BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/MC/HP/2020-21/11197]

UNDER SECTION 15-I (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

In respect of –

Ozone Projects Pvt. Ltd. (PAN: AAACO7589D) having address at – 38, Ulsoor Road, Bangalore - 560042

In the matter of delayed submission/non-submission of financial results for financial year ended March 31, 2019.

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as, '**SEBI**'), initiated adjudication proceedings under section 15A(b) of SEBI Act, 1992 (hereinafter referred to as, '**SEBI Act**') against Ozone Projects Pvt. Ltd. (hereinafter referred to as, '**the Noticee/Company/You**') for alleged violations of provisions of Regulation 52(1), 52(4) and 52(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as, '**LODR Regulations**').

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as Adjudicating Officer (hereinafter referred to as '**AO**') *vide* order dated November 19, 2020 to inquire into and adjudge under Section 15A(b) of SEBI Act, the aforesaid alleged violations against the Noticee. The appointment of the AO was communicated *vide* order dated November 21, 2020.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. EAD5/MC/HP/21244/2020 dated December 08, 2020 (hereinafter referred to as '**SCN**'), was issued to the Noticee in terms of Rule 4 (1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**'), to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticee in terms of Section 15A(b) of SEBI Act for the aforesaid alleged violations.

4. The allegations levelled against the Noticee in the SCN are summarized as below:

5. SEBI received a letter dated September 19, 2019 from Vistra ITCL (India) Limited, a SEBI registered Debenture Trustee, stating that the Noticee has not complied with provisions of Regulation 52(4) and 52(5) of LODR Regulations, with respect to financial results for the FY ended March 31, 2019. It was observed that Noticee had issued NCDs on private placement basis.

6. *Vide* email dated September 23, 2019, BSE and NSE were asked to provide the compliance status of the Noticee with respect to financial results for the half year ended March 31, 2019 under Regulations 52(1), 52(4) and 52(5) of LODR Regulations.

7. Further, Noticee was also asked to provide clarification on the observations of BSE and Vistra ITCL. However, no reply was received from the Noticee. Further, Vistra ITCL was asked to seek clarification from the Noticee in this regard.

8. Noticee *vide* its letter dated December 21, 2019 to NSE *inter alia* informed that it has faced problems of corruption/ loss of financial data from the accounting software which has adversely affected the conduct of statutory audit in a smooth manner, and therefore it had not filed the financial results for year ended March

31, 2019.

9. Further, NSE *vide* email dated October 11, 2019 and August 27, 2020 and Vistra ITCL *vide* email dated May 22, 2020 informed that the Noticee had not submitted financial results for the year ended March 31, 2019. Therefore, it was observed that Noticee has not complied with the obligation of timely filing of financial result in terms of LODR Regulations. Further, NSE also informed that the Noticee has not complied with Regulation 52(4) and 52(5) of LODR Regulations. In view of the above, it was alleged that Noticee has not complied with Regulation 52(1), 52(4) and 52(5) of LODR Regulations.

10. The aforesaid alleged violations, if established, make the Noticee liable for monetary penalty under Section 15A(b) of SEBI Act.

11. In response to the SCN, Noticee filed reply *vide* letter dated February 12, 2021. Opportunity of hearing was provided to the Noticee through video conferencing. Authorized Representatives (AR) of the Noticee, Mr. Ankit Lohia, Mr. Vikram Raghani, Mr. Pulkit Sukhramani, Ms. Vidhi Jhawar and Mr. Sumit Chatterjee appeared for the hearing on February 17, 2021 on behalf of the Noticee. AR of the Noticee reiterated the submissions made in its reply dated February 12, 2021.

12. The submissions of the Noticee are summarized as below:

13. Noticee submitted that it had requested for inspection of documents along with copies of all annexures to the SCN and any other record/ information/ document relevant to the instant matter, however, the Noticee was informed that all information relevant to the charge raised in the SCN had been provided as part of the SCN and the annexures thereto and request for inspection of documents was denied.

