

SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER

Under Section 12 (3) of the Securities and Exchange Board of India Act, 1992 read with Regulation 27 of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008

In respect of

Sr. No.	Name of the Noticee	SEBI Registration No.
1.	Investopher Research Services Private Limited	INH000008561

In the matter of Investopher Research Services Private Limited

BACKGROUND

1. Investopher Research Services Private Limited (hereinafter referred to as “**Noticee**”/ “**Investopher**”) is registered as a Research Analyst with the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”). The present proceedings have originated from the Enquiry Report dated December 13, 2024, submitted by the Designated Authority (hereinafter referred to as “**DA**”), in terms of the applicable provisions of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 (hereinafter referred as “**Intermediaries Regulations**”).
2. SEBI had conducted an inspection of the Noticee for the period from April 1, 2022 till January 31, 2024 (hereinafter referred to as “**inspection period**” / “**IP**”). The said inspection was conducted to examine the possible violations of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”), Securities and Exchange Board of India (Research Analysts) Regulations, 2014 (hereinafter referred to as “**RA Regulations**”) and

SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”).

3. The summary of contraventions alleged to have been committed by the Noticee and the corresponding provisions of the SEBI Act, Regulations and Circulars are given in the table below:

Table 1

S. No.	Alleged violations	Regulatory provisions
1	Misrepresentation on the website	Regulation 24(2) of RA Regulations read with Clause 1, 2 and 8 of the Code of Conduct specified in Schedule III of RA Regulations.
2	Failure to maintain records of duly signed and dated research reports.	Regulation 25(1)(i) of RA Regulations.
3	The registered office of the Noticee was closed and no research analyst activities were being carried out from the said office	Regulation 24(2) of RA Regulations read with clause 1, 2, 7 and 8 of the Code of Conduct specified in Schedule III of RA Regulations.
4	The Noticee was promising assured returns to its clients.	Sections 12A(a), (b),(c) of SEBI Act, 1992 and Regulations 3(a), (b), (c), (d) and Regulations 4(1) and 4(2)(k) of PFUTP Regulations read with Regulation 24(2) of RA Regulations and clause 1, 2 and 8 of the Code of Conduct specified in Schedule III of RA Regulations

4. Based on the findings of the said inspection, a DA was appointed to inquire into and to submit a report pertaining to the aforesaid allegations. The DA issued a show-cause notice dated July 31, 2024 (hereinafter referred to as “**DA SCN**”) to the Noticee under Regulation 25(1) of the Intermediaries Regulations to show cause as to why appropriate recommendation should not be made against it in

terms of regulation 26 of the Intermediaries Regulations. The Noticee was advised to submit its reply, if any, within 21 days of receipt of the notice.

5. In response to the allegations mentioned in Table 1 above, the Noticee, vide its letter dated September 16, 2024 submitted a reply to the DA SCN. Pursuant to the receipt of the said reply, an opportunity of personal hearing was granted to the Noticee by the DA on October 4, 2024, which was availed by the Noticee through an authorized representative. Further, the Noticee filed its additional submissions vide email dated October 4, 2024.
6. After considering the allegations levelled in the show-cause notice, reply filed by the Noticee and the material available on record, the DA found the Noticee to be in violation of the provisions mentioned at Sr. 1–3 of Table-1 above. Accordingly, the DA submitted the Enquiry Report dated December 13, 2024 and made the following recommendation:

“40. Keeping in mind the facts and circumstances of the case, the allegations, I recommend issuance of a regulatory censure to the Noticee i.e. Investopher Research Services Pvt. Ltd. (SEBI Registration Number: INH000008561) in terms of Regulation 26 of the Intermediaries Regulations.”

7. The DA report was forwarded to the Noticee in terms of Regulation 27(1) of the Intermediaries Regulations, vide a Post Enquiry Show Cause Notice, dated January 9, 2025 (hereinafter referred to as “**Post Enquiry SCN**”), whereby the Noticee was advised to file its reply to the Post Enquiry SCN along with supporting documents, if any.
8. The Post Enquiry SCN was issued and served upon the Noticee vide digitally signed email. The Noticee, vide email dated February 17, 2025, filed its written

submissions in the matter. The submissions made by the Noticee are summarized as under:

- a. The averments regarding applicability of section 65B of the Indian Evidence Act, 1872 (hereinafter referred to as the “**Evidence Act**”) are misplaced and contrary to the practice adopted by SEBI in various cases. Section 11(3) of the SEBI Act clearly states that the Board shall have the powers of a civil court and thus, the finding in the Enquiry Report that Evidence Act is not applicable upon SEBI as it is a quasi-judicial body is bad in law. Further, SEBI has itself held in cases that such recordings cannot be relied upon without verification and authentication in today’s age of artificial intelligence and deep fake;
- b. The DA has relied upon assumptions and presumptions and not on cogent evidence, and relied upon her opinion ‘...*any person before investing through any intermediary will read about the intermediary before making any investment decision...*’ to conclude that something written in the Frequently Asked Questions (FAQs) will have any bearing on any investor. The DA has failed to consider that if a person was to rely on such content, they would have filed a complaint with SEBI. Absence of such complaints is evidence enough to establish that no customer has been misled. Further, the Noticee has removed the said text from its website;
- c. The DA has erred in holding that the recommendations sent to the clients shall include the rationale failing which it will be violative of regulation 25 of the RA Regulations. In terms of regulation 25, the Noticee was only required to maintain the records and the rationale for the recommendation need not be shared with the clients. Such an approach will lead to a procedural hazard and discomfort to the clients. The Noticee, as mandated by regulation 25, has maintained all records;

