



QJA/SS/WRO/WRO/31659/2025-26

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 12(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND REGULATION 27 AND 35 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008 AND REGULATION 28 OF THE SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013.

In respect of:

Highlight Investment Research (Proprietor: Shilpa Garg) – Investment Advisor

SEBI Registration Number: INA000007094

PAN: AZNPG3349J

Background

1. Securities and Exchange Board of India ('SEBI') received a complaint on January 28, 2022 through SEBI Complaints Redressal System ('SCORES'), against Highlight Investment Research, Proprietor - Shilpa Garg ('Noticee'), a SEBI Registered Investment Advisor ('IA') having Registration No. INA000007094. The complainant had also provided a copy of his bank statement evidencing payment of fees to the Noticee, call recording between the complainant and the Noticee and copy of his KYC form, filled-in risk profile questionnaire and declaration letter provided by him to the Noticee. The complaint, *inter alia*, alleged as follows:
 - a) The Noticee took fees from the complainant for 4 months and promised assured return.
 - b) However, the complainant incurred loss and the Noticee could not be contacted as its phone was switched off.
2. Upon receipt of the said documents from the complainant, the complaint was forwarded to the Noticee in SCORES on February 16, 2022 for resolution of the complaint. Further, reminders were sent in March 2022 and May 2022. However, there was no reply received from the Noticee.
3. From the bank statement of the complainant, it was observed that the complainant had transferred Rs. 1,18,048 to the Noticee during November-December 2019. Further, from the call recording provided by the complainant, it was observed that the Noticee had assured high returns to the complainant despite knowing that all investments in securities markets are subject to market risks. It



was also observed that the Noticee had not obtained membership of BSE Administration and Supervision Limited ('BASL') as required under SEBI circular no. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/579 dated June 18, 2021.

4. Pursuant to the above, SEBI initiated two proceedings against the Noticee. One, the Adjudication Proceedings under section 15I of the Securities and Exchange Board of India Act, 1992 ('the SEBI Act') and the other, the proceedings under section 12(3) of the SEBI Act read with SEBI (Intermediaries) Regulations, 2008 ('the Intermediaries Regulations'). The same officer [Adjudicating Officer (AO)] appointed by SEBI for adjudication under section 15I of the SEBI Act and for conducting proceedings [as Designated Authority (DA)] in accordance with the Intermediaries Regulations passed an Order dated May 30, 2025 levying a total penalty of Rupees Seven (7) lakhs on the Noticee based on conclusive findings and on the same date submitted a Report ('the Report') in terms of the Intermediaries Regulations recommending that the certificate of registration of the Noticee, i.e., M/s Highlight Investment Research (Proprietor: Ms. Shilpa Garg), SEBI Registration No: INA000007094 be cancelled, based on *prima facie* findings on the same allegations. In the said order and the Report, the AO/DA has found the Noticee to have committed violations in respect of the following: -
- a) *Promise of assured returns*
 - b) *Non-redressal of investor grievances*
 - c) *Not obtaining membership from BASL*

SCN, Reply and Hearing

5. The instant proceedings have commenced pursuant to the above Report and the consequent Show Cause Notice ('SCN') dated July 01, 2025 as required under the Intermediaries Regulations. The Noticee was called upon to show cause as to why action recommended by the DA or any other action in terms of the Intermediaries Regulations should not be taken against her for the alleged violations. The SCN was dispatched by Inland Speed Post at the following two addresses:

Address 1: 42, Ganiyari Gulwara, Murwara, Katni, Madhya Pradesh – 483501

Address 2: 366-367, Scheme No. 54, PU-4, Indore, Madhya Pradesh – 452010.



