

**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**Consent Order. IVD/HIL/AO/DRK/MD/EAD-3/CO- 36/2009**

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**CONSENT ORDER**

(Consent Application No. 556/2008)

ON THE APPLICATION SUBMITTED BY

**ACTION FINANCIAL SERVICES (INDIA) LIMITED**

SEBI Registration No. - INB 010749233

IN THE MATTER OF

**HIGHLAND INDUSTRIES LIMITED**

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1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), vide order dated July 03, 2007 had initiated adjudication proceedings against Action Financial Services (India) Limited (hereinafter referred to as the '**Noticee**'), (having address at 31, Rajgir Chambers, 4<sup>th</sup> Floor, 12/14, Sahid Bhagat Singh Road, Mumbai – 400 001) to inquire into and adjudge under Section 15HA and 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the '**SEBI Act**'), the violation of the provisions of Regulations 3 (a) & (b) and 4 (2)(a) & (e) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, and Clauses A (1), (2), (3) & (4) of the Code of Conduct for stock brokers as specified in schedule II under Regulation 7 of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 for allegedly aiding and abetting clients in price manipulation in the scrip of Highland Industries Limited (hereinafter referred to as the '**HIL**'). Show Cause Notice EAD-4/ ADJ/ DSR/ EIF-178/116541/ 2008 dated February 07, 2008 was issued to the Noticee by the previous Adjudicating Officer.
2. I was subsequently appointed as the Adjudicating Officer vide order dated 24 February, 2009 under section 15 I of the SEBI Act read with Rule 3 of

Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995.

3. Pending adjudication proceedings, the Noticee made an application dated 4<sup>th</sup> March, 2008 (Consent application Regn. No. 556 of 2008) and an undertaking in the format prescribed by SEBI for settlement in the matter in terms of SEBI Circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. Subsequently, the Noticee vide its letter dated August 17, 2009 proposed revised consent terms of Rs. 20,00,000/- (Rupees Twenty Lakhs only) towards settlement charges. The consent terms were placed before the High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) on September 15, 2009 and the HPAC considered the facts and circumstances of the case, the proposed settlement terms offered by the Noticee and other material brought before the HPAC. HPAC after deliberations recommended the case for settlement on the consent terms proposed by the Noticee.
4. In terms of the proposal of the Noticee for the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the Noticee to the findings of fact or conclusions of law, the Noticee has remitted a sum of Rs. 20,00,000/- (Rupees Twenty Lakhs only) favoring Securities and Exchange Board of India vide Banker's Cheque No. 524016 dated 27/10/2009 drawn on ICICI Bank Limited, towards the settlement charges.
5. In view of the above, it is hereby ordered that:
  - i. this consent order disposes of the said adjudication proceedings initiated against the Noticee under SEBI Act, 1992, and
  - ii. 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 Noticee, if SEBI finds that:
    - a. any representations made by the Noticee in the consent proceedings are subsequently discovered to be untrue.

b. the Noticee has breached any of the clauses / conditions of undertakings / waivers filed during the current consent proceedings.

6. This consent order shall come into force with effect from 16<sup>th</sup> day of November, 2009.

7. In terms of Rule 6 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, copies of this order are being sent to Action Financial Services (India) Limited and also to the Securities and Exchange Board of India, Mumbai.

**Place: Mumbai**  
**Date: November 16, 2009**

**D. RAVI KUMAR**  
**CHIEF GENERAL MANAGER &**  
**ADJUDICATING OFFICER**