated December 08, 2006 in the matter of Classic Credit Ltd. vs. SEBI wherein Hon'ble SAT had, inter alia, observed that, *".....the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them"*. It is also pertinent to note that the Hon'ble SAT in the matter of Sanjay Kumar Tayal (File Ref No.: EAD2/SS/VS/64/111/2019-20) & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014), had also, inter alia, observed that: *"..... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."* Further, the same position is reiterated by the Hon'ble SAT in the matter of Dave Harihar

Kirtibhai Vs SEBI (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT observed as under: "...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal...". Further, in the matter of Shri. B.Ramalinga Raju vs. SEBI (Appeal no. 286 of 2014), Hon'ble SAT observed that "eventhough the Noticees remained ex-parte, I find it relevant that I should be guided by the documents available on record".

9. In view thereof, I hereby proceed to deal with the matter on the basis of material available on record and on the basis of presumption that the allegations /charges have been admitted by Noticee.

D. CONSIDERATION OF ISSUES AND FINDINGS:

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

- | | |
|-----------------------|--|
| Issue No. I: | Whether the Noticee has violated the provisions of SEBI Act, SEBI IA Regulations, 2013, PFUTP Regulations, and SEBI circulars as alleged? |
| Issue No. II: | If yes, whether the violations on the part of the Noticee would attract monetary penalty under Section 15 C, 15EB and 15 HA of the SEBI Act, 1992? |
| Issue No. III: | If yes, what should be the monetary penalty that can be imposed upon the Noticee? |

Issue No. I: Whether the Noticee has violated the provisions of SEBI Act, SEBI IA Regulations, 2013, PFUTP Regulations, and SEBI circulars as alleged?

In this regard, the following was inter alia observed and alleged in respect of the Noticee:

11. IA was promising assured returns to clients over telephone calls

11.1. It was inter alia observed and alleged that IA was promising assured returns to clients over telephone calls and therefore, Noticee had violated the provisions of Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992.

11.2. In this regard, I note from material available on record that a complaint in SCORES bearing registration no. SEBIE/MP22/0000080/1 was filed by complainant Mr. Pxxxxxxxxm Mxxxxxa on January 28, 2022. The brief details of complaint submitted by the complainant in SCORES were as under:

“Highlight Investment Research took Rs. 156000+28% GST amounting to total of Rs. 1,75,000/- as a fees and committed profit if Rs. 5,00,000 within 4 months. After giving profit of Rs. 5200/- the IS made loss of Rs. 50,000 in complainant’s de-mat account. After giving losses to the complainant, the IA switched off their de-mat account. After giving losses to the complainant, the IA switched off their Phones. The complainant has also sought his money to be refunded and to take strict action against that firm”.

11.3. It was observed that the complainant vide email dated February 4, 2022 submitted to SEBI the copies of KYC form, risk profile questionnaire form and declaration letter to Investment Advisor regarding suitability of advice. Further, the complainant also submitted his Axis Bank account statement highlighting

the debit entries with regard to the payment of advisory fees made by him to the IA. The details of payments to the IA are tabulated as under:

Date of payment	Amount (Rs)
06/11/2019	2000/-
12/11/2019	5500/-
20/11/2019	10005.90/-
25/11/2019	10005.90/-
25/11/2019	10005.90/-
26/11/2019	9005.90/-
30/11/2019	15505.90/-
30/11/2019	5005.90/-
10/12/2019	8005.90/-
19/12/2019	30000/-
26/12/2019	5001/-
26/12/2019	8005.90/-
Total	118048.2/-

11.4. Vide email dated February 4, 2022, the Complainant, submitted a call recording substantiating his allegations of profit commitment against the Investment Adviser.

11.5. After analyzing the call recording, SEBI observed the following:

- IA assured high returns to the complainant, despite fully knowing that all the investments in securities market are subject to market risk and that such returns cannot be assured.
- By making / promising assured profits, the IA has tried to deceive its client. Noticee knowing fully well that assured profits in securities market is practically impossible; was knowingly making misrepresentation regarding the same. Therefore, it was alleged that Highlight Investment Research (Proprietor Ms. Shilpa Garg) had violated the provisions of Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992

- IA, by promising its client of assured profits and not making the clients aware that their investments in the securities market is subject to market risk where there is possibility of loss of capital, shows that the IA has not been honest and has not taken due care in its dealings with its clients. Therefore, it was alleged that Highlight Investment Research (Proprietor Ms. Shilpa Garg) failed to act in its fiduciary capacity towards its clients and had violated the provisions of Clauses 1 (honesty and fairness), 2 (diligence) and 8 (compliance) of the Code of Conduct as specified in the Third Schedule read with Regulation 15(9) of IA Regulations, 2013.

