

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/SM/DD/2022-23/18388]

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

In respect of

Mr. Arpit Mathur
[PAN: BSXPM4364B]

In the matter of Titan Company Limited

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') received a letter from Titan Company Limited (hereinafter referred to as '**Company/Titan/TCL**') wherein the company intimated SEBI about contravention of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as '**PIT Regulations**') and Company's Code of Conduct for Prevention of Insider Trading by some of its designated persons/employees. The securities of Titan are listed on BSE Ltd (**BSE**) and the National Stock Exchange of India Ltd (**NSE**) (collectively called 'Exchanges').
2. Thereafter, SEBI conducted an investigation in the scrip of Titan and observed several non-compliances of PIT Regulations during the period April 01, 2018 to March 31, 2019 (hereinafter referred to as '**Investigation Period/IP**') by employees and designated persons of TCL including Mr. Arpit Mathur (hereinafter referred to as '**Noticee/by name**'). Therefore, SEBI initiated adjudication proceedings against

Noticee under the provisions of Section 15A(b) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') for alleged violation of Regulation 7(2)(a) of PIT Regulations by Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

3. Vide order dated March 02, 2021, SEBI appointed the undersigned as Adjudicating Officer under Section 15I of the SEBI Act read with Section 19 of the SEBI Act and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under the provisions of Section 15A(b) of SEBI Act, the aforesaid alleged violation by Noticee.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. A show-cause notice dated August 09, 2021 (hereinafter referred to as '**SCN**') was issued to Noticee under Rule 4 of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against Noticee and penalty, if any, not be imposed upon him under the provisions of Section 15A(b) of SEBI Act for the aforesaid violation alleged to have been committed by him.
5. The allegations levelled against Noticee in the SCN are as under:

- a) During the course of investigation, it was observed that Noticee had traded in the securities of the Titan during the Investigation Period. Details of his trading are as under:

Name of Noticee	Total Traded Value (BSE+NSE) (in Rs.)	No. of occasions on which traded value exceeded Rs. 10 lakh
	January – March 2019	
Mr. Arpit Mathur	9622333	6

- b) It was observed from the table above that in the calendar quarter ended March 2019, the total traded value of the securities traded by Noticee in the scrip of Titan

was Rs 96,22,333/-. It was observed that on six (6) occasions in the aforesaid calendar quarter, Noticee's traded value of securities in Titan exceeded rupees ten lakhs. Therefore, for the aforesaid transactions, which were in excess of the limit specified in Regulation 7(2)(a) of PIT Regulations, Noticee was required to make disclosure in terms of the aforesaid regulation. In this regard, in reply to a query by SEBI, TCL, vide email dated October 28, 2020, confirmed that it had not received any disclosures from Noticee.

- c) In view of the above observations, it was alleged that Noticee has violated Regulation 7(2)(a) of PIT Regulations on six occasions, by not making disclosures as required in terms of aforesaid regulation.
- 6. The SCN was sent to Noticee through Speed Post Acknowledgement due (herein after referred to as '**SPAD**') on August 09, 2021 as well as through digitally signed email dated August 12, 2021 and was duly served upon Noticee. Noticee was given fourteen (14) days' time to file his reply to the SCN, if any. Vide email as well as letter dated August 19, 2021, Noticee furnished his reply in respect of the charges levelled against him in the SCN.
 - 7. In the interest of natural justice, vide hearing notice dated July 14, 2022, Noticee was granted an opportunity of personal hearing before the undersigned on August 02, 2022. The aforesaid hearing notice was sent to Noticee through SPAD and also through digitally signed email on July 15, 2022 and duly served upon Noticee. Noticee appeared for hearing on the scheduled date and made his submissions, reiterating his earlier reply. Due to difficulties in view of the Covid-19 pandemic, hearing was conducted through video conferencing.
 - 8. The relevant extracts of the submissions made by Noticee are given hereunder:-
 - a. He was not aware of the fact that employees can't trade in the shares of their company.

