



V P S & C O

CHARTERED ACCOUNTANTS

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Compliance Audit Report

Client Bharosa Technoserve Private Limited
Period FY 2021-22
Auditor CA Rajat M Bhalla (VPS & Co., Chartered Accountants)
Dated 17th Sep 2022

Brief about the Bharosa Technoserve Private Limited

- Bharosa Technoserve Private Limited (hereinafter referred to as 'Company') has been granted the Certificate of Registration by the Securities and Exchange Board of India (hereinafter referred to as 'Board') to carry on the business of Investment Adviser under registration number INA100004657 w.e.f. 6th May 2016.
- Company's business model consists of two distinct parts:
 1. Bharosa Club Investment Adviser, a Division of Bharosa Technoserve Private Limited, an investment advisory business, has entered into a contractual arrangement with a vendor, Smallcase Technologies Private Limited (hereinafter referred to as 'Smallcase'), whereby Smallcase provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes.
 2. www.bharosaclub.com, The Bharosa Club website (hereinafter referred to as 'Bharosa Club') provides tools that enable its members to make comparisons between different Mutual funds, various options with Smallcase and Equity stocks.

In addition, for the convenience of members of Bharosa Club, they have also included the ability for members to transact on Bharosa Club's platform. This is a completely an optional capability that requires no additional fee to utilize.

Bharosa Club uses Mutual Fund Utility's white label service to enable members' transactions. Bharosa Club also does not get paid in any other form for these transactions
- Mr. Sahil Bhargava is Director cum Principal Officer of the Company.

Material Changes during FY 2021-22

- Company has passed a resolution in the meeting of Board of Directors on 23rd Oct 2021 to accorded their consent to discontinue Smallcase namely 'The Bharosa Top 150' and not to take new subscribers from 23rd Dec, 2021 onwards and the said Smallcase shall be managed by the company till 1st Apr, 2022 so that the existing subscribers will get ample time to migrate into other investment options.
- With closure of above mention Smallcase, Company has discontinued all services which involved specific investment advice w.e.f. 1st Apr 2022.
- Company also decided through above resolution that unused subscription fees, if any, shall be refunded after 1st Apr, 2022 to the subscribers.
- Company has communicated to subscribers vide email dated 1st Feb and 10th Feb 2022 and blog published on its website dated 31st Jan 2022, 28th Feb 2022 and 31st Mar 2022 about above decision and also detailed the process of refunding unused subscription fees after 1st Apr 2022 alongwith refundable amount vide email dated 1st Feb and 1st Mar 2022.
- As explained by Company, the amount of unused subscription fees has been worked out in compliance with Securities and Exchange Board of India (Investment Advisers) Regulations 2013 dated 21st Jan 2013 and Guidelines for Investment Advisers dated 23rd Sep 2020.
- It was also communicated to subscribers that the last date for seeking refund of the unused subscription fees will be 31st Dec, 2022.
- Company has already refunded Rs. 4,652 to 19 subscribers out of eligible refundable subscription fees of Rs. 13,452 by 31st Aug 2022.
- Company has informed local office of Securities and Exchange Board of India and BSE Supervision and Administration Limited vide letter dated 18th Sep about discontinuance of all services which involved specific investment advice w.e.f. 1st Apr 2022.

Scope of Audit

- To conduct a Compliance audit in adherence to Regulation 19(3) of Securities and Exchange Board of India (Investment Advisers) Regulations 2013 dated 21st Jan 2013 and amendments made thereafter.
- The Audit has been conducted only for Investment advisory business i.e. Bharosa Club Investment Adviser, a Division of Bharosa Technoserve Private Limited (hereinafter referred to as 'Division').
- Scope includes review of compliance with Regulations & Circulars of the Board, records and documents maintained and other relevant information pertinent to advisory business shared by the Division.



Our approach

- Review of Compliance with Securities and Exchange Board of India (Investment Advisers) Regulations 2013 dated 21st Jan 2013 and amendments made thereafter
- Review of Circulars issued by Board from time to time with respect to Know your customer, Operation of Business of Investment Advisers etc.
- Review of Filing status of reports to be filed with Securities and Exchange Board of India for the FY 2021-22
- Review of records maintained by Company with respect to its interaction with clients on a sample basis:
 1. Know Your Client records / Risk profiling / Copies of Client agreements
 2. Proof of Fees and channel through which fees received
 3. Investment advice provided
- Taken declaration of Principal Officer of the Company, Mr. Sahil Bhargava in respect of areas or requirements which cannot be reviewed with data and information available & provided by the Company.
- Detailed Checklist is given in Annexure 1.

Audit Observations

- Significant Audit Observations after review as explained in 'Our approach' are included in Annexure 2 alongwith comments of Management and time line for the resolution / correction of the same.
- Other important information and changes incorporated by Company post 31st March 2022 are included in Annexure 3.
- Details of Samples reviewed as part of Audit process is included in Annexure 4.
- Declaration of Principal Officer of the Company, Mr. Sahil Bhargava is included in Annexure 5.

For VPS & Co
Chartered Accountants,
(Firm Registration No: 016396C)

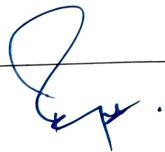


CA Rajat Manohar Bhalla
Partner
Membership No. 099827

Date 17th Sep 2022
UDIN 22099827ASZAIU8051

Annexure 1

S No	Sub – regulation / Circular	Checklist
1	Registration with SEBI – Sub-regulation 3 & BASL	Copy of Certificate of Registration
2	No. of Products / Services	Type of Services / Products you are offering as Investment Adviser (IA)
3	Qualification and Certification requirement - Sub-regulation 7	- Who all are 'Persons associated with investment advice' as per definition given in SEBI (Investment Advisers) Regulation, 2013 - Required list of members, partners, officers, directors or employees or any sales staff of IA to arrive at list of Persons associated with investment advice - Required details of Qualification, Experience and Certification of all of the above persons** with a copy of qualification and certification ** Details and copies required of Individual in case of Individual IA apart from 'Persons associated with investment advice' in respect of him / her
4	Net Worth - Sub-regulation 8	- Audited / Unaudited Financials for FY 21-22 and - Audited Financials for FY 20-21
5	Communication to SEBI - Sub-regulation 13(b)	- Any material changes during the FY communicated to SEBI in writing, like change of control, change of communication address, etc. - Required copy of letter / email communications to SEBI - Required Resolution of approval from Board of Directors / Management for such change like signed board resolution, filing done with MCA if any, as per Companies Act 2013
6	Use of words 'investment adviser' - Sub-regulation 13(c)	To review: - Individuals registered as IA shall use the term 'investment adviser' in all their correspondences with their clients, share few samples of letters or emails and agreements(signed) with client
7	No. of Clients - Sub-regulation 13(e)	List of unique Clients as at 31st Mar 2022
8	Confidentiality of Clients details - Sub-regulation 15(6) & Third Schedule Code of Conduct	Matrix of Access rights, who all have access to various kind of data of clients including Third parties / vendors e.g. IT support services
9	Reports submitted to SEBI - Sub-regulation 15(12)	All reports / information furnished with SEBI during the FY as per SEBI regulations and Quarterly reports filed with SEBI on https://siportal.sebi.gov.in/intermediary/index.html
10	Fees from Clients - Sub-regulation 15A	For reviewing if fees has been received though banking channel only and in compliance with Reg 15A (fees/commission not collected other than from Clients) - Statement of account of all Bank accounts maintained in PDF and Excel format for the period of 1st Apr 2020 to 31st Mar 2022 - Slab of fees charged from customer from time to time during the FY, trail of changes implemented during the year - Working of fees charged basis Assets under advice



11	Risk Profiling, assessment and Communication of Risk Profiling - Sub-regulation 16 & 19(1)(b)	- Copy of Risk profiling questionnaire - We shall share a list of cases (basis List of unique clients) wherein we would like to review the end to end process: - Assessment of risk profiling, - Communication to the client and - Acceptance by the client either through registered email or physical document - Do you have any Non-Individual clients?
12	Suitability assessment - Sub-regulation 17(a)	All investments on which investment advice is provided is appropriate to the risk profile of the client - Need to validate, if the investment plan opted by client is in line with his / her risk profile, We shall review certain cases to confirm that - If client has opted for Investment plan more riskier than his / her risk profile, he / she has to provide an explicit acceptance for that (require certain cases to validate the same)
13	Process for selecting investments -Sub-regulation 17(b)	Documented investment selection process
14	Disclosures to the client - Sub-regulation 18	Document or Path of website etc. wherein disclosures made to the client
15	KYC records - Sub-regulation 19(1)(a)	- Documented process of KYC - KYC documents - We shall share a list of cases (basis List of unique clients) for review
16	Client agreements - Sub-regulation 19(1)(d)	- We shall share a list of cases (basis List of unique clients) for review - Also we shall review Client Agreement if same has been created in line with SEBI Regulations / Circulars
17	Record of Investment advice provided - Sub-regulation 19(1)(e)	- What are the various mediums adopted by IA for providing Investment advice - Process of maintaining record - We shall share a list of cases (basis List of unique clients) for review
18	Rationale for investment advice - Sub-regulation 19(1)(f)	- Required such documents and process of maintaining the same
19	Appointment of Compliance officer - Sub-regulation 20	- Who is Compliance officer - How is that communicated to Clients (existing and prospective)
20	Redressal of Clients' grievances - Sub-regulation 21	- Process of redressal of Clients' grievances - List of grievances received during the year and open as at 31st Mar 2022 - Display of complaints status on website - Proof of Scores Registration
21	Client level segregation of advisory and distribution activities - Sub-regulation 22	- Details of distribution activities - Documented process for Client level segregation of advisory and distribution activities
22	Implementation of advice or execution - Sub-regulation 22A	- Details of Execution activities & Process involved for executing various type of transactions
23	Display of details on website and in other communication channels - Guidelines 1(ix)	Shall review compliance on Website, Letter head / Other Stationery & Electronic medium.

Annexure 2

S. No.	Regulation No. *	Observations	Management Remarks
1.	7 (1) (a)	- The Director cum Principal Officer, Mr. Sahil Bhargava, is Bachelors of Arts in Economics from University of Chicago. - He was advised to comply with minimum qualification requirements of a professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) within three years (#) as per Proviso to Regulation 7(1) (a). # from the date of coming into force of the Securities and Exchange Board of India (Investment Advisers) (Amendment) Regulations, 2020. - Above requirement of minimum qualification was also identified in the previous Compliance audit report for FY 2020-21 dated 14th June 2022.	Corrective Action : - We have already discontinued all services which involved specific investment advice w.e.f. 1st Apr 2022. As and when we will start providing Investment advice, we shall ensure to appoint a principal Officer who will be compliant with Regulations for Investment Advisers. Time line: - NA

* Regulation no. of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013



Annexure 3

S. No.	Regulation No. *	Other important information
4.	21	• It has been observed during the Compliance audit for FY 2020-21 that Company was not registered with the Central KYC Registry in accordance with the processes and instructions issued by the Board. • Same was highlighted in previous Compliance audit report for FY 2020-21 dated 14th June 2022. • To comply with above findings, Company initiated the process of registration with Central KYC Records Registry. • During the testing process, Company got to know on 7th Feb 2022 that they are already registered with CKYCRR Live Environment. • By then Company has stopped onboarding new subscribers for specific Investment advice owing to Board resolution dated 23rd Dec, 2021. • Since Company was registered with CDSL Ventures Limited (CVL), a registered KYC Registration Agency (KRA) with Board. Company was downloading and maintaining the client's KYC data and complying with the requirements. Same has been reviewed through KYC documents of 6 clients, findings are given in Annexure 3.

* Regulation no. of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013



Annexure 4

Client Name	Luther Bastin	Gaurav Tejwani	Kiran Kumar Allmsety	Bajjera Mallikarjuna Raghavendra Prasad	Venkat Raman Narayanaswamy	Saroj Golchha
Date of Subscription	09-08-21	09-11-21	06-09-21	23-10-21	05-08-21	22-07-21
Copy of Assessed Risk profiling questionnaire	Ok	Ok	Ok	Ok	Ok	Ok
Communication to the client of above Risk profiling	Ok	Ok	Ok	Ok	Ok	Ok
Acceptance by the client either through registered email or physical document of above Risk profiling **	Ok	Ok	Ok	Ok	Ok	Ok
KYC form and supporting documents	Ok	Ok	Ok	Ok	Ok	Ok
Client Agreement shared with client (both agreement and email through which agreement was shared)	Ok	Ok	Ok	Ok	Ok	Ok
Communication for Rebalance	Communicated through Blog updated on website					

** Accepted through Aadhaar Authentication

Annexure 5

Declaration by Principal Officer, enclosed

A handwritten signature in blue ink, consisting of a large loop followed by a horizontal line and a small vertical stroke.



Mr Rajat Bhalla
VPS & Co. Senior Partner

I Sahil Bhargava (Principal Officer of Bharosa Technoserve Private Limited (BTPL))
hereby declare that:

1. I am in compliance with Net worth requirements of SEBI as at 31st March 2022 on the basis of unaudited financials as at 31st Mar 2022 (Rs 1.33 cr). I will keep you informed in case BTPL do not comply with the Net worth requirement as per audited financials as at 31st March 2022.
2. The details of Qualification, experience and certification submitted with respect to Principal Officer and other persons associated with investment advice are true and correct.
3. BTPL is acting in a fiduciary capacity towards its clients and disclosing all conflicts of interests as and when they arise.
4. BTPL has not received any consideration by way of remuneration or compensation or in any other form from any person other than the client being advised, in respect of the underlying products or securities for which advice is provided.
5. BTPL is maintaining an arms-length relationship between its activities as an investment adviser and other activities
6. BTPL has ensured that its investment advisory services are clearly segregated from all its other activities.
7. BTPL has ensured that in case of any conflict of interest of the investment advisory activities with other activities, such conflict of interest has been disclosed to the client.
8. BTPL has not divulge any confidential information about its client, which has come to its knowledge, without taking prior permission of its clients, except where such disclosures are required to be made in compliance with any law for the time being in force.
9. BTPL has not entered into transactions on its own account which is contrary to its advice given to clients.
10. BTPL has abide by Code of Conduct as specified in Third Schedule of Securities and Exchange Board of India (Investment Advisers) Regulation, 2013 dated 21st January 2013 and amended subsequently.
11. BTPL has not acted on its own account, knowingly to sell securities or investment products to or purchase securities or investment product from a client.





12. BTPL has not provided free trial of any products/services they are offering to prospective clients during the financial year 2021-22.

13. BTPL has complied with Disclosure requirements of Regulation 18 of Securities and Exchange Board of India (Investment Advisers) Regulation, 2013 dated 21st January 2013 and amended subsequently.

14. BTPL has not provided Distribution Services during the financial year 2021-22.

15. BTPL has not provided services for Implementation of advice or execution during the financial year 2021-22 in compliance with Regulation 22A of Securities and Exchange Board of India (Investment Advisers) Regulation, 2013 dated 21st January 2013 and amended subsequently.

16. No disciplinary action has been taken by the Board or any other regulatory authority against BTPL or any person directly or indirectly connected to BTPL under the respective Act, rules or regulations made thereunder.

For Bharosa Technoserve Private Limited,

Sahil Bhargava Designation – Director cum Principal Officer
Registration No.: INA100004657

Date: 15th Sep 2022

