

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Sections 12(3) of Securities and Exchange Board of India Act, 1992 read with Regulations 27 of Securities and Exchange Board of India (Intermediaries) Regulations, 2008 and Regulation 28 of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

In respect of:

Name of the Noticee	Registration Number	PAN
D.S. Capital Venture Private Limited	INA000010511	AADCH8426M

Background

1. D. S. Capital Venture Private Limited (hereinafter referred to as “**Noticee**”) is registered as an investment advisor (hereinafter referred to as “**IA**”) with Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) with effect from May 10, 2018 bearing registration no. INA000010511. As per records, the registered and correspondence addresses of the Noticee were - (1) Shop no.28, Second Floor, Om Heera Panna Shopping Mall, Near Oshiwara Police Station, Andheri (W), Mumbai-400053 and (2) Office No. 402 A, 402B, 4th floor, Prithviraj Silver Mall, Block A, Ravindranath Tagore Marg, South Tukoganj, Indore – 452001 and the website addresses of the Noticee were www.dscapitalventure.com and www.dscapital.com.
2. Pursuant to receipt of various complaints against the Noticee, an examination in the matter was conducted and on the basis of the examination, SEBI initiated enquiry proceedings against the Noticee in terms of the SEBI (Intermediaries)

Regulations, 2008 (hereinafter referred to as “**Intermediaries Regulations**”) and vide an Order dated March 04, 2021 a Designated Authority (hereinafter referred to as “**DA**”) was appointed under Regulation 23 of the Intermediaries Regulations to enquire into the alleged violation of the provisions of Regulation 28 of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as the “**IA Regulations**”) read with Regulation 23 of the Intermediaries Regulations.

3. I note that vide Order dated December 29, 2022 under Sections 11(1), 11(4) and 11B(1) of the SEBI Act, the Whole Time Member of SEBI has inter alia passed the following directions, against the Noticee and four of its Directors,:

“35.1 Noticees No. 1 to 5 are hereby restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner whatsoever, for a period of five (5) years from the date of this order.

35.2 Noticees No. 2 to 5 are hereby restrained from holding post of Director, any managerial position or associating themselves in any capacity with any listed public company and any public company which intends to raise money from the public, or any securities market intermediary registered with SEBI for a period of five (5) years.

35.3 DS Capital is directed to resolve the complaints pending against it in the SCORES and otherwise, within the period of 30 days from the date of this order.

35.4 DS Capital shall within a period of 3 months from the date of this order, furnish a report to SEBI, duly certified by a Chartered Accountant, certifying that all the complaints against Noticee No. 1 have been resolved.

35.5 In case of failure of DS Capital to comply with the aforesaid directions, DS Capital shall be restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner whatsoever, for an additional period of 3 years.

36 *It is further clarified that during the period of restraint, the existing holding of securities including the holding of units of mutual funds of the Noticees shall remain frozen.”*

Enquiry by the Designated Authority

4. The DA issued a Show Cause Notice dated August 23, 2021 (hereinafter referred to as “**SCN**”) to the Noticee under regulation 25(1) of Intermediaries Regulations, calling upon the Noticee to show cause as to why suitable action should not be recommended against it as provided under Regulation 23 of the Intermediaries Regulations. The Noticee was advised to submit its reply if any, within 14 days from the date of receipt of the SCN. The SCN, sent via speed post was returned undelivered. The SCN was made available on the SEBI website (www.sebi.gov.in) under the head Enforcement -> Unserved Summons/Notices on April 13, 2022 and the Noticee was advised to submit its reply within 14 days and avail the opportunity of personal hearing which was scheduled on May 13, 2022. However, the Noticee neither submitted its reply nor appeared for hearing before the DA.
5. Thereafter, upon completion of the enquiry, an Enquiry Report dated May 27, 2022 (hereinafter referred to as “**Enquiry Report**”) was submitted by the DA wherein the Enquiry Report observed that the Noticee has violated Regulation 28 the IA Regulations, and made the following recommendation:

“...in terms of the provisions of regulation 26(1) of the Intermediaries Regulations, I hereby recommend that the registration of the Noticee i.e. D. S. Capital Venture Private Ltd., with SEBI registration number INA000010511) as an Investment Advisor may be cancelled with immediate effect.”

Post Enquiry Proceedings:

6. A post-enquiry Show Cause Notice dated June 16, 2022 (hereinafter referred to as “**Post Enquiry SCN**”) was issued to the Noticee under regulation 27(1) of the Intermediaries Regulations calling upon it to show cause as to why the action as recommended by the DA or any other action as deemed appropriate should not be

taken against the Noticee in terms of the said Regulations. The Post Enquiry SCN enclosing the Enquiry Report of the DA was sent via post on June 16, 2022 to the Noticee at addresses available on record, which returned undelivered. Simultaneously, the Post Enquiry SCN was also sent to the Noticee via email at info.dscapitalventureltd@gmail.com and the email sent has not bounced back. However, no response has been received from the Noticee.

7. An opportunity of personal hearing was granted to the Noticee on January 09, 2023, November 29, 2022 and November 18, 2022 through video conferencing. I note from the record that the hearing notices sent to emails at info.dscapitalventureltd@gmail.com, spiyush3963@gmail.com, abhisektiwari00@gmail.com and jetair05@rediffmail.com were delivered i.e. not bounced backed. However, the Noticee neither submitted reply nor appeared for personal hearing.

Consideration of Issues and Findings

8. I note that the Post Enquiry SCN was served to the Noticee vide email as mentioned above. Three hearing opportunities have also been granted to the Noticee. Despite the same, no response or appearance has been made by the Noticee. Under the circumstances, I observe that sufficient steps have been taken to ensure principles of natural justice for the Noticee. Accordingly, I am compelled to proceed ex-parte and deal with the matter on the basis of the material available on record.
9. I note that the DA has recommended cancellation of SEBI registration of the Noticee as an Investment Advisor.
10. The findings of the Enquiry Report are noted below:
 - i. The Noticee failed to redress the investor grievances forwarded to it through SEBI Complaints Redress System (hereinafter referred to as “**SCORES**”). I note that there are 17 complaints against the Noticee were pending for more than 6 months, which were not redressed.
 - ii. The Noticee failed to inform change of its registered office address to SEBI.

- iii. The Noticee neither informed nor obtained approval from SEBI for change of its directors.
- iv. The Noticee failed to produce the documents sought for the purpose of inspection and was not traceable at the addresses available on records.
- v. Both the websites of the Noticee i.e. www.dscapitalventure.com and www.dscapital.com were not functioning.

11. I have considered the material available on record including the allegations made in the SCN and Enquiry Report. I note from the information available on records that the Noticee did not redress the 17 complaints forwarded to them through SEBI Complaints Redress System (hereinafter referred to as “**SCORES**”). The details of the investors’ complaints are tabulated below:

Table No. 1

Sr. No.	Complainant Name	Status	Date of Receipt	Date of Forwarding to the Noticee	Last communication received from the Noticee	Last Reminder Sent to the Noticee
1	Rama Soujanya Marella	Pending	26/01/2020	29/01/2020	Not received	Not sent
2	Praveen Patil	Pending	16/12/2019	31/12/2019	Not received	06/02/2020
3	Deepak Kumar	Pending	09/12/2019	18/02/2020	Not received	27/08/2020
4	Atul Tamhane	Pending	30/11/2019	02/12/2019	Not received	06/02/2020
5	Praveen Patil	Pending	25/11/2019	31/12/2019	Not received	06/02/2020
6	Praveen Patil	Pending	25/11/2019	31/12/2019	Not received	06/02/2020
7	Praveen Patil	Pending	25/11/2019	31/12/2019	Not received	06/02/2020
8	Atul Tamhane	Pending	22/11/2019	31/12/2019	Not received	06/02/2020
9	Hrushikesh Sahoo	Pending	04/11/2019	18/11/2019	Not received	06/02/2020
10	Ankit Parsotambhai Busa	Pending	10/10/2019	21/11/2019	Not received	06/02/2020
11	Rakesh Vemula	Pending	24/09/2019	27/09/2019	Not received	30/06/2020
12	Nitika Kapoor	Pending	07/09/2019	24/02/2020	Not received	Not sent
13	Rohit Kumar	Pending	29/07/2019	03/08/2019	Not received	24/02/2020
14	A Bhavarlal	Pending	25/06/2019	28/06/2019	Not received	24/02/2020
15	Ajit Singh	Pending	21/06/2019	28/06/2019	17/09/2019	06/02/2020
16	Maj Vivekanand Shukla	Pending	11/06/2019	12/06/2019	05/11/2019	06/02/2020
17	Ajit Singh	Pending	28/05/2019	08/07/2019	17/09/2019	06/02/2020

12. I note that protection of the investors' interest is one of the primary objects of SEBI and the same undoubtedly includes ensuring timely redressal of grievances of investors by the registered intermediaries. The SCORES was also a step towards quick resolution of investor grievances. The Noticee being a registered IA was under statutory obligation to resolve / redress the investor complaints in a time bound manner. However, I find that the Noticee failed to discharge its statutory obligation of redressing investor grievances.

13. I note that the Noticee was informed of proposed inspection and a pre-inspection questionnaire was also sent to the Noticee vide letters dated September 22, 2020, November 12, 2020 and November 23, 2020 at the registered address, correspondence address and the address that was available in the records of Ministry of Corporate Affairs. The attempts to reach out at the said addresses of the Noticee failed as the said letters returned undelivered. Therefore, SEBI could not carry out the inspection of the books of accounts, records and documents maintained by the Noticee. The inspection of a registered intermediary is conducted to ascertain the level of compliance by a registered intermediary with the provisions of the Act, Rules, Regulations and Circulars issued by SEBI from time to time. The non-cooperation of a registered intermediary with the regulator for inspection is a serious non-compliance. I also note that the registered address provided to SEBI at the time of registration which was, Shop No. 28, Second Floor, Om Heera Panna Shopping Mall, Near Oshiwara Police Station, Andheri (W), Mumbai, Maharashtra, 400053 was changed subsequently. It is seen from the Ministry of Corporate Affairs website that the registered office the Noticee has been changed to Plot No. 3141, Rahmat Nagar Behind Gangotri Hotel, Jamuna Talkies Road, Chitralalaya Bhaiyapada, Boisar, Palghar, Thane, Maharashtra, 401501. This change in the registered office of the Noticee has not been informed to SEBI. I also note that there was a change in the directorship of the Noticee and the same was also not informed to SEBI.

14. The relevant extracts of the provisions of the Regulation 28 of IA Regulations allegedly violated by the Noticee are mentioned as under:

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;

(b) fails to furnish any information relating to its activity as an investment adviser as required by the Board;

.. . . .

.. . . .

(e) does not co-operate in any enquiry, inspection or investigation conducted by the Board;

(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.”

15. I note that Regulation 28 of IA Regulations empowers SEBI to initiate action against an IA in case of contravention of any of the provisions of the Act or any regulations or circulars issued thereunder; or fails to furnish any information to SEBI relating to its activity as an IA; or fails to cooperate in any enquiry, inspection or investigation conducted by the SEBI; or fails to resolve the complaints of investors or to give a satisfactory reply to SEBI. I also find that the non-compliances noted in the preceding paragraphs fall within the scope of Regulation 13, Regulation 21 and Regulation 25 of IA Regulations.

16. In view of the aforesaid findings, I note that the Noticee has not acted in compliance with the conditions of its certificate of registration including failure to redress investors grievances and also failed to provide changes in the directorship or registered offices or to furnish the information as sought by SEBI and hence, has violated Regulation 28 of IA Regulations.

CONCLUSION

17. An IA, being a securities market intermediary is required to act honestly and fairly in the best interests of the investors. I observe that the material available on record unequivocally highlight the lapses by the Noticee while conducting its operations as a registered IA. Further, the violations committed by the Noticee, as discussed above in this order, are considered serious in nature for a registered intermediary in the securities market. I find that, at the very least, an intermediary, ought to respond to the communication sent by the regulator and be available at the address furnished to the regulator and if there is a failure in this regard, it is not entitled to hold the authorization issued to it. In short, the conduct of the Noticee does not merit continuation of its status as a registered intermediary. I am therefore inclined to accept the recommendation of the DA to cancel the registration.

ORDER

18. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 12(3) of SEBI Act, 1992 and Section 19 of SEBI Act, 1992 read with Regulation 23 of SEBI (Intermediaries) Regulations, 2008 and Regulation 28 of SEBI (Investment Advisers) Regulations, 2013 do hereby cancel the certificate of registration granted to D. S. Capital Venture Private Limited having SEBI Registration number - INA000010511.

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

20. A copy of this order shall be forwarded to the Noticee.

Date: January 30, 2023

Place: Mumbai

Sd/-

GEETHA G

CHIEF GENERAL MANAGER

SECURITIES AND EXCHANGE BOARD OF INDIA