- b. He was a sales executive employed at the lower level of the company and was not aware of any important management decision taken at the top level of the company.
- c. He was got to know of the rules and regulations with restrictions for employee trading in its own company only in November 2020.
- d. He had no intention to break any rules laid down by SEBI and he was not aware of the same.
- e. He had incurred losses in the trading of shares Titan.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

9. I have carefully perused the charges levelled against Noticee, replies/submissions filed by Noticee and other documents/ evidence available on record. The issues that arise for consideration in the present case are:

I. Whether Noticee has violated Regulation 7(2)(a) of PIT Regulations?

II. Does the violation, if any, attract monetary penalty under Section 15A(b) of SEBI Act?

III. If the answer to issue no. 2 is in affirmative, then what should be the quantum of monetary penalty?

10. Before moving forward, it is pertinent to refer to the relevant provision of the PIT Regulations which was in force at the time of impugned transactions, which are reproduced as under:

Relevant provisions of PIT Regulations:

Disclosures by certain persons.

7(2) continual disclosure.

(a) Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified;

Issue No.I- Whether Noticee has violated Regulation 7(2)(a) of PIT Regulations?

11. I note from the available records that Noticee was one of the employees of Titan at the relevant period. While in employment of Titan, Noticee had transacted in securities of Titan as seen from the details extracted from the trade log obtained from exchanges, which are given below:-

Date	Segment	Buy Qty	Buy Value/Sum of Notional Day Buy Value (Rs.)	Sell Qty	Sell Value/Sum of Notional Day Sell Value (Rs.)	Gross Value/Gross Notional Value (Notional Day Buy Value + Notional Day Sell Value) (Rs.)	Cumulative Value (Rs.)
9-Jan-19	Cash	400	379,120	400	380,200	759,320	759,320
10-Jan-19	Cash	600	577,800	600	572,467	1,150,267	1,909,588
14-Jan-19	Cash	400	381,478	400	381,251.85	762,730	2,672,318
5-Feb-19	Cash	200	209,203	200	209,645	418,848	3,091,165
6-Feb-19	Cash	200	210,810	200	212,568.85	423,379	3,514,544
7-Feb-19	Cash	200	211,496	200	211,298.95	422,795	3,937,339
8-Feb-19	Cash	550	582,336	550	584,671.15	1,167,007	5,104,346
11-Feb-19	Cash	200	210,706	200	211,257.45	421,964	5,526,310
13-Feb-19	Cash	350	371,097	350	371,710	742,808	6,269,118
15-Feb-19	Cash	200	207,096	200	204,363.05	411,459	6,680,577
25-Feb-19	Cash	100	104,539	100	105,000.00	209,539	6,890,116
28-Feb-19	Cash	200	203,600	200	204,054.90	407,655	7,297,771
1-Mar-19	Cash	200	204,469	200	206,000.00	410,469	7,708,239
5-Mar-19	Cash	250	258,868	250	255,500.00	514,368	8,222,607
7-Mar-19	Cash	200	211,400	200	209,237.60	420,638	8,643,245
8-Mar-19	Cash	100	105,465	100	105,180.20	210,645	8,853,890
12-Mar-19	Cash	150	163,013	150	163,049.40	326,062	9,179,952
15-Mar-19	Cash	200	221,922	200	220,460.00	442,382	9,622,333
		4,700	4,814,417	4,700	4,807,916	9,622,333	

12. I note that the total value of securities of Titan traded by Noticee amounted to Rs. 11,50,267/- on January 10, 2019. Similarly, I note that during the period January 14 to February 05, 2019, on a cumulative basis, the value of trades by Noticee in the securities of Titan amounted to Rs 11,81,577/- on February 05, 2019. It is observed that on February 08, 2019, the value of trades of Noticee in the securities of Titan was Rs.11,67,007/-. On perusal of trades of Noticee for the period from February 11 to February 13, 2019, I note that on a cumulative basis, Noticee traded in the securities of Titan for a value of Rs.11,64,772/- on February 13, 2019. Similarly, on perusal of trades of Noticee for the period from February 15 to February 28, 2019, I note that on a cumulative basis, Noticee traded in the securities of Titan for a value of Rs.10,28,653/- on February 28, 2019. Again, for the period March 01, 2019 to March 07, 2019, on a cumulative basis, Noticee had traded in the securities of Titan for an amount of Rs. 13,45,474/- on March 07, 2019.

13. Therefore, I observe that the value of transactions by Noticee on each of the aforesaid six occasions exceeded rupees ten lakhs. On perusal of the submissions made by Noticee, I note that he has not disputed the impugned transactions by him in the scrip of Titan as specified above.

14. In terms of Regulation 7(2)(a) of PIT Regulations, Noticee, being an employee of the company, was required to make disclosures to Titan, for each of the aforesaid transactions within two (2) working days. However, there is no evidence available on record to show that Noticee had made any disclosures in terms of the regulation for the aforesaid transactions. Further, from the available records, I note that Titan vide email dated October 28, 2020, has confirmed that it had not received any disclosures from Noticee.

