BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/HG/2022-23/19767]

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. Sanjay Kumar Singhal

[PAN: AXNPS0187N]

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 Bombay Stock Exchange Limited (**BSE**) and the National Stock Exchange of India Ltd (**NSE**) (both 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 / designated persons of TCL including Mr. Sanjay Kumar Singhal (hereinafter referred to as '**Noticee/by name'**). Pursuant to investigation, 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:

<table>
<tr><th rowspan="2">Name of Noticee</th><th colspan="3">Total Traded Value (BSE+NSE) (in Rs.)</th><th rowspan="2">No. of occasions on which traded value exceeded Rs. 10 lakh</th></tr>
<tr><th>Apr – June 2018</th><th>Oct – Dec 2018</th><th>Jan – Mar 2019</th></tr>
<tr><td>Mr. Sanjay Kumar Singhal</td><td>23,56,115</td><td>37,84,904</td><td>25,88,217</td><td>7</td></tr>
</table>

   b) It was observed from the table above that in the calendar quarters ending on June 2018, December 2018 and March 2019, the total traded value of the securities traded by Noticee in the scrip of Titan was Rs 23,56,115/-, Rs. 37,84,904/- and Rs. 25,88,217/- respectively. It was also observed that on 7 occasions in the aforesaid calendar quarters, Noticee's traded value of securities 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 7 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, and digitally signed email dated August 13, 2021 and was duly served on Noticee. Noticee was given fourteen (14) days' time to make his submissions in respect of the allegations made in the SCN. Vide email dated September 08, 2021, Noticee submitted his reply to the SCN.

7. Thereafter, in the interest of natural justice, vide hearing notice dated September 07, 2022, Noticee was granted an opportunity of personal hearing before the undersigned on September 19, 2022. The aforesaid hearing notice was sent to Noticee through SPAD and also through digitally signed email and was duly served upon him. Noticee appeared for hearing on the scheduled date and reiterated the submissions by him vide his earlier email in addition to his oral submission during hearing. Due to difficulties in view of the