11.6. In this regard, it is pertinent to refer to the provisions of Regulation 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992 which inter alia states:

Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of PFUTP Regulations:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities [markets]. [Explanation.—For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.]

(2) Dealing in securities shall be deemed to be a [manipulative] fraudulent or an unfair trade practice if it involves [any of the following]:—

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities:]

(s) {mis-selling of securities or services relating to securities market;

Explanation- For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by—

- (i) knowingly making a false or misleading statement, or
- (ii) knowingly concealing or omitting material facts, or
- (iii) knowingly concealing the associated risk, or
- (iv) not taking reasonable care to ensure suitability of the securities or service to the buyer}};

Section 12A(a), (b) and (c) of SEBI Act, 1992:

12A. No person shall directly or indirectly –

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognised stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

11.7. In this regard, I inter alia note the following from the Call Recording (AUD-20211226-WA0025) submitted by the complainant:

Time Stamp (08:58-09:40)

Representative of Highlight: Single call pe kaam karke yadi apan **accha profit nikal sakte hai**, single time pe entry le rahe hain matlab apan single time pe risk le rahe hai market mein haina toh jaha apan 4 time risk le rahe the wo one time risk rahega aur profit use jyada his earn kar sakte hain, right!..
Kyuki momentum call pe surety base pe karenge toh apne liye quality bhi rahegi jyada best rahegi.

Complainant: Thik hai.

Time Stamp (14:23-14:51)

Representative of Highlight: Personally aap mere saath agar working kar rahe hain to apko **80%-90% accuracy easily mil jaegi** lekin fir bhi mai ye nahi bolta hu market ki wo condition jo bilkul minimum se minimum ho

Complainant: Thik Bol rahe ho

Representative of Highlight: Jyada ho jaega profit to apne ko koi bura mhi hai lekin minimum criteria leke chale ki mene apko bta diya **ki minimum itta nikal jaega to maximum kuch bhi ho skta hai** lekin apn yadi maximum pe jaye or minimum pe aa jae to koi matlab nhi hai.

Time Stamp (14:58-16:14)

Representative of Highlight:

To yaha par apn ek minimum lekar chale 20 call pe apan ne working ki to me minimum accuracy ki bat karu **only 50% accuracy apan ne start kiya** or market kafi kharab raha to market ki condition kharab hoti hai, market ki condition kharab rahi to apn jo chah rahe hai vo profit nahi nikal pata hai haina to yaha pe apan maan ke chale 50% accuracy matlab 10 call pe muje only profit mila 20 mein se 10 call pe profit mila or 10 call pe mujhe market me mujhe hardly nuksan de diya ab market ne mujhe nuksan de diya 10 call pe to mene market me loss ki capacity fix karke rakhi thi ki mujhe 5000 se jyada capacity ka loss nahi hai, toh 5000 ke according 10 call pe mujhe 50000 ka nuksan ho gya or mujhe 10 call pe hi profit mila 10000 rupee profit ka ratio decide karke rakha to mujhe 100000 rupee ka 10 call pe profit hua yadi me loss minus kardun to bhi 50000 rupee to bhi mera portfolio pe 50000 ka profit me raha kam profit hua man raha hu ki profit kam hua lekin apna jo amount jo lgaya initial level pe lgaye vo kabhi risk me nhi jaega kyoki isse minimum accuracy me nhi manta apko milegi **50% accuracy se market ki condition kaisi bhi rahegi to apan 50% call se profit nikal sakte jo iss type se strategy bnake working krenge to mera commitment hai ki apko kabhi koi dikkt nhi aegi.**

Time Stamp (17:55-18:45)

Representative of Highlight:

Toh yadi aap isme supreme services mai yadi working karte hain, jaise aap mujhe bata rahe hain 20 se 30 thousand ka investment karenge, yadi aap 30 thousand ka investment karte hain toh apna daily ka **24 lac ka turnover**