14. Noticee submitted that the charge levelled against the Noticee is of non-filing of its financial results for year ended March 31, 2019 within the time prescribed under Regulation 52 of the LODR Regulations i.e., within a period of 45 days from the end of the half year. The non-submission of the aforesaid financial results is not intentional, and the Noticee has been unable to file its financial results for year ended March 31, 2019 as prescribed under Regulation 52 of the LODR Regulations due to factors which are beyond the control of the Noticee. The Noticee has been unable to submit its financial results due to unforeseen and extenuating circumstances as detailed below:

a) The Company is part of a group of 34 companies of the Ozone Group. The Company is an associate company of Ozone Propex Private Limited ("Ozone Propex"). The shareholding of the Company as on September 25, 2020 was:

Name of Shareholder	**Total (%)**
Ozone Propex Pvt Ltd.	43.33
HDFC Ventures Trustee Company Limited	25.00
Urban Infrastructure Trustees Limited, Mumbai	15.00
Urban Infrastructure Real Estate Fund, Mauritius	15.00
Shinano Retail Private Limited	1.00
Jai Corp Limited	0.67
Total	**100.00**

b) Ozone Propex is a holding company which conducts its business through its subsidiaries/special purpose vehicles ("SPVs"). Two such SPVs of

Ozone Propex are Ozone Urbana Infra Developers Pvt. Ltd. and Ozone Projects Pvt. Ltd. i.e., the Noticee.

c) On March 02, 2006, a Share Subscription Agreement ("SSA") was executed *inter alia* between the Company, Ozone Propex, and Dharti Investment and Holdings Ltd. ("Dharti"). On March 02, 2006, a Shareholder's Agreement ("SHA") was also entered between the parties. In terms of Clause 5 of the said SHA, Dharti as an investor in the Company was assigned certain rights to appoint and nominate directors to the board of the Company. Subsequently, in September 2007, Dharti assigned its rights to Urban Infrastructure Trustee Limited ("UITL"). Accordingly, the rights assigned to Dharti were in turn assigned to UITL, which included the right to appoint nominee directors to the board of directors of the Company. In light of the above background, the directorship of the Company, at the relevant time, was as follows:

Sr. No.	**Name of Director**	**Nominee**
1	Vasudevan Sathyamoorthy	Nominee director of Ozone Propex
2	Sathya Moorthy Sai Prasad	Nominee director of Ozone Propex
3	Parag Parekh	Nominee director of Urban Infrastructure opportunities Fund (entity related/ associates to UITL)
4	Keyur Sanat Shah	Nominee director of HMV Venture Trustees Company Limited
5	Naresh Manohar Nadkarni	Nominee director of HDFC Venture Trustees Company Limited

6	Matthew Joseph	Nominee director of HDFC Venture Trustees Company Limited
7	Ashvany Kumar Bansal	Nominee director of Urban Infrastructure opportunities Fund (entity related/ associates to UITL)

d) Noticee submitted that due to certain funding issues in the Company, disputes have arisen between the shareholders of the Company, viz. the promoter group led by Mr. Vasudevan Sathyamoorthy and UITL. Owing to the structure of the Board of Directors of the Company, which is made up of the promoters and nominee directors of investors, the inter se disputes between the shareholders of the Company has resulted in a situation where the Company is facing difficulties in carrying on its day to day operations.

e) The inter se disputes between the shareholders of the Company have also led to litigation between the parties:

On January 18, 2019, UITL, filed an application before the National Company Law Tribunal, Bangalore ("NCLT") under Section 7 of the Insolvency and Bankruptcy Code, 2016 against Ozone Propex (C. P. No. 111 of 2019). On July 26, 2019 the promoter group led by Mr. S. Vasudevan, filed an application under Section 241 and 242 of the Companies Act, 2013 being C.P. No. 151 of 2019 before the NCLT, Bangalore for oppression and mismanagement. These petitions are currently pending consideration before the Hon'ble NCLT.

f) Due to the inter se disputes between the shareholders of the Company and the ongoing litigation, the Company has been unable to conclude its board meetings and have its financial results duly adopted, which would

consequently allow it to fulfill compliance with Regulation 52 of the LODR Regulations.

g) Despite the ongoing litigation and disputes within shareholders of the Company, the Company has made active attempts to comply with the requirements laid out under Regulation 52 of the LODR Regulations and get its financial results adopted. This is borne out by the following facts:

h) Vide letter dated October 05, 2017, the Company had duly appointed M/s. V. Kalaiselvi & Co. LLP ("Auditor") as the statutory auditors for the Company. The Company's Auditor duly carried out the audit of financial statements and issued its draft audit report during September 2019 to be placed before the Board of Directors of the Company at the time of adoption of the financial results of the Company.

i) The financial results of the Company for year ended March 31, 2019 were finalized on or around October 23, 2019 and the draft auditor's report was issued in September 2019. The delay in finalizing the financial results were due to various operational issues faced by the Company and its management including corruption/ loss of financial data from the Accounting tool/ software from Tally ERP. Consequently, the financial results for year ended March 31, 2019 could only be finalized around October 2019, post which a board meeting was immediately convened to adopt the financial results.

j) The Company scheduled a meeting of its Board of Directors ("Board Meeting") on November 08, 2019. However due to unavailability of certain data points, the board meeting had to be postponed and the meeting was thereafter scheduled on November 28, 2019. One of the specific agenda items for the Board Meeting scheduled on November 28, 2019 was to

consider the audited financial statements for the year ended March 31, 2019. However, the financial results could not be adopted as the nominee directors raised frivolous queries/objections and refused to adopt the financial statements despite being provided with adequate responses. Noticee submitted a copy of the agenda for the Board Meeting and the draft minutes of the meeting.

k) Thereafter, the Company scheduled another Board Meeting on March 11, 2020. One of the specific agenda items for this meeting was to consider the audited financial Statements for the year ended March 31, 2019. However, the Board Meeting could not take place and the financial results could not be adopted due to lack of quorum. Thereafter, the Auditor of the Company resigned with effect from March 16, 2020. Noticee submitted a copy of the draft minutes of the Board Meeting.

l) Thus, the Company has been making efforts to complete all statutory requirements, the Company has been unable to submit its financial results in the manner and time period prescribed under Regulation 52 of the LODR Regulations due to unforeseen and extenuating circumstances that are beyond the Company's control. Even after making continuous and repeated efforts, due to the dispute that has arisen between the shareholders of the Company, the Board of Directors of the Company are at a stalemate and the Company is unable to ensure timely compliance.

m) To this effect an Interlocutory Application No. 95 of 2020 was filed in C.P. No. 151 of 2019 on or around February 11, 2020 by the promoters of the Company. The various issues being faced by Ozone Propex and the Company in conducting and concluding its board meetings, especially in respect of adoption of annual financial statements were detailed therein with a specific prayer to *'Direct the nominee directors of the Respondent No. 1,*

Respondent No. 3 and Respondent No. 4 (the Company) to adopt the annual financial statements without any delay'. The said application is currently pending before the Hon'ble NCLT, Bangalore.

n) Further, the issues faced by the Company and its inability to conclude a board meeting to adopt the financial statements for the year ended March 31, 2019 has also been recorded by the Auditor of the Company at the time of its resignation. Noticee submitted a copy of the resignation letter dated March 16, 2020.

o) Since the resignation of its Auditor, the Company has not been in a position to have its financial results adopted. Due to the ongoing litigation between its shareholders, it is only recently that the Company has been able to have the Board's recommendation for appointment of a statutory auditor to fill the casual vacancy created by resignation of the Auditor. During, the course of the Board Meeting held on January 08, 2021, the Board of the Company has recommended the appointment of M/s. Pani & Associates (Chartered Accountants) as the statutory auditor of the Company. Accordingly, the Company is now in the process of appointing the statutory auditor which will enable it to have its financial results adopted and comply with the statutory requirements of Regulation 52 of the LODR Regulations, which it endeavors to forthwith accomplish.

p) It is a settled position of law that performance of an act which has otherwise become impossible cannot be insisted upon in law. The Hon'ble Supreme Court in State of Madhya Pradesh v. Narmada Bachao Andolan and Anr., (2011) 7 SCC 639 has held that:

"39. The Court has to consider and understand the scope of application of the doctrines of "lex non cogit ad impossibilia" (the law does not compel a

man to do what he cannot possibly perform); "impossibilium nulla obligatio est" (the law does not expect a party to do the impossible); and impotentia excusat legem in the qualified sense that there is a necessary or invincible disability to perform the mandatory part of the law or to forbear the prohibitory. These maxims are akin to the maxim of Roman Law Nemo Tenetur ad Impossibilia (no one is bound to do an impossibility) which is derived from common sense and natural equity and has been adopted and applied in law from time immemorial. Therefore, when it appears that the performance of the formalities prescribed by a statute has been rendered impossible by circumstances over which the persons interested had no control, like an act of God, the circumstances will be taken as a valid excuse. (Vide: Chandra Kishore Jha v. Mahavir Prasad & Ors., AIR 1999 SC 3558; Hira Tikkoo v. Union Territory, Chandigarh & Ors., AIR 2004 SC 3648; and Haryana Urban Development Authority & Anr. v. Dr. Babeswar Kanhar & Anr... AIR 2005 SC 1491).

