

**IN THE SECURITIES APPELLATE TRIBUNAL  
AT MUMBAI**

**DATED THIS THE 28<sup>TH</sup> DAY OF NOVEMBER, 2025**

**CORAM: Justice P.S. Dinesh Kumar, Presiding Officer  
Ms. Meera Swarup, Technical Member  
Dr. Dheeraj Bhatnagar, Technical Member**

**Appeal No.620 of 2024**

1. Bharosa Technoserve Private Limited  
Flat No.401, Aradhana Colony  
Sector-13, R K Puram, Ring Road,  
South West Delhi, New Delhi,  
Delhi, India, 110066.
2. Mr. Sanjay Bhargava  
A 803, Vivarea, Saat Raasta  
Mahalakshmi, Mumbai 400011.
3. Mr. Sahil Bhargava  
A 803, Vivarea, Saat Raasta  
Mahalakshmi, Mumbai 400011.
4. Ms. Anita Bhargava  
A 803, Vivarea, Saat Raasta  
Mahalakshmi, Mumbai 400011. ....Appellants

(By Mr. N.L. Ganapathi, Advocate with Ms. Sanjana Jain,  
Advocate i/b. AP & Partners for the Appellants.)

Securities and Exchange Board of India  
SEBI Bhavan, G Block,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051. ...Respondent

(By Mr. Manish Chhangani, Advocate with Mr. Sumit Yadav, Mr. Abhay Chauhan and Mr. Atul Agrawal, Advocates i/b. The Law point for the Respondent.)

THIS APPEAL IS FILED UNDER SECTION 15T OF SEBI ACT, 1992 TO SET ASIDE THE ORDER DATED SEPTEMBER 11, 2024 (Ex-A) PASSED BY AO, SEBI.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON, AUGUST 22, 2025, COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

### **ORDER**

**Per: Justice P.S. Dinesh Kumar, Presiding Officer**

This appeal is directed against order dated September 11, 2024 passed by the AO<sup>1</sup>, SEBI<sup>2</sup> imposing a monetary penalty of Rs.10,00,000/- (Rupees Ten Lakhs Only) on the first appellant company and Rs.10,00,000/- (Rupees Ten Lakhs Only) jointly payable by appellant Nos.2 to 4 for alleged violations of the SEBI Act<sup>3</sup>, SEBI (IA) Regulations<sup>4</sup> and SEBI circulars including the circulars.

2. We have heard Mr. N.L. Ganapathi, learned Advocate for the appellants and Mr. Manish Chhangani, learned Advocate for respondent.

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<sup>1</sup> Adjudicating Officer

<sup>2</sup> Securities and Exchange Board of India

<sup>3</sup> Securities and Exchange Board of India Act, 1992

<sup>4</sup> SEBI (Investment Advisors) Regulations, 2013

3. Brief facts of the case are, the Company BTPL<sup>5</sup>, is a SEBI registered Investment Advisor since May 6, 2016. Appellant No.2 (Mr. Sanjay Bhargava) was a Director till February 15, 2020. Appellant No.3 (Mr. Sahil Bhargava) has been a Director and CEO<sup>6</sup> the Company since February 15, 2020. Appellant No.4 (Ms. Anita Bhargava) was the Compliance Officer during the relevant time.

4. SEBI conducted an inspection into the affairs of the Company for the period<sup>7</sup> between April 1, 2019 and March 31, 2020 to verify compliances with regulations, circulars and KYC<sup>8</sup> etc. Inspection revealed that BTPL was operating three business segments viz.

- 'Bharosa membership' platform with 138 members;
- 'smallcase membership' platform (joint offering of BPTL and STPL<sup>9</sup>) with 48 members; and
- '360 Degree Financial Plan' with a sole member.

5. SEBI's case is, BTPL, via the said 'Bharosa' and 'smallcase' platforms was offering investment advisory services, whereas, appellants' stand is, that they were offering general advice not amounting to investment advice.

6. SEBI issued a SCN<sup>10</sup> dated August 11, 2023 to the appellants alleging ten violations under the SEBI Act, SEBI (IA) Regulations and various SEBI circulars including the circular dated December 27, 2019 (for short '2019 circular'). Upon

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<sup>5</sup> Bharosa Technoserve Private Limited

<sup>6</sup> Chief Executive Officer

<sup>7</sup> Investigation Period

<sup>8</sup> Know Your Client

<sup>9</sup> Smallcase Technologies Private Limited

<sup>10</sup> Show Cause Notice

receipt of reply, appellants were heard and the impugned order has been passed.