- d. The principal office and research team were stationed at Mumbai and only client service was being done from Indore. The Mumbai office is in a co-working space and therefore, other businesses were running from the same place. However, the Noticee has a designated table and a setup and runs its activities on *work from home* model in Mumbai. Meetings in the Mumbai office are conducted as and when required. Core activity of research and accounting is done from Mumbai;
 - e. The DA has dropped the charges pertaining to promising assured returns to the clients and thus, no submission is being made in that regard;
 - f. Hon'ble Securities Appellate Tribunal (hereinafter referred to as the "**SAT**") in the matter of **UPSE Securities Limited Vs. SEBI**¹ has observed that purpose of inspection of books of accounts of an intermediary is to ensure compliance and every little irregularity is not culpable and does not call for initiation of penalty proceedings.
9. I note that the Noticee, vide letter dated February 17, 2025, had also sought an opportunity of hearing in the matter. However, since the DA had not recommended the cancellation of certificate of registration, in terms of regulation 27(4) of the Intermediaries Regulations, the Noticee was not accorded an opportunity of hearing. The Noticee, vide email dated April 3, 2025, was intimated about the aforesaid and was advised to file further written submissions, if any. The Noticee, vide email dated June 5, 2025, submitted that it did not seek to make any further written submissions and did not require an opportunity of hearing either.

¹ Appeal No. 109 of 2011, Decided on July 25, 2011

CONSIDERATION AND FINDINGS:

10. I have perused the Enquiry Report issued to the Noticee along with the Post-Enquiry SCN, the SCN issued by the DA and other material available on record. In the instant proceedings, the DA has recommended that a regulatory censure be issued to the Noticee for the alleged violations.
11. Before dealing with matter on its merits, I deem it fit to address a preliminary submission made by the Noticee as regards applicability of section 65B of the Evidence Act. I note that the DA had relied upon certain call recordings as evidence, to deal with the charge mentioned at Sr. no. 4 of table-1, i.e., the Noticee was promising assured returns to its clients. In that context, the submission of the Noticee that the said call recordings are not admissible in evidence *sans* the certificate under section 65B, was rejected by the DA. However, the allegation of Noticee providing assured return to its clients was dropped on account of inadequacy of evidence. Since, the said allegation is not an issue, in the present proceedings before me, and the subject call recordings are not being analyzed or relied upon, the submission of the Noticee does not need further deliberation.
12. I shall now proceed to deal with the allegations against the Noticee under the following heads:

Misrepresentation on the website

13. It was alleged in the DA SCN that the Noticee did not act with honesty, good faith and diligence and its senior management failed to ensure maintenance of appropriate standard of conduct and adherence to proper procedures by stating, in the FAQ section, that "*Investopher Research Analyst is Best SEBI registered Research Analyst Company...*". Since the said statement was without any documentary evidence, it was alleged to be in the nature of misrepresentation.

14. In her report, the DA, after analyzing the material on record and the submissions made by the Noticee, has observed that an investor will read about an intermediary before availing its services, and the usage of misleading words, '*Best SEBI registered Research Analyst*' in the FAQ section, leaves an impression that the Noticee has been awarded such a title, whereas, in reality, it is self-proclaimed.
15. In this regard, the Noticee has submitted that the DA has incorrectly reached the conclusion that something written in the FAQ section will have an impact in decision making process of an investor. It also submitted that no complaints have been filed against it by any investor in this regard. Additionally, the Noticee submitted that it has removed the subject text from its website.
16. I have perused the submissions of the Noticee vis-à-vis the allegations levelled and I deem it necessary to bring on record the subject text as under:

← What is Investopher Research Analyst?

Investopher Research Analyst is a Best SEBI registered Research Analyst Company providing top-notch equity market services in Indian stock market. Our in-depth analysis and experimented techniques gives best results to our esteemed clients. We believe in our core values and always follow our principals.

17. Basis above, I observe that the Noticee was publicly claiming to be the *best* SEBI registered research analyst and the said fact has not been disputed by the Noticee. In my opinion, being a SEBI registered intermediary, the Noticee should have been careful about the claims made in the public domain on its website. Claiming to be the '*Best*' *SEBI registered Research Analyst* appears to be misleading in nature. In view of the same, I find myself in agreement with the findings of the DA. However, I deem it important to note that, as on date, the said text has been removed from the website of the Noticee.