40. Thus, where the law creates a duty or charge, and the party is disabled to perform it, without any fault on his part, and has no control over it, the law will in general excuse him. Even in such a circumstance, the statutory provision is not denuded of its mandatory character because of the supervening impossibility caused therein..."

q) Noticee also referred the Hon'ble Tribunal's order dated August 27, 2020 in the matter of National Highway Authority of India v. SEBI wherein in similar facts and circumstances i.e., the inability of a company to get its financial results approved by the Board due to lack of quorum and other unforeseen circumstances the Hon'ble Tribunal has considered and given due regard and credence to such circumstances/ factors while passing its order.

r) Since receipt of the draft auditor's report in September 2019, the Company has made numerous efforts to schedule and conclude a board meeting and continue its Operations smoothly, including that of adopting its financial statements for the year ended March 31, 2019. However, due to the ongoing dispute and litigation between the shareholders of the Company, the directors on the Board of the Company are at an impasse and the Company has been unable to conclude a Board Meeting and pass resolutions to carry on its business.

s) Noticee further submitted that appropriate steps have been initiated, including filing of a suitable application before the Hon'ble NCLT, Bangalore seeking specific reliefs for adoption of the financial results of the Company. The Company is awaiting a positive outcome of the proceedings which will lead to forthwith compliance with Regulation 52 of the LODR Regulations. No prejudice should be caused due to the pendency of the proceedings before the Hon'ble NCLT.

t) Noticee also referred to Regulation 102 of the LODR Regulations which gives wide powers to SEBI to relax the strict enforcement of the LODR Regulations. Regulation 102(1)(e) specifically provides that SEBI may relax the strict enforcement of the LODR Regulations if it is satisfied that the non-compliance is due to factors that is beyond the control of the entity. In the matter of Patil Rail Infrastructure Pvt. Ltd, vide order dated December 08, 2020, the Ld. AO of SEBI has referred to Regulation 102 of the LODR Regulations and has not imposed any penalty for violation of Regulation 52 of the LODR Regulations as the same was not deliberate/ blameworthy.

u) Noticee submitted that the Company is already embroiled in litigation due to the disputes between the shareholders and grave prejudice will be caused

to the Company due to any adverse outcome of the present proceedings. The Company has no prior history of violation of securities laws.

v) In additional submission dated February 23, 2021 Noticee submitted that in terms of Regulation 52(2)(a) of the LODR Regulations, the unaudited half yearly financial results are required to be subject to a limited review by the statutory auditors of the Company. Since the Company has not had a statutory auditor since March 16, 2020, this requirement cannot be complied with.

CONSIDERATION OF ISSUES AND FINDINGS

15. The issues that arise for consideration in the instant matter are:

Issue No. I Whether the Noticee has violated Regulation 52(1), 52(4) and 52(5) of LODR Regulations.

Issue No. II If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15A(b) of the SEBI Act.

Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

Issue No. I **Whether the Noticee has violated Regulation 52(1), 52(4) and 52(5) of LODR Regulations.**

16. Before going into the merits of the case, I note that Noticee stated that it had requested for inspection of documents along with copies of all annexures to the SCN and any other record/ information/ document relevant to the instant matter.

However, request for inspection of documents was denied. In this regard, I note that the allegations against the Noticee are clearly brought out in the SCN and all the relevant documents that have been relied upon in the SCN have been provided to the Noticee as Annexures to the SCN. Hence, I note that the Noticee have been provided with all information considered relevant for the purpose of the allegations levelled against it in the SCN and hence, principles of natural justice have been complied with.

17. Regulation 52(1) of the LODR Regulations states that ‘‘*The listed entity shall prepare and submit un-audited or audited financial results on a half yearly basis in the format as specified by the Board within forty five days from the end of the half year to the recognized stock exchange(s)”.*

18. In terms of the aforesaid Regulation, Noticee was required to prepare and submit financial results on a half yearly basis within 45 days from March 31, 2019 to the stock exchange along with line items under provisions of Regulation 52(4) and a certificate signed by debenture trustee that it has taken note of the contents under Regulation 52(5) of LODR Regulations. From the evidence on record at the time of issuance of the SCN, it was observed that Noticee has not submitted financial results for the half year ended March 31, 2019 within the stipulated time. As per aforesaid provisions of Regulation 52(1) of LODR Regulations, Noticee was required to submit the same by May 15, 2019.

19. Noticee in its submissions stated that financial results were not submitted due to factors which are beyond the control of the Noticee. Noticee has cited various reasons for non submission of financial results for the half year ended March 31, 2019 such as internal disputes between shareholders/investors of the company and also the litigation between them before the NCLT. As per submissions of the Noticee the financial results of the Company for year ended March 31, 2019 were finalized on or around October 23, 2019. I note that, there was delay in finalizing

of the financial results for the half year ended March 31, 2019 and the reason cited by the Noticee was that the delay was due to various operational issues faced by the Company and its management including corruption/ loss of financial data from the Accounting tool/ software from Tally ERP. Admittedly, the delay was there in result finalization. Preparation of financial results is an obligatory requirement for a listed security and non-prepararion or delayed prepararion of results on account of operational issues cannot be accepted as a justifiable reason for non-compliance, particularly in the absence of supportive evidence. The precedent of State of Madhya Pradesh v. Narmada Bachao Andolan and Anr., (2011) 7 SCC 639 quoted by the Noticee in support of its inability to prepare financial results is distinguishable from this matter and not applicable to the instant facts and circumstances as preparation of financial results cannot be compared to rehabiliation of displaced families on alternative land. Further, the Noticee cannot claim it had no control over being able to prepare financial results or was disabled to prepare the results without any fault on the part of the Noticee. The Board of Directors of the Noticee bears responsibility to ensure compliance with statutory obligations and disagreement between shareholders and nominee directors cannot be an acceptable reason for non-finalisation of results.

20. I further note from the submissions that the company scheduled a meeting of its Board of Directors on November 08, 2019 after finalizing the results. As per submissions of the Noticee the financial results could not be adopted in the said Board Meeting as the nominee directors raised frivolous queries/objections and refused to adopt the financial statements despite being provided with adequate responses. Thereafter, the Company scheduled another Board Meeting on March 11, 2020. The Board Meeting could not take place and the financial results could not be adopted due to lack of quorum. Noticee relied upon judgment of Hon'ble SAT in the matter of National Highway Authority of India (NHAI) v. SEBI. Noticee submitted that in similar facts and circumstances i.e., the inability of a company to get its financial results approved by the Board due to lack of quorum and other

unforeseen circumstances the Hon'ble Tribunal has considered and given due regard and credence to such circumstances/ factors while passing its order.

21. I note that in the matter of NHAI v. SEBI, tribunal held that NHAI is a *sui generis* company and is unlike any other listed entity which is not saddled with the burden of government functions and senior government functionaries who are entrusted with multifarious functions in the Union Government. Tribunal also held that *"Appellant is governed by a plethora of statutory rules over and above the rigor of the SEBI provisions including LODR Regulations, 2015 and is consequently heavily burdened with compliance requirements under the SEBI Act and LODR Regulations apart from the statutory requirement under the NHAI Act. The Appellant is governed under the NHAI Act and the rules and regulations made thereunder which warrants involvement of a large number of members who are highly ranked officials who are appointed by the Government of India who simultaneously discharge their duties under various other portfolios. It thus becomes slightly tedious and cumbersome to ensure that all the members of the Board meeting come together under one roof and get the audited or unaudited financial results approved before the stipulated period."* I also note that, while substituting the action of penalty with a warning, Tribunal pointed out that the peculiar facts and circumstances of the present case should not be treated as a precedent for other matters. Hence, the case of NHAI is not applicable to the facts and circumstances of the instant matter.

22. In the instant matter the company scheduled a Meeting of its Board of Directors on November 08, 2019 after finalizing the results with the delay of around five months. As per submission of the Noticee the financial results could not be adopted because of internal disputes between the Board of Directors. I note that Regulation 52(1) of LODR Regulations permits submission of unaudited results. Regulation 52(2)(a) states that *"Un-audited financial results shall be accompanied by limited review report prepared by the statutory auditors of the listed entity or in case of*

public sector undertakings, by any practising Chartered Accountant, in the format as specified by the Board." Thus, I find that the compliance with the regulatory requirements is enabled through filing of unaudited financial results accompanied by limited review report prepared by the statutory auditors and the Noticee had the option to comply with requirments by filing unaudited financial results. In its submissions, the Noticee has made the argument that its statutory auditor resigned in the month of March 2020. Hence, the Noticee was well placed to have availed of the option to file unaudited financial results accompanied by limited review, which also it failed to do.

23. In view of the above, I note that the Noticee not only delayed in finalizing its results, having done so belatedly, it did not file the results with the stock exchange thereby violating the provisions of Regulation 52(1) of LODR Regulations. I also note that the Board of Directors of the Noticee failed to act in a responsible manner in failing to ensure compliance with Regulation 52(1) once the results were placed before it.

24. In terms of Regulation 52(4) of LODR Regulations, ''*The listed entity, while submitting half yearly / annual financial results, shall disclose the following line items along with the financial results" and i*n terms of Regulation 52(5), ''*the listed entity shall, within seven working days from the date of submission of the information required under sub-regulation (4), submit to stock exchange(s), a certificate signed by debenture trustee that it has taken note of the contents".* I note that Noticee has not made any submissions with respect to compliance under Regulation 52(4) and 52(5) of LODR Regulations.

25. In view of the above, I find that the allegation of violation of provisions of Regulation 52(1), 52(4) and 52(5) of LODR Regulations is established against the Noticee.

Issue No. II **If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15A(b) of the SEBI Act.**

and

Issue No. III **If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?**

26. As it has been established that the Noticee violated the provisions of Regulation 52(1), 52(4) and 52(5) of LODR Regulations, Noticee is liable for monetary penalty under Section 15A(b) of SEBI Act.

27. The text of Section 15A(b) of SEBI Act is as below:

SEBI Act

Penalty for failure to furnish information, return, etc.

15A. *If any person, who is required under this Act or any rules or regulations made there under —*

(b) to file any return or furnish any information, books or other documents within the time specified there for in the regulations, fails to file return or furnish the same within the time specified there for in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;

28. While determining the quantum of penalty under Section 15A(b) of the SEBI Act the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:

Factors to be taken into account by the adjudicating officer

15J. *While adjudging quantum of penalty under Section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*

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

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

29. I note that the material does not bring out any quantifiable figures to assess the disproportionate gain or unfair advantage made as a result of default by the Noticee or the exact monetary loss to the investors/clients on account of default by the Noticee. I note that Noticee has informed that it no prior history of violation of securities laws. However, I note that timely disclosure of financial results and other necessary information is essential for investors to be adequately informed regarding the status of investments in terms of performance of the company, its repayment capability, credit rating, timely payment of interest etc. Delay in such disclosures is detrimental to the interest of investors and debenture holders and vitiates confidence in the securities market. I further note that in this case, the matter relates not merely to non-disclosure of financial results but runs deeper as the Board of the Noticee has admittedly failed to adopt the results much beyond stipulated timelines.

30. In view of the above, I find that a penalty of Rs.2,00,000/- (Rupees Two lakh only) under Section 15A(b) of SEBI Act will be commensurate with the violations committed by the Noticee.

ORDER

31. After taking into consideration all the facts and circumstances of the case, in exercise of the powers conferred upon me under Section 15-I(2) of the SEBI Act

read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs.2,00,000 (Rupees Two Lakh only) on the Noticee viz. Ozone Projects Pvt. Ltd.

32. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link

ENFORCEMENT → Orders → Orders of AO → PAY NOW

33. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – IV of SEBI. The Noticee shall provide the following details while forwarding DD/ payment information:
    a) Name and PAN of the entity (Noticee)
    b) Name of the case / matter
    c) Purpose of Payment – Payment of penalty under AO proceedings
    d) Bank Name and Account Number
    e) Transaction Number

34. Copy of this Adjudication Order is being sent to the Noticee and also to SEBI in terms of Rule 6 of the Adjudication Rules.

DATE: March 30, 2021 **MANINDER CHEEMA**

PLACE: MUMBAI **ADJUDICATING OFFICER**