7. Mr. N.L. Ganapathi, for the appellants submitted that the services offered by BTPL, through its platforms '*Bharosa club*' and '*smallcase*' do not ipso *facto* constitute investment advice merely because appellants have charged fee and provided secure login to its clients. He submitted that those services are covered under proviso to Regulation 2(1)(I) of the SEBI (IA) regulations.

8. He submitted that the learned AO, has relied upon the contents of BPTLs website as it existed in 2023 and not considered the website as it existed during the investigation period. He submitted that there is a delay of two years in the issuance of SCN from the date of conclusion of inspection and impugned order must be quashed on this ground itself.

9. With regard to the **first allegation** of 'using payment gateway mechanism to receive fees'<sup>11</sup>, Mr. Ganapathi reiterated that appellants were not involved in offering IA<sup>12</sup> services under '*Bharosa*', hence, IA Regulations and circulars were not applicable. Further with respect to '*smallcase*' he submitted that appellants had stopped using payment gateways after 2019 circular was rolled out.

10. With regard to the **second allegation** of 'not informing the SEBI about material changes in shareholding pattern and not

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<sup>11</sup> In violation of Clause 1 (iii) of the 2019 circular and Regulations 13(a), Clauses 8 and 9 of Code of Conduct as specified in third schedule under Regulation 15(9) of SEBI (IA) Regulations,

<sup>12</sup> Investment Advisory

taking prior approval for change in control of BTPL<sup>13</sup>, he admitted the charge and submitted that it was a lapse on the part of appellants.

11. With regard to the **third and fourth allegations** of 'not performing the Risk Profiling (RP) and Suitability Assessment (SA) in the requisite manner and outsourcing the same'<sup>14</sup>, Mr. Ganapathi reiterated his submissions that appellants were not offering any investment advisory services. He argued that SEBI regulations do not prohibit outsourcing.

12. With regard to the **fifth allegation** of 'not providing requisite disclosure with respect to features of the product and warning to its client under the '360 degree financial plan'<sup>15</sup>, Mr. Ganapathi submitted that the same is made available under the 'tools' section of the BPTLs website.

13. As regards the **sixth allegation** of not maintaining records with regard to KYC, RP<sup>16</sup> (Risk Profiling), RA<sup>17</sup> (Risk Assessment) and not conducting yearly audit<sup>18</sup>, Mr. Ganapathi submitted that the appellants have had CVLKRA<sup>19</sup> registration

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<sup>13</sup> In violation of Regulation 13(a), 13(b) 15(11), 25(1), 25(2) and Clauses 1, 8 and 9 of COC as specified in third Schedule under Regulation 15(9) of SEBI (IA) regulations read with section 27 of SEBI Act

<sup>14</sup> In contravention of Regulations 13(a), 16, 17 and Clauses 2,4,8 and 9 of COC as specified in third Schedule under regulation 15(9) of SEBI (IA) Regulations, SEBI circular No.CIR/MIRSD/24/2011 dated December 15, 2011 read with section 27 of the SEBI Act

<sup>15</sup> In violation of Regulations 13(a), 18(6), 18(7) and clauses 5,8 and 9 of COC as specified in third schedule under Regulation 15(9) of SEBI (IA) regulations read with section 27 of the SEBI Act

<sup>16</sup> Risk Profiling

<sup>17</sup> Risk Assessment

<sup>18</sup> In violation of Regulations 13(a), 19(1), 19(3) and clauses 2, 4, 8 and 9 of COC as specified in third Schedule under regulation 15(9) of SEBI (IA) regulations

<sup>19</sup> Central Depository Services Limited Ventures Limited - Know Your Customer Registration Agency

since 2016 and the appellants have now started keeping records of KYC documents of all the 'small case' subscribers.

14. As regards the **seventh allegation** of 'Failure to obtain the SCORES registration and displaying the information in respect of status of complaints on website'<sup>20</sup>, Mr. Ganapathi **admitted** this charge terming it as a lapse on the part of appellants.

15. With regard to the **eighth allegation** of 'Failure to provide execution services through a subsidiary/separately identifiable department and making it obligatory for the clients to take execution services' from partner brokers of STPL<sup>21</sup>, Mr. Ganapathi admitted that the appellants could have done a clear separation and impliedly admitted the charge.

16. With regard to the **ninth allegation** of 'Not collecting KYC details of clients and outsourcing this core function, Mr. Ganapathi submitted that appellants had recently registered themselves with CKYC<sup>22</sup> and shall complete the required KYC for all 'smallcase' subscribers.