Failure to maintain records of duly signed and dated research reports

18. The DA SCN alleged that the Noticee did not maintain duly signed and dated research reports. The DA, in her report, has observed that the texts/ SMS (containing research recommendations) sent to the clients were *research reports* in terms of regulation 2(w) of the RA Regulations and in order to enable the investors to make an informed decision, the Noticee ought to have also sent the rationale for providing such research recommendations.
19. The Noticee, in this regard, has argued that the DA has erred in observing that the Noticee was required to send the research reports to its clients, along with the research recommendations and failure to do the same was in violation of regulation 25 of the RA Regulations. Regulation 25 mandates the research analysts to keep records of certain documents and as per the Noticee, it had maintained all the requisite records.
20. I have perused the allegation in the DA SCN, submissions of the Noticee made before the DA as well as before me and other material on record. I note that regulation 25 of the RA Regulations is clear in so far as it requires an RA to only maintain certain records, including the duly signed and dated research reports and research recommendations. The provision does not require the Noticee to share the said reports with the clients, along with every research recommendation provided. The Noticee, in its submissions before the DA, had submitted that it maintains all the requisite data and the same can be verified as the data is time stamped. Similar submissions have been made before me as well.
21. In view of the above, I find that the material available on record does not establish that the Noticee was not maintaining records of duly signed and dated research reports and thus, the Noticee is not in violation of regulation 25 of the RA Regulations.

Onsite inspection visits to registered, correspondence office and principal place of business of the Noticee

22. The DA SCN alleged that no research analyst activities were carried out from the registered address of the Noticee in Mumbai and its officials were not working from the registered office. The DA has observed that the principal place of business is the central place of running the business. However, only 4 employees were working from the Mumbai office. Further, no designated place to run its research analyst services was seen at the said office and employees of other entities were functioning from the said place. Accordingly, the Noticee was alleged to have violated regulation 24(2) of the RA Regulations read with Clause 1, 2, 7 and 8 of the Code of Conduct specified in Schedule III thereof.
23. In this context, the Noticee has submitted that the principal office and the research team were stationed in Mumbai and only the client service was being done from Indore. The office was in co-working space and therefore, other businesses were running from the said place. The Noticee has a designated table and a setup and runs its business on *work from home* model in the Mumbai office. All the core activities of research and accounting are done from Mumbai office.
24. On perusal of the submissions of the Noticee, I find that it has argued that its Mumbai office was at the center of its core research and accounting activities. While it is understandable that the presence of other businesses was on account the place being a co-working space, the Noticee has not provided any explanation as to why the address of the Noticee, i.e., *Unit No. 611*, was found to be closed at the time of onsite inspection. Additionally, while details of other entities were displayed in the premises, details of the Noticee were not there, at all. Further, during the said inspection, on contacting Mr. Mahesh Yadav (director of the Noticee), it was informed that the staff is working from home and majority of the work is done from Indore branch. The above facts indicate that the Noticee was

not functioning from its principal place of business, and instead, was carrying out its operations from the Indore office.

25. I further note that at the time of seeking registration, the Noticee was required to submit the address of the registered office, address for correspondence and principal place of business, and any change in such material information was to be brought to the notice of the regulator forthwith in terms of regulation 13 of the RA Regulations. Clearly, in the present case, no such intimation was sent by the Noticee to SEBI.
26. It is alleged in the Post Enquiry SCN that the Noticee, *inter alia*, violated regulation 24(2) read with clauses 1, 2, 7 and 8 of the Code of Conduct specified in Schedule III of the RA Regulations. Clause 7 requires the Noticee to comply with all the regulatory requirements applicable to conduct its business, including, regulation 13 of the RA Regulations. Accordingly, the Noticee ought to have intimated SEBI about the material change in information regarding change in its principal place of business from Mumbai to Indore.

CONCLUSION

27. In view of the foregoing, I find that the Noticee has violated regulation 24(2) read with Clause 1, 2, 7 and 8 of the Code of Conduct specified in Schedule III of the RA Regulations for making misleading claims on the website and for not intimating SEBI about material change in information.
28. At this point, I find it pertinent to note that although the Noticee had made misleading claims on its website, it has, as on date, taken corrective measures to rectify the same. Thus, I am of the view that issuing a regulatory censure to the Noticee would be commensurate with the violations committed by the Noticee.

DIRECTIONS

29. In view of the above, I, in exercise of the powers conferred upon me under Section 19 of the SEBI Act, 1992 read with Regulation 27(5) of the Intermediaries Regulations, issue a regulatory censure to the Noticee.
30. This order shall come into force with immediate effect.
31. A copy of the Order shall be served on the Noticee and the concerned Market Infrastructure Institutions for their information and record.

DATE: July 2, 2025
PLACE: MUMBAI

Sd/-
AMARJEET SINGH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA