BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. EAD-12/ AO/SM/223 – 228 /2017-18]

UNDER SECTION 15 I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 (“SEBI ACT”) READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995

In respect of:

Wasankar Wealth Management Limited (PAN: AAACW8073C)

Prashant Jaidev Wasankar (PAN: AAIPW1864A)

Mithila Vinay Wasankar (PAN: ANFPM0123J)

Vinay Jaidev Wasankar (PAN: AALPW3215A)

Bhagyashree Prashant Wasankar (PAN: AALPW3274H)

Abhijeet Jayant Chaudhari (PAN: AIUPC8611M)

In the matter of Wasankar Wealth Management Limited

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as ‘SEBI’), pursuant to observing that Wasankar Wealth Management Limited (hereinafter referred to as “**Noticee 1**”) and its promoters and directors, viz., Prashant Jaidev Wasankar (hereinafter referred to as “**Noticee 2**”), Mithila Vinay Wasankar (hereinafter referred to as “**Noticee 3**”), Vinay Jaidev Wasankar (hereinafter referred to as “**Noticee 4**”), Bhagyashree Prashant Wasankar (hereinafter referred to as “**Noticee 5**”) and Abhijeet Jayant Chaudhari (hereinafter referred to as “**Noticee 6**”) had issued non-convertible preference shares (hereinafter referred to as “NCPS”) to 228 investors and mobilized funds amounting to approximately ₹ 12.89 crore during the financial years 2009-10, 2010-11 and 2012-13 violating provisions of Companies Act, 1956 had passed the following directions under section 11B of SEBI Act, 1992 on May 18, 2015 against the Noticees:

“a. Company and its promoters/ directors including Mr. Prashant Jaidev Wasankar Ms. Mithila Vinay Wasankar Mr. Vinay Jaidev Wasankar, Mr. Bhagyashree Prashant Wasankar and Mr. Abhijeet Jayant Chaudhari shall jointly and severally, forthwith refund the money collected by the Company through the issuance of Non-Convertible Preference Shares (which have been found to be issued in contravention of the public issue norms stipulated under the Companies Act, 1956), to the investors including the money collected from investors, till date, pending allotment of NCPS, if any, with an interest of 15% per annum compounded at half yearly intervals, from the date when the repayments became due (in terms of Section 73(2) of the Companies Act, 1956) to the investors till the date of actual payment.

b. The repayments to investors shall be effected only in cash through Bank Demand Draft or Pay Order.

c. The Company/ its present management is permitted to sell the assets of the Company only for the sole purpose of making the refunds as directed above and deposit the proceeds in an Escrow Account opened with a nationalised Bank.

d. The Company shall issue public notice, in all editions of two National Dailies (one English and one Hindi) and in one local daily (in Marathi) with wide circulation, detailing the modalities for refund, including details on contact persons including names, addresses and contact details, within fifteen days of this Order coming into effect.

e. After completing the aforesaid repayments, the Company shall file a certificate of such completion with SEBI from two independent peer reviewed Chartered Accountants who are in the panel of any public authority or public institution.

f. Wasankar Wealth Management Limited and its promoters and directors including Mr. Prashant Jaidev Wasankar, Ms. Mithila Vinay Wasankar, Mr. Vinay Jaidev Wasankar, Mr. Bhagyashree Prashant Wasankar and Mr. Abhijeet Jayant Chaudhari are also directed to provide a full inventory of all their assets and properties and details of all their bank accounts, demat accounts and holdings of shares/ securities, if held in physical form.

g. Wasankar Wealth Management Limited is directed not to, directly or indirectly, access the capital market by issuing prospectus, offer document or advertisement soliciting money from the public and is further restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, from the date of this Order till the expiry of four (4) years from the date of completion of refunds to investors, made to the satisfaction of SEBI, as directed above. The Company is restrained from accessing the securities market for the purposes of raising funds with immediate effect.

h. The promoters and directors including Mr. Prashant Jaidev Wasankar, Ms. Mithila Vinay Wasankar, Mr. Vinay Jaidev Wasankar, Mr. Bhagyashree Prashant Wasankar and Mr. Abhijeet Jayant Chaudhari shall be restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities market, directly or indirectly, with immediate effect. They are also restrained from associating themselves with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI. These directions shall come into force with immediate effect and shall continue to be in force for a further period of four (4) years on completion of the refunds to the investors, as directed above.

i. In case of failure of the Company/ its directors, to comply with the aforesaid directions, SEBI shall take appropriate action against them and other persons/ officers who are in default, including launching of prosecution proceedings, adjudication proceedings and recovery proceedings, in accordance with law."

2. It was learnt that the Noticees did not comply with the directions for refund and refund related applicable incidental directions of the above order. The Noticees also failed to submit the information as mentioned in the order. This makes them liable for penalty under section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act").