17. With regard to the **tenth allegation** of 'not adopting any procedure/written procedure to implement the anti-money laundering provisions as envisaged under the PMLA<sup>23</sup> and

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<sup>20</sup> In violation of Clauses 5, 7, 14 and 16 of SEBI circular dated December 18, 2014 and Regulations 13(a), 21(2) Clauses 8 and 9 of Code of Conduct as specified in third Schedule under regulations 15(9) of SEBI IA Regulations, and Clause 1.(iv) of December 2019 circular

<sup>21</sup> In violation of Regulation 13(a), 15(3), 15(4), 22(a), 22(b) and Clauses 8 and 9 of COC as specified in third schedule under Regulations 15(9) of SEBI (IA) Regulations

<sup>22</sup> Central Know Your Client

<sup>23</sup> Prevention of Money Laundering Act, 2002

outsourcing the same<sup>24</sup>, Mr. Ganapathi admitted the violation by the appellants.

18. Mr. Ganapathi also argued that the penalty is arbitrary, disproportionate and liable to be set aside.

19. In response, Mr. Manish Chhangani for SEBI refuting the contention that BTPL did not offer any investment advice and hence SEBI (IA) regulations were not applicable, submitted that BTPL got registered as an IA<sup>25</sup> with SEBI on May 06, 2016 and it has been carrying on advisory services since then. He submitted that BTPL permitted access only to the paid subscribers under secure login mechanism. Therefore, appellants' contention that it was providing general advice is untenable. He submitted that the exemption under the proviso to Regulation 2(1)(l) is applicable only when investment advice is '*widely available to public*'. In the present case, it is evident that only a few paid subscribers had access of the platforms.

20. Refuting the contention that SEBI had relied upon the screenshots of BTPLs website pertaining to year 2023 and not of the investigation period, he submitted that, appellants have not produced any evidence supporting same. With regard to use of payment gateway, he contended that appellants have admitted that they were using 'razor pay portal'.

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<sup>24</sup> In violation of the provisions of the SEBI Circular No.ISD/CIR/RR/AML/1/06 dated January 18, 2006 and SEBI circular No.ISD/CIR/AML/2/06 dated March 20, 2006 read with SEBI Master Circular No.SEBI/HO/MIRSD/DOP/CIR/P/2019/113 dated October 15, 2019 and circular dated December 15, 2011; Regulation 13(a), clauses 8 and 9 of code of conduct as specified in third schedule under Regulation 15(9) of SEBI (IA) Regulations

<sup>25</sup> Investment Advisor

21. Mr. Chhangani submitted that BPTL had outsourced RP<sup>26</sup>, SA<sup>27</sup> and KYC<sup>28</sup> to STPL<sup>29</sup> and the same is evident from the BPA<sup>30</sup> dated August 5, 2019 between BTPL and STPL.

Clause 2.4 of the same reads as follows-

*"2.4 The parties agree that it is the **responsibility of the smallcase publisher to collect, authenticate and maintain KYC records of Publisher Clients.** Service Provider might provide technology to the smallcase Publisher regarding this, but ultimately it will be the responsibility of the smallcase Publisher to collect, authenticate and maintain KYC records of Publisher Clients and at no point in future Service Provider will be responsible for the same."*

22. With regard to 'non-maintenance of records', Mr. Chhangani submitted that the appellants have admitted the same in their rejoinder note.

23. Mr. Chhangani while justifying SEBI's action for proceedings against both BPTL and its directors (Appellant Nos.2 to 4) relied on Section 27 of the SEBI Act, which provides that:

*".....every person who at the time the contravention was committed **was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company,** shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly....."*

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<sup>26</sup> Risk Profiling

<sup>27</sup> Suitability Assessment

<sup>28</sup> Know Your Client

<sup>29</sup> Smallcase Technologies Pvt. Ltd.

<sup>30</sup> Business Partnership Agreement

24. Further, with regard to joint and several monetary penalty imposed on Appellant No.2 to 4, he submitted that they being directors and compliance officer of BPTL are collectively responsible for all the statutory and requisite compliances. Therefore, SEBI has imposed a penalty of Rs.10,00,000/-. He relied upon **SRSR Holdings Pvt. Ltd. vs. SEBI**<sup>31</sup> (para 91 to 94) and **Bhavesh Pabari Vs SEBI**<sup>32</sup> (para 19) to support joint liability.

25. We have carefully considered the rival contentions and perused the records.

26. SEBI has charged the appellants with ten violations. Appellant has filed written submissions tabulating following violations. Appellant has expressly admitted violations No.7 to 10. Therefore, we deal only with violations No.1 to 6.

27. The first violation is using payment gateway mechanism to receive the fees. Appellant's response reads thus:

*"While it is true we accept fees via the Razor Pay portal, this relates ONLY to our general information membership site, where we do not provide specific advice. This function, in our view, does not fall under the purview of the RIA regulations."*

28. The above response clearly shows that appellant has admitted receiving the fees via razor portal. However, appellants seek to clarify that they do not provide specific advice. It is not in dispute that appellants have enrolled members, collect fees from them and provide a specific login-id and password. They do not disseminate the information either in

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<sup>31</sup> SEBI Appeal No. 1 of 2019 decided on February 2, 2023

<sup>32</sup> SEBI Appeal No. 326 of 2018 decided on October 7, 2020

a newspaper or in a public platform on the net which may be freely available to any investor. Therefore, they do not fall within the exception defined in proviso to Regulation 2(1)(I) of the SEBI (IA) regulations which permits advice given through newspaper, magazines etc. Hence, appellants' admission that they accept fees via razor pay portal probabalises that they collect money to provide advice. In view of the same, the violation stands proved.

29. The second alleged violation is not informing the SEBI about material changes in not taking prior approval for change in control of the company.

30. Appellants' response to the above allegation reads thus:

*"Regarding the change in control, **we agree this was a lapse on our part** We did not consider it a change of control internally, given that Sahil Bhargava was always a shareholder and is directly related to Sanjay Bhargava, however, we agree, upon rereading the regulations that this should have been notified and approval should have been sought from SEBI."*

31. The above response is a clear admission.

32. The third allegation is not performing the risk profiling in the requisite manner and outsourcing the same. In response to this allegation appellants have stated thus:

*"Investment Advice has an exclusion for "advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public." **We believe our membership site functions much like a magazine."***

33. The above response shows that in appellants' perception, its website was functioning like a magazine. We have held hereinabove that appellants collected money and provided secured log in id which probabalises their function as an Investment Advisor. Therefore, appellants' response to this allegation is untenable.

34. The fourth allegation is not performing the suitability assessment and outsourcing the same. Appellant has reiterated the response given in respect of allegation No.3. Therefore, appellants' reply is untenable.

35. Allegation No.5 is not making requisite disclosure. Appellants' reply reads as follows:

*"The performance records of any products recommended to the customer are in the Tools section of our membership website, of which the client was a member. Again this was a one-off test case not an ongoing business for us."*

36. The above explanation shows that according to the appellants, the performance records were available in the tools section of the 'membership website'. So far as the disclosures are concerned, according to appellants' above statement the disclosures were not conspicuous but it required the clients to search under the tools. Disclosures are mandated to provide unambiguous information to the clients. The fact that the disclosures were not conspicuously provided, proves allegation No.5.

37. The allegation No.6 is non-maintenance of records. Appellants' reply to this allegation reads thus:

*"We have had CVLKRA registration since 2016 and have also registered with NDML recently. We have now started keeping records of KYC documents of all our Smallcase subscribers.*

*For Bharosa Club members they are using our portal as an information site with no specific advice. Some of them act using other websites and some act on MFU portal. Hence we do not feel we need to keep their records."*

38. Thus, the appellants have admitted that they had started keeping the records of KYC documents after issuance of the Show Cause Notice by the SEBI.

39. A careful perusal of appellants' replies and reasons recorded by us in respect of allegations No.1 to 6, demonstrates that appellants' contentions are untenable and liable to be rejected. As noted above appellants have admitted the violations No.7 to 10.

40. Now the point that remains for consideration is the quantum of penalty. Penalties have been imposed under Section 15EB and 15HB. There are ten violations. Four violations have been expressly admitted and two have been tacitly admitted. The remaining four stand proved. The minimum penalty under Section 15EB is Rs.1 Lakh which may extend to Rs.1 Lakh for each day during which the failure continues subject to a maximum of Rs.1 Crores. Admittedly, first appellant company have got registered as an Investment Advisor in May, 2016. The inspection period is April 1, 2019 to March 31, 2020. A penalty of Rs.10 Lakh were imposed on the first appellant company

under Section 15EB of the SEBI Act and a penalty of equal sum has been imposed upon the Directors (appellants No.2 to 4) under Section 15HB of the SEBI Act.

41. In securities market, Investment Advisors play a vital role because their advices go a long way in the investors deciding their portfolios. Therefore, it is imperative that the Investment Advisors are fully compliant with SEBI's regulations. In view of appellants' admission of four violations and our finding that the explanation offered with regard to the remaining violation is untenable, all ten violations stand proved. Hence, in our view the penalty imposed is just and appropriate and does not call for any interference. In the result, this appeal must fail and is ***dismissed***. No costs.

Justice P.S. Dinesh Kumar  
Presiding Officer

Ms. Meera Swarup  
Technical Member

Dr. Dheeraj Bhatnagar  
Technical Member

28.11.2025  
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