***hoga, yadi apan 10 days ki baat kare to 2 Crore 40 Lac ka apna turn over
hoga. Yadi apan 1 month ki baat karein 5 Cr ka aspass ka turnover hoga
toh aur 3 month mein Jo apna turn over hoga wo 15 Crore ka turnover
hoga.***

Complainant: Thik hai....Thik Bol rahe ho

11.8. In this regard, I note that Regulation 3 of the PFUTP Regulations, prohibits certain dealings in securities wherein manipulative or deceptive methods are used, or any entity employs any device or scheme or artifice to defraud in connection with dealing in or issuing securities and also engage in any act, practice, course of business which operate as fraud or deceit upon any person in connection any dealing in or issue of securities. Further, I also note that Regulation 4(2)(k) of the PFUTP Regulations provides that dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities. Also, Regulation 4(2)(s) of the PFUTP Regulations prohibits mis-selling of securities or services related to securities market. Misselling has further been explained in the said Regulations to mean knowingly making false or misleading statements or not taking reasonable care to ensure suitability of the securities or services to the buyer.

11.9. In this regard, the relevant extracts of definition of 'fraud' under Regulation 2(1)(c) of PFUTP Regulations is as under:

SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT
AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET)
REGULATIONS, 2003

Definitions

2.(1) In these regulations, unless the context otherwise requires,—

(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss,...

11.10. In this regard, the relevant extracts of definition of ‘dealing in securities’ under Regulation 2(1)(b) of PFUTP Regulations are given below:

Definitions

2.(1) In these regulations, unless the context otherwise requires,—

(b) ¹“dealing in securities” includes:

...

(ii) such acts which may be knowingly designed to influence the decision of investors in securities; and

...”

11.11. I note from the aforesaid definition of fraud under regulation 2(1)(c) of PFUTP Regulations that fraud includes “*any act, expression, omission or concealment committed... or by his agent.... while dealing in securities in order to induce another person... to deal in securities....*”. Further, I note from sub-clause (ii) of 2(1)(b) of the above definition of “dealing in securities” of PFUTP Regulations which inter alia includes “*such acts which may be knowingly designed to influence the decision of investors in securities*”.

11.12. In my opinion, from the combine reading of Regulation 2(1)(c) and Regulation 2(1)(b) read with Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992, such act of promising assured return was made while dealing in securities as such assurance was given for nothing but in order to influence the decision of complainant with respect of doing trading based on the advice of the Noticee despite fully knowing that all the investments in securities market are subject to market risk.

11.13. With respect to the observation that Noticee failed to act in its fiduciary capacity towards its clients and had violated the provisions of Clauses 1 (honesty and fairness), 2 (diligence) and 8 (compliance) of the Code of Conduct as specified in the Third Schedule read with Regulation 15(9) of IA Regulations, 2013, I note that Regulation 15(9) of IA IA Regulations, 2013 inter alia reads as under:

General responsibility.

“ ...

(9) An investment adviser shall abide by Code of Conduct as specified in Third Schedule.

...”

THIRD SCHEDULE

Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

[See sub-regulation (9) of regulation 15]

CODE OF CONDUCT FOR INVESTMENT ADVISER

1. Honesty and Fairness

An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.

2. Diligence

An investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and taking into account available alternatives.

...”

“ ...

8. Compliance

An investment adviser including its [partners, principal officer and persons associated with investment advice] shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

...”

11.14. In this regard I note that clause (1) of Code of Conduct specified in IA Regulations that an investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market. Further, Clause (2)

states that an investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and taking into account available alternatives. Clause (8) Code of Conduct specified in IA Regulations states that an investment adviser shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

11.15. In this regard I note from material available on record that IA by promising its client of assured profits and not making the clients aware that their investments in the securities market is subject to market risk where there is possibility of loss of capital, shows that the IA has not been honest and has not taken due care in its dealings with its clients.

11.16. In view thereof, I find that the allegation in this regard in respect of the Noticee, as brought out and dealt with in the foregoing, inter alia that Noticee was promising assured returns, stands established and therefore, I hold that Noticee had violated the provisions of Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992 read with Clauses 1 (honesty and fairness), 2 (diligence) and 8 (compliance) of the Code of Conduct as specified in the Third Schedule read with Regulation 15(9) of IA Regulations, 2013.

12. IA has failed to resolve investor grievance promptly and has also failed to submit ATR in a time bound manner

12.1. In this regard it was inter alia observed and alleged that has failed to resolve investor grievance promptly and had also failed to submit ATR in a time bound manner and therefore Noticee had violated SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014 read with Regulation 21(1) of SEBI (Investment Advisers) Regulations read with Regulation 28(f) of SEBI (Investment Advisers) Regulations, 2013.

12.2. In this regard, I note from material available on record that SEBI forwarded the complaint to the IA in SCORES on February 16, 2022, requesting it to take immediate efforts for its resolution within 30 days and submit ATR to SEBI. Further, as no reply was received from the IA, several telephone calls were attempted on all the contact numbers available in SEBI's records. However, the numbers were found to be switched off and non-functional. The same was informed to the IA in SCORES on March 30, 2022 and the IA was communicated in SCORES to provide valid contact details and resolve the complaint on an urgent basis. Subsequently, as there was no response from the IA in SCORES and also the IA did not communicate with SEBI Officials, therefore again in SCORES on May 18, 2022, the IA was advised to resolve the complaint and submit the final ATR to SEBI and also provide contact details on which the IA could be reached. In view of the above, in spite of several attempts and efforts made by SEBI, the IA had not submitted any response in SCORES with respect to SCORES Complaint bearing Registration No. SEBIE/MP22/0000080/1.

12.3. In this regard, the relevant extracts of SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014; Regulation 21(1) of SEBI (Investment Advisers) Regulations; Regulation 28(f) of SEBI (Investment Advisers) Regulations, 2013 are given below:

Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

Redressal of client grievances.

21.(1) ⁷⁵[The Investment Adviser shall redress investor grievances promptly but not later than twenty-one calendar days from the date of receipt of the grievance and in such manner as may be specified by the Board.]

...

“ ...

Liability for action in case of default.

28. An investment adviser who –

...

28 (f) fails to resolve the complaints of investors or fails to give a satisfactory reply to the Board in this behalf,
shall be dealt with in the manner provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

...”

SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014

“ ...

13. Failure by listed companies and SEBI registered intermediaries to file ATR under SCORES within thirty days of date of receipt of the grievance shall not only be treated as failure to furnish information to SEBI but shall also be deemed to constitute non-redressal of investor grievance.

...”

- 12.4. In this regard, I note that Regulation 21(1) of SEBI (Investment Advisers) Regulations states that the Investment Adviser shall redress investor grievances promptly but not later than twenty-one calendar days from the date of receipt of the grievance. Further, Regulation 28(f) of SEBI (Investment Advisers) Regulations, 2013 states that if an investment adviser fails to resolve the complaints of investors or fails to give a satisfactory reply to the Board, he shall be dealt with in the manner provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.
- 12.5. Further, I note that clause 13 of SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014 states that “...*Failure by....SEBI registered intermediaries to file ATR under SCORES within thirty days of date of receipt of the grievance shall not only be treated as failure to furnish information to SEBI but shall also be deemed to constitute non-redressal of investor grievance...*”.
- 12.6. In this regard I note from material available on record that SEBI forwarded the complaint to the IA in SCORES on February 16, 2022 and advised the IA to resolve the complaint and submit the ATR to SEBI at the earliest. However, no response was received from IA, therefore, on March 30, 2022, IA was inter alia directed by SEBI in SCORES to resolve the complaint on an urgent basis. As no response was received from IA in SCORES, SEBI again directed to IA to resolve the complaint in SCORES on May 18, 2022 on an urgent basis. However, it was observed by SEBI that no response was received by SEBI in SCORES.

12.7. In view thereof, I find that the allegation that Noticee had failed to resolve investor grievance promptly and had also failed to submit ATR in a time bound manner, stands established and therefore, I hold that Noticee had violated SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014 read with Regulation 21(1) of SEBI (Investment Advisers) Regulations read with Regulation 28(f) of SEBI (Investment Advisers) Regulations, 2013.

13. IA did not obtain membership from BASL

13.1. In this regard it was inter alia observed and alleged that the Noticee had not obtained membership from BASL, therefore, Noticee had not complied with provisions of SEBI Circular (SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/579) dated June 18, 2021, read with SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/622 dated August 31, 2021 read with Regulation 14(3) of IA Regulations, 2013 read with Clause 8 of Code of Conduct specified in IA Regulations read with Regulations 28 (a) of IA Regulations, 2013.

13.2. In this regard, SEBI, vide circular no. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/579 dated June 18, 2021, inter-alia, prescribed the following:

BSE Administration & Supervision Limited (BASL), a wholly owned subsidiary of BSE Limited, has been granted recognition as IAASB for a period of three years from June 01, 2021.

In order to ensure compliance with Regulation 6(n) of the IA Regulations and to keep their registration in force, all existing IAs shall seek membership of Investment Adviser Administration and Supervisory Body (herein after referred as "IAASB") in such manner as may be specified by the IAASB, within three months of the recognition of IAASB by SEBI.

13.3. In view of the above provisions, it was observed that the existing IAs were required to seek membership of BASL-IAASB latest by August 31, 2021.

However, SEBI, vide circular no. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/622 dated August 31, 2021, extended the timeline for seeking membership by existing IAs by a period of two months till October 31, 2021. It was also specified vide SEBI circular dated August 31, 2021, that existing IAs who fail to seek membership of BASL within the aforesaid timeline shall be liable for appropriate action including suspension or cancellation of certificate of registration of such IAs, in terms of the Securities and Exchange Board of India Act, 1992 and the Regulations framed thereunder.

- 13.4. In this regard, vide SEBI's email dated October 20, 2022, BASL was requested to confirm whether the Noticee had obtained membership of BASL. In response, vide email dated October 20, 2022, BASL had submitted that the Noticee was not registered with BASL.
- 13.5. In this regard relevant text of provisions alleged to have been violated are given as under:

Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

“ ...

Recognition of body or body corporate for regulation of investment advisers.

14.(1)...

(2)...

(3) *The Board may specify that no person shall act as an investment adviser unless he is a member of a recognized body or body corporate and in such event, provisions of these regulations and byelaws or articles of such body or body corporate shall apply mutatis mutandis to such investment advisers.*

...”

“ ...

Liability for action in case of default.

28. *An investment adviser who –*

(a) *contravenes any of the provisions of the Act or any regulations or circulars issued thereunder;*

...”

CODE OF CONDUCT FOR INVESTMENT ADVISER

“ ...

8. Compliance

An investment adviser including its ¹³²[partners, principal officer and persons associated with investment advice] shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

...”

SEBI Circular (SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/579) dated June 18, 2021 ('SEBI Circular dated June 18, 2021' in Short)

“ ...

6. Pursuant to grant of aforementioned recognition, SEBI registered IAs are required to ensure compliance with the following:

i. Membership of IAASB

In order to ensure compliance with Regulation 6(n) of the IA Regulations and to keep their registration in force, existing IAs shall seek membership of IAASB in such manner as may be specified by the IAASB, within three months of the recognition of IAASB by SEBI.

...”

SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/622 dated August 31, 2021('SEBI Circular dated August 31, 2021' in Short)

“ ...

4. After due consideration, it has been decided to extend the timeline for seeking membership of BASL by existing IAs by a period of two months till October 31, 2021.

5. Existing IAs who fail to seek membership of BASL within the aforesaid timeline shall be liable for appropriate action including suspension or cancellation of certificate of registration of such IAs, in terms of the Securities and Exchange Board of India Act, 1992 and the Regulations framed thereunder.

...”

13.6. In this regard, I note that Regulation 14(3) of SEBI IA Regulations 2013 states that Board may specify that no person shall act as an investment adviser unless he is a member of a recognized body or body corporate and in such event, provisions of these regulations and byelaws or articles of such body or body corporate shall apply mutatis mutandis to such investment advisers.

13.7. In this regard, I note that SEBI Circular dated June 18, 2021 inter alia states that in order to ensure compliance with Regulation 6(n) of the IA Regulations

(Regulation 6 talks about eligibility criteria of IAs for the purpose of the grant of certificate) and to keep their registration in force, existing IAs shall seek membership of IAASB in such manner as may be specified by the IAASB, within three months of the recognition of IAASB by SEBI.

13.8. Further, I note from material available on record that the aforesaid given timeline was extended by a period of two months till October 31, 2021 vide SEBI Circular dated August 31, 2021. Further, SEBI Circular dated August 31, 2021 inter alia stated that existing IAs who fail to seek membership of BASL within the aforesaid timeline shall be liable for appropriate action including suspension or cancellation of certificate of registration of such IAs, in terms of the Securities and Exchange Board of India Act, 1992 and the Regulations framed thereunder.

13.9. In this regard I note from material available on record that BASL vide email dated October 20, 2022, had submitted to SEBI that the Noticee was not registered with BASL.

13.10. In view thereof, I find that the allegation that Noticee had not obtained membership from BASL, stands established and therefore, I hold that Noticee had violated provisions of SEBI Circular (SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/579) dated June 18, 2021, read with SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/622 dated August 31, 2021 read with Regulation 14(3) of IA Regulations, 2013 read with Clause 8 of Code of Conduct specified in IA Regulations read with Regulations 28 (a) of IA Regulations, 2013.

Issue No. II: If yes, whether the violations on the part of the Noticee would attract monetary penalty under Section 15C, 15EB and 15HA of the SEBI Act, 1992?

14. As it has been established in the foregoing paragraphs that Noticee had violated the provisions of SEBI Act, 1992, SEBI IA Regulations, SEBI PFUTP Regulations and SEBI Circulars as alleged, the Noticee is liable for payment of a monetary penalty in terms of Sections 15C, 15EB and 15HA of the SEBI Act, 1992, which inter alia reads as under:

Securities and Exchange Board of India Act, 1992

“
...

⁷³[Penalty for failure to redress investors' grievances.

15C. If any listed company or any person who is registered as an intermediary, after having been called upon by the Board in writing ⁷⁴[including by any means of electronic communication], to redress the grievances of investors, fails to redress such grievances within the time specified by the Board, such company or intermediary shall be liable to a penalty ⁷⁵[which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees].

...”

“
...

Penalty for default in case of investment adviser and research analyst.

15EB. Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.]

...”

“
...

¹⁰¹[Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty ¹⁰²[which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher].

...”

15. In this regard, it is also noted that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia 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 ”

Issue No. III: If yes, what should be the monetary penalty that can be imposed upon the Noticee?

16. While determining the quantum of penalty, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which reads as under: -

Securities and Exchange Board of India Act, 1992

“ ...

Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15- 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.*

Explanation.—For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

... ”

17. In the instant case, I note that the material on record does not quantify the amount of disproportionate gain or unfair advantage, the amount of loss caused to an investor or group of investors as a result of the violations committed by the Noticee. As regards repetitive nature of the violation, I note that there is an Adjudication Order passed against the Noticee on February 15, 2022 whereby

penalty of Rs. 1,00,000/- under Section 15C of SEBI Act, 1992 was imposed upon the Noticee. I cannot ignore that Noticee being a SEBI registered Investment Adviser had failed to comply with the extant applicable provisions of securities law, as dealt with and brought out in the foregoing which SEBI is duty bound to enforce compliance of. Such non-compliance accordingly needs to be dealt with suitable penalty.

E. ORDER

18. After taking into consideration the facts and circumstances of the case, material available on record, submissions made by the Noticee and also the factors mentioned in the preceding paragraphs, in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, I hereby impose following penalty, as per table below, on the Noticee for the aforementioned violations, as discussed in this order. In my view, the said penalty will be commensurate with the violations committed by the Noticee in this case:

Noticee Name	Penalty Under Section	Penalty (Amount Rs.)
M/s Highlight Investment Research (Proprietor: Ms. Shilpa Garg)	Section 15C of the SEBI Act, 1992.	1,00,000/- (Rs. One Lakh Only)
	Section 15EB of the SEBI Act, 1992.	1,00,000/- (Rs. One Lakh Only)
	Section 15HA of the SEBI Act, 1992.	5,00,000/- (Rs. Five Lakhs Only)
Total		7,00,000/- (Rs. Seven Lakhs Only)

19. The Noticee shall remit /pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW

20. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.
21. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

PLACE: MUMBAI
DATE: May 30, 2025

AMAR NAVLANI
ADJUDICATING OFFICER