APPOINTMENT OF ADJUDICATING OFFICER

3. Vide an order of the Competent Authority, SEBI, dated August 24, 2016, Mr. D Sura Reddy was appointed as the Adjudicating Officer under section 19 of the SEBI Act read with section

15 I of SEBI Act and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'Rules') to inquire into and adjudge the alleged violations of provisions of Companies Act, 1956. Pursuant to the transfer of the case, the undersigned has been appointed as the Adjudicating Officer in the matter.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Based on the findings by SEBI, Show Cause Notice/s dated December 28, 2016 (hereinafter referred to as 'SCN') was issued to the Noticees under Rule 4(1) of AO Rules to show cause as to why an inquiry should not be held and penalty should not be imposed on them under section 15HB of SEBI Act for the alleged violations. The SCN issued to Noticee 1 returned undelivered. The Authorised Representative (hereinafter referred to as "**AR**") of Noticees no. 1, 2, 5 and 6, vide letter dated December 13, 2016 submitted a common reply stating, inter alia, the following:

"*It is to bring it to the notice of the Adjudicating Officer (SEBI) the following reasons due to which the alleged non-compliance is said to be committed.*

- *My Clients are in judicial custody for the same alleged offence under MPID Act and are being prosecuted at Hon'ble Sessions Court Nagpur since July 27, 2014.*
- *My clients have no access to any resource and investors to initiate any kind of settlement despite willingness have been shown to do so from time to time to the Hon'ble Sessions Court, Nagpur.*
- *The prosecution has still not completed its investigation and as a reason holding my clients in judicial custody.*
- *My clients have already submitted the repayment plan to the Hon'ble Sessions Court upon the release of my clients on temporary conditional bail. The decision on bail matter is pending for order before the Hon'ble Sessions Court, Nagpur.*
- *If the enquiry is held at SEBI, my clients will be in no position to defend themselves due to lack of access to documents and resources.*
- *If the enquiry is held at SEBI, my clients would like to attain the personal hearing but unless the Hon'ble Sessions Court releases them on bail, it would be impossible to attend the personal hearing.*

It is for the above mentioned reasons, if the enquiry is held against my clients by SEBI, it would not be in the interest of justice as my clients are not in position to defend themselves due to lack of resources, documents and personal attendance."

5. No reply was received from Noticee no. 3 and 4. Letter dated June 15, 2017 was issued to all the Noticees advising them to submit their reply on merit. The letter issued to Noticees no. 3 and 4 returned undelivered. The letters issued to others were delivered. In order to comply with the principles of natural justice an opportunity of personal hearing was given to the Noticees on January 4, 2018 vide notice dated November 30, 2017. The notice was addressed to the Noticees at the Central Jail of Nagpur. The Notice issued to Noticees 3 and 5 returned undelivered. No one appeared on the scheduled date of hearing. Another opportunity of hearing was given to the Noticees on January 18, 2018 vide notice dated January 8, 2018 at Central Jail of Nagpur for Noticees no. 1, 2, 4 and 6. However, no one appeared on the scheduled date. In case of Noticees no. 3 and 5 a public notice was issued in Times of India on January 30, 2018 and Loksatta on January 30, 2018 to appear for personal hearing on February 21, 2018. No one appeared on the scheduled date of hearing.

6. Enough opportunity was given to the Noticees to represent their case by way of reply to SCN and also by appearance for personal hearing. I am constrained to proceed with the matter on the basis of the material available on record.

CONSIDERATION OF ISSUES AND EVIDENCE

7. I have carefully perused the charges levelled against the Noticees in the SCN and the material / documents available on record. In the instant matter, the following issues arise for consideration and determination:-

   (a) Whether the Noticees have failed to comply with directions for refund and refund related applicable incidental directions of the order dated May 18, 2015 and failed to submit the relevant information as mentioned in the order dated May 18, 2015?

   (b) Do the violations, if any, on the part of the Noticees attract monetary penalty under Section 15HB of SEBI Act for the alleged violation?; and,

(c) If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in Section 15J of the SEBI Act?

8. I observe that the company had raised funds through issuance of Non-convertible Preference Shares (hereinafter referred to as NCPs) during the period from 2009 to 2013 without complying with the regulatory provisions as under:

Table A Year	**No. of persons to whom NCPS were allotted**	**Total Amount (in ₹ Crores)**
2009 – 2010	21	1.30
2010 – 2011	38*	3.56
2012 – 2013	169#	8.03
Total	**228**	**12.89**

(* Wasankar on September 17, 2010, made allotment to 24 persons and raised ₹1.56 Crores. On February 15, 2011, Wasankar allotted NCPS to 14 persons and raised ₹2 Crores. The Company also partly redeemed and partly converted NCPS, issued by it in the financial year 2009-10 and 2010-11.
 # Wasankar allotted NCPS to 169 investors on August 18, 2012.)

9. I note that vide order dated May 18, 2015, the Noticees were directed to refund the money mobilized by them to the investors with an interest of 15% per annum compounded at half yearly intervals and file a certificate of completion to SEBI. I am given to understand that Noticee no. 2, 5 and 6 are in judicial custody for offence under the Maharashtra Protection of Interests of Depositors Act, 1999 and are being prosecuted by the Hon'ble Sessions Court, Nagpur. Noticee no. 4 was also arrested in crimes registered in Nagpur, Amravati and Akola. Noticee no. 3 is out of jail on bail.

10. The Noticees have made no effort to comply with the directions issued to them vide order dated May 18, 2015. Though several complaints were received by SEBI even after passing of the final order dated May 18, 2015, no steps were taken by the Noticees to redress the same. The Noticees even failed to appoint authorized representative to comply with the order of SEBI.

11. SEBI has been entrusted with the duty to protect the interests of the investors and to protect the integrity of the securities market. In view of the seriousness of the matter, SEBI had issued appropriate directions to the Noticees vide its Order dated May 18, 2015. The directions were issued by SEBI in order to protect the interest of investors who had subscribed to the NCPS and also to secure the interest of the securities market. The Noticees were under an obligation to comply with the directions issued by SEBI. However, Noticees blatantly failed to comply with the directions issued to them by SEBI vide its order dated May 18, 2015. Thus, from the facts and circumstances of the case and the observations made above, I am convinced that Noticees have failed to comply with the directions of SEBI issued vide its Order dated May 18, 2015 passed under the provisions of sections 11, 11(4), 11A and 11 B of the SEBI Act.

12. In view of the violation of the provisions of law by the Noticees, as established above, the Noticees are liable for monetary penalty under the provisions of Section 15 HB of the SEBI Act, which reads as under:

> ***15HB.Penalty for contravention where no separate penalty has been provided****.-* Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

13. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Adjudication Rules require that while adjudging the quantum of penalty, the adjudication officer shall have due regard to the following factors, namely:

    i. *the amount of disproportionate gain or unfair advantage wherever quantifiable, made as a result of the default;*

    ii. *the amount of loss caused to an investor or group of investors as a result of the default;*

    iii. *the repetitive nature of the default*

14. With regard to the above factors to be considered while determining the quantum of penalty, it may be noted that the material available on record has not quantified the amount of

disproportionate gain or unfair advantage made by the Noticees and the loss suffered by the investors as a result of the default committed by the Noticees. No quantifiable figures or data are made available on record to assess the disproportionate gain or unfair advantage and the amount of loss caused to an investor or group of investors as a result of the default committed by the Noticees. I am of the opinion that entities violating the directions issued by SEBI seriously compromise the regulatory framework and are detrimental to the interest of the investors in the securities market. The interest of the investors and the orderly development of the securities market requires that perpetrators of such activities should be suitably penalized. I cannot lose sight of the fact that despite directions issued by SEBI vide Order dated May 18, 2015, the Noticees have failed to comply with the SEBI order. Such stark defiance displayed by the Noticees towards regulatory directions cannot be viewed lightly. The non-compliance of the Noticees with the SEBI directions have jeopardized the interests of the gullible investors who have invested in the NCPS offered by the Noticees. The imposition of penalty is the need of the hour for such willful defiance displayed by the Noticees towards the directions issued by SEBI.

15. By not complying with the directions of SEBI issued vide order dated May 18, 2015, the Noticees have failed to comply with the mandatory statutory obligation. In this context, reliance is placed upon the order of the Hon'ble Supreme Court in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006] 5 SCC 361} – where the Hon'ble Supreme Court held that "In *our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant* …."

<u>ORDER</u>

16. In view of the above, after considering all the facts and circumstances of the case and the factors mentioned in the provisions of Section 15-J of the SEBI Act, I, in exercise of the powers conferred upon me under Section 15-I(2) of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules, conclude that the proceedings against the Noticees stand established in terms of the provisions of the SEBI Act. Hence, in view of the charges established under the provisions of the SEBI Act, I, hereby impose monetary penalty of ₹ 1,00,00,000/- (Rupees One Crore only) to be paid jointly and severally by the Noticees.

17. The Noticees shall remit / pay the said amount of penalty within 45 (forty five) days of receipt of this order either by way of Demand Draft (DD) in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai and 1) the said DD should be forwarded to the Division Chief, Enforcement Department (EFD), Division of Regulatory Action - IV [**EFD-DRA-4**] SEBI Bhavan, Plot No.C4-A,' G' Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai – 400 051 OR 2) through e-payment facility into Bank Account, the details whereof are given as below :-

Account No. for remittance of penalty(ies) levied by Adjudication Officer :-

Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No.	31465271959

18. The Noticees shall forward the said Demand Drafts or the details / confirmation of penalty so paid through e-payment to the Division Chief of the aforesaid Enforcement Department (EFD) of SEBI.

19. The format for forwarding details/confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No. SEBI/HO/GSD/T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated at e-mail ID- tad@sebi.gov.in:

Date	Department of SEBI	Name of Intermediary/other Entity	Type of Intermediary	SEBI Registration Number (if any)	PAN	Amount (in Rs.	Purpose of payment (including the period for which payment was made e.g	Bank Name and Account Number from which	UTR No

							Quarterly, annually)	**payment is remitted**	

20. In terms of Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees and also to the Securities and Exchange Board of India.

Date : March 19, 2018
Place: Mumbai

SAHIL MALIK
ADJUDICATING OFFICER