15. In his submissions, Noticee has contended that he was not aware of the provisions of PIT Regulations. In terms of requirement of aforesaid provision of PIT Regulations, requisite disclosures are to be made based on every event of either acquisition or disposal of securities in excess of the limits specified therein in terms of number/value/percentage. In the instant matter, disclosure requirements were

triggered because of traded value in excess of ten lakh rupees as specified in the Regulation 7(2)(a) of PIT Regulations. The statement that Noticee was ignorant of the regulatory provisions is not justified. As postulated by legal maxim “*ignorantia juris non excusat*”, ignorance of law is no excuse and everyone is presumed to know the law of the land. A person cannot defend his illegal actions by stating that he was not aware his actions were illegal, even if he honestly believed that they were not breaking the law. Therefore, I do not find any merit in this contention of Noticee.

16. In his reply, Noticee has also contended that he was not part of senior management of Titan nor did he have knowledge of any important or sensitive information. I find that these submissions by Noticee are not relevant to the allegations of his failure to make requisite disclosures in terms of Regulation 7(2)(a) of PIT Regulations. Therefore, I am not inclined to consider this contention of Noticee. I also note from his submissions that he has accepted the default on his part.

17. In view of the above findings, I conclude that the allegation that Noticee has violated Regulation 7(2)(a) of PIT Regulations on six (6) occasions stands established.

Issue No. 2- Does the violation attract monetary penalty under Section 15A (b) of SEBI Act?

18. In this regard, I place reliance on the order of the Hon’ble SAT in the matter of Virendrakumar Jayantilal Patel vs. SEBI (Appeal No. 299 of 2014 order dated October 14, 2014), wherein Hon’ble SAT held that “..... *obligation to make disclosures within the stipulated time is a mandatory obligation and penalty is imposed for not complying with the mandatory obligation.*”

19. I note that the Hon’ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) 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.....*”.

20. Therefore, in view of the above judgments and considering that Noticee violated Regulation 7(2)(a) of PIT Regulations, as established in the foregoing paragraphs, I

find that Noticee is liable for monetary penalty under Section 15A (b) of the SEBI Act. The text of Section 15A(b) of the SEBI Act is reproduced 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 therefore in the regulations, fails to file return or furnish the same within the time specified therefore in the regulations, 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;

Issue No.3 - What should be the quantum of monetary penalty?

21. While determining the quantum of penalty under Section 15A(b) of the SEBI Act, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which reads as under:-

SEBI Act

Factors to be taken into account by the adjudicating officer.

Section 15J - *While adjudging quantum of penalty under section 15-I or section 11 or section 11B, the Board or 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.

Explanation- *For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.*

22. In view of the charges established and the facts and circumstances of the case, the quantum of penalty would depend on the factors referred in Section 15-J of the SEBI Act, stated as above. In the instant case, it is not possible from the material on record to quantify the amount of disproportionate gain or unfair advantage resulting from the default of Noticee in making disclosures or the consequent loss caused to investors as a result of the default.
23. However, with respect to the disclosure violations by Noticee, I note that the purpose of these disclosures is to bring about transparency in the transactions of Directors/ Promoters/Acquirers/ employees and assist the Regulator to effectively monitor the transactions in the market. Hon'ble SAT in the case of **M/s. Coimbatore Flavors & Fragrances Ltd. & Ors vs SEBI (Appeal No. 209 of 2014 order dated August 11, 2014)**, has held that *"Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same."* Hon'ble SAT, in the aforesaid order, has articulated the importance of true and timely disclosures. Further, I find that Noticee has violated the provisions of Regulation 7(2)(a) of PIT Regulations on six (6) occasions.

ORDER

24. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticee and also the factors mentioned in Section 15J of the SEBI Act, as enumerated above, I, in exercise of the powers

conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose a penalty of Rs. 1,00,000/- (Rupees One Lakh only) on Noticee i.e. Mr. Arpit Mathur, under the provisions of Section 15A(b) of SEBI Act. I am of the view that the said penalty is commensurate with the lapse/omission on the part of Noticee.

25. Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW. In case of any difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

26. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD – DRA - I, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

27. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticee.

28. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticee, viz. Mr. Arpit Mathur and also to SEBI.

Place: Mumbai

Date: August 19, 2022

**SOMA MAJUMDER
ADJUDICATING OFFICER**