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6. The SCN sent to Address 2 returned undelivered. However, from the website of Department of Posts, it was noticed that the SCN was delivered to Address 1. However, no response to the SCN was received from the Noticee. Thereafter, the SCN and Hearing Notice dated August 18, 2025 was sent through Inland Speed Post to the Noticee's aforesaid both addresses providing the Noticee an opportunity of hearing on September 03, 2025. From the website of Department of Posts, it is noticed that the SCN and hearing notice was delivered at the Noticee's Address 2 on August 29, 2025. Additionally, a digitally signed SCN and hearing notice was sent to the Noticee on its email ids available on record –shippugarg21@gmail.com and shilpa@highlightinvestment.com – on August 25, 2025. While the email sent to shilpa@highlightinvestment.com returned undelivered, the email sent to shippugarg21@gmail.com has not returned undelivered. On the scheduled date of hearing, i.e., September 03, 2025, the Noticee did not appear for hearing. Also, there is no communication, whatsoever, from the Noticee. Thus, it is noted that the Noticee has chosen not to respond in these proceedings despite service of notices upon it. In this case, since the SCN / hearing notice were duly served upon the Noticee, there is no denial of natural justice to her.
7. This is a case where notices served through post and duly served on mail are also not responded by the Noticee. It is noted that Hon'ble Supreme Court of India in the matter of **State of M.P. v. Hiralal and Ors. MANU/SC/1388/1996** held –
- “In view of the office report, it would be clear that the respondents obviously managed to have the notice returned with postal remark "not available in the house", "house locked" and "shop closed" respectively. In that view it must be deemed that the notices have been served on the respondents.”*
8. Hon'ble SC further noted that an evader would successfully keep the postal article at bay at least till the period of notice expires. Law should not help the wrong doer to take advantage of his tactics. I note that the Noticee has been avoiding her responses in SCORES and also to SEBI's queries as stated hereinabove. I further note that she has deliberately avoided response and did not cooperate during the Adjudication Proceedings either as observed by the AO in para 7 of his order dated May 30, 2025 in the following words:-

“... 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...”

9. I find that the Noticee is deliberately keeping away from the proceedings and has apparently admitted the allegations in the SCN.
10. It is pertinent here to note that while such proceedings are being conducted, the Noticees are also expected to conduct themselves in a reasonable and fair manner. They must remember while fairness is a hallmark of natural justice, they are also expected to act fairly. As held by the SC in case of **Sahara India Real Estate Corporation Ltd. v/s SEBI reported in (2013) 1 SCC 1**, the rules of natural justice being founded on principles of fairness can be available only to a party which has itself been fair, and, therefore, deserves to be treated fairly.
11. Thus, in the absence of any response from the Noticee, it is presumed that she has admitted the charge of provisions as alleged in the case. In this regard, the observations of Hon’ble Securities Appellate Tribunal (SAT) in the matter of **Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006)** are relevant to rely upon wherein it has 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*”. Further, the Hon’ble SAT in the matter of **Sanjay Kumar Tayal & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014)**, has, *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 levelled against them in the show cause notices...*” Similarly, Hon’ble SAT in the matter of **Dave Harihar Kirtibhai vs SEBI (Appeal No. 181 of 214 dated December 19, 2014)**, observed that: “...*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...”

Consideration of issues and findings

12. I have carefully considered the allegations and charges levelled against the Noticee and relevant material relied upon in this case. There are three charges against the Noticee as per the SCN:

- a) The Noticee promised assured returns to the complainant;
- b) The Noticee did not redress investor grievances; and
- c) The Noticee did not take membership of BASL.

Promise of assured returns

13. The first charge is that the Noticee promised assured returns to its client in violation of the provisions of Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2005 ('the PFUTP Regulations') read with Section 12A(a), (b) and (c) of SEBI Act 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 the SEBI (Investment Advisers) Regulations, 2013 ('the IA Regulations'). These provisions are reproduced as follows:

SEBI Act

“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;”



“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}}”

IA Regulations

“15.

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

“THIRD SCHEDULE

...

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.”

14. Additionally, Regulation 2(1)(c) of the PFUTP Regulations defines “fraud” to include 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, ...”. Further, as per regulation 2(1)(b) of the PFUTP Regulations, “*dealing*



in securities” includes “such acts which may be knowingly designed to influence the decision of investors in securities”.

15. In this case, it is noted that as per the call recordings provided by the complainant, the representative of the Noticee has made following statements during different calls to him:

*“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 wi 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.**”*

*“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”*

*“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.”*

*“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 khrab 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.**”*



“Toh yadi aap isme supreme services mai yadi working karte hain, jaise aap mjhe 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 aspess ka turnover hoga toh aur 3 month mein Jo apna turn over hoga wo 15 Crore ka turnover hoga.”

16. From the above promises, I note that a representative of the Noticee promised assured returns to the complainant specially when seen in light of the statements such as *“80%-90% accuracy easily mil jaegi”*, *“minimum itta nikal jaega to maximum kuch bhi ho skta hai”* and *“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 aspess ka turnover hoga toh aur 3 month mein Jo apna turn over hoga wo 15 Crore ka turnover hoga”*. These statements were made despite knowing (being an IA/a person associated with investment advice) that all the investments in securities markets are subject to market risk and that such returns cannot be assured.

17. In this case, the brief details of complaint submitted by the him 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”.

18. Further, the debit entries with regard to the payment of advisory fees made by him to the Noticee were as under:

Date of payment	Amount (Rs)
November 06, 2019	2,000
November 12, 2019	5,500
November 20, 2019	10,005.90
November 25, 2019	10,005.90
November 25, 2019	10,005.90
November 26, 2019	9,005.90
November 30, 2019	15,505.90
November 30, 2019	5,005.90



Date of payment	Amount (Rs)
December 10, 2019	8,005.90
December 19, 2019	30,000
December 26, 2019	5,001
December 26, 2019	8,005.90
Total	1,18,048.2

19. Thus, the Noticee was promising 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. Noticee, knowing fully well that assured profits in securities market is practically impossible, was knowingly making misrepresentation regarding promised assured profits. It was done by the Noticee deliberately to deceive her client.
20. Considering that a registered IA and its employees/representatives, being persons associated with investment advice, are appropriately qualified and certified to provide investment advice, I find that the statements pertaining to assured high returns to the complainant constitute deliberate misrepresentation and mis-selling. The statements were made with the objective to induce the complainant to deal in securities to earn advisory fees and, therefore, were an act of fraud. Additionally, promising assured profits to the Noticee and not creating awareness in the complainant/its client that their investments in the securities market are subject to market risk where there is possibility of loss of capital, shows that the Noticee was dishonest and did not take due care in her dealings with her clients. Therefore, I agree with the DA that the Noticee 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 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 the IA Regulations.

Non-redressal of investor grievances

21. It is alleged that the Noticee has failed to resolve investor grievance promptly and has also failed to submit Action Taken Report (ATR) on SCORES in a time bound manner. In this regard, the relevant provisions of the IA Regulations and SEBI circular are reproduced as follows:



IA Regulations

“Redressal of client grievances.

21.(1) 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 –

(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.”

22. I note from the 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, 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. However, in spite of these attempts and efforts made by SEBI, the IA had not submitted any response in SCORES with respect to the said complaint. Regulation 21(1) of the IA Regulations requires an IA to 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 the IA Regulations states that if an IA fails to resolve the complaints



of investors or fails to give a satisfactory reply to SEBI, he shall be dealt with in the manner provided under the Intermediaries Regulations. Further, clause 13 of the 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...*”.

23. I also note that an Adjudication Order dated February 17, 2022 was passed against the Noticee for non-redressal of 2 investor complaints and a penalty of Rs. 1 lakh was imposed upon it. In view thereof, I concur with the DA that the Noticee has failed to resolve investor grievance promptly and has also failed to submit ATR in a time bound manner in violation of SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014 read with Regulation 21(1) and 28(f) of the IA Regulations.

Not obtaining membership of BASL

24. It is alleged that the Noticee did not obtain membership of BASL and contravened the provisions of regulation 14(3) of the IA Regulations and clauses 2 and 6 of the SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/579 dated June 18, 2021 and SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/622 dated August 31, 2021. The relevant provisions of are reproduced as follows:-

IA Regulations

“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”

....



Shall be dealt with in the manner provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.”

CODE OF CONDUCT FOR INVESTMENT ADVISER

“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.”

SEBI circular no. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/579 dated June 18, 2021

“2.....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.”

“6...

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 circular no. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/622 dated August 31, 2021

“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.”

25. I note that Regulation 14(3) of the IA Regulations provides that Board may specify that no person shall act as an IA 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 IAs.

26. SEBI, vide circular no. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/579 dated June 18, 2021, *inter-alia*, directed that BASL was granted recognition as Investment Advisor Administration and Supervisory Board (‘IAASB’) for a period of three years from June 01, 2021 and to ensure compliance with Regulation 6(n) (eligibility criteria of IAs for the purpose of the grant of certificate) of the IA Regulations and to keep their registration in force, all existing IAs were



required to seek membership of BASL, within three months of the recognition of BASL as IAASB by SEBI. Therefore, existing IAs were required to seek membership of BASL-IAASB latest by August 31, 2021. SEBI, vide circular no. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/622 dated August 31, 2021, further 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 SEBI Act and the Regulations framed thereunder.

27. In this case, the Noticee was not registered with BASL as directed hereinabove. Therefore, I agree with the DA that the Noticee had not obtained membership from BASL in violation of 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 the IA Regulations read with Clause 8 of Code of Conduct specified in IA Regulations read with Regulation 28 (a) of the IA Regulations.

28. In the scheme of IA Regulations, the expectation from the registered investment adviser is not merely to act in good faith and honestly fulfil its commitments. The Regulations have also bestowed the investment advisers with fiduciary duties elevating the expectation to a level of the principle known as *uberrima fides*, i.e. “*utmost good faith*”, professionalism and expertise. This obligation in the IA Regulations holds the central position. In this case, the Noticee has brazenly defaulted the regulations and has breached its fiduciary duties and has deceived her client. It is no gainsaying that the fiduciary duty first demands avoidance of conflict of interest and duty of care and not to act negligently against the interests of the clients. This is a case where the Noticee has clearly subjugated the interests of clients to his own benefits. Any leniency in facts and circumstances of this case cannot be extended to an extent of such an absurdity that it becomes an engine of fraud in the hands of unscrupulous intermediaries. There is essential distinction between a mistake/lapse and trickery. Fraud and justice can never dwell together. I have no hesitation to say that the Noticee whose case is based on grave contumacious conduct, fraud, misrepresentation, dishonesty, breach of fiduciary duty, etc. cannot be given any leniency. Therefore, this is a fit case where the enforcement of regulations and powers given in that regard must be used with stern signals. In this



regard, I rely upon the judgement of Hon'ble Supreme Court in *SEBI v. Kishore R. Ajmera*, (2016) 6 SCC 368 wherein it has been observed that: -

“the SEBI Act and the Regulations framed there under are intended to protect the interests of investors in the Securities Market which has seen substantial growth in tune with the parallel developments in the economy. Investors' confidence in the Capital/Securities Market is a reflection of the effectiveness of the regulatory mechanism in force. All such measures are intended to preempt manipulative trading and check all kinds of impermissible conduct in order to boost the investors' confidence in the Capital market. The primary purpose of the statutory enactments is to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy. The provisions of the SEBI Act and the Regulations will, therefore, have to be understood and interpreted in the above light.”

Order

29. Having regard to the facts and circumstances of the instant case, I concur with findings of the DA.

This case is a clear case of not only compromising the interest of client but also a case of undermining the integrity of the market. For her reckless, negligent and fraudulent activities, the Noticee must meet appropriate, proportionate and commensurate penalty. Further, the Noticee has remained non-responsive to SEBI in respect of SCORES complaint processing, during the Adjudication Proceedings and the instant proceedings. Such conduct, is least expected of a registered Intermediary, especially considering that the complaint pertains to the time which overlaps with the period of registration with SEBI. I note that the registration of the Noticee has expired on February 15, 2022 and the Noticee has not paid the fee to renew its registration. Thus, the Noticee is neither eligible to undertake any activity as a registered IA any more from the date the certificate of registration expired making her an unregistered IA nor does she care for regulatory requirements with expected diligence. This is not a case where a registered IA has corrected the mistakes and ensured compliance post questioning by SEBI. In my view, therefore, the Noticee is not fit to remain in the market as an IA any more.

30. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 12(3) read with Section 19 of the SEBI Act read with Regulation 27 of the SEBI (Intermediaries) Regulations,



2008 hereby cancel the certificate of registration of the Noticee i.e., M/s Highlight Investment Research (Proprietor: Ms. Shilpa Garg), SEBI Registration No: INA000007094.

31. This order shall come into force with immediate effect.

32. The Noticee shall –

- (a) prominently disclose, on its website, if any, the fact of cancellation of her certificate;
- (b) not hold out to be a SEBI registered IA to any person; and
- (c) not undertake any investment advisory service as defined in the IA Regulations.

33. A copy of this order shall be served on the Noticee and BSE (IAASB).

34. This order shall not prevent the complainant from seeking remedy under any other law.

SANTOSHK
UMAR
SHUKLA

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SANTOSHKUMAR
SHUKLA
Date: 2025.09.12
16:26:04 +05'30'

SANTOSH SHUKLA

Date: September 12, 2025

Place: Mumbai

QUASI JUDICIAL AUTHORITY

SECURITIES AND EXCHANGE BOARD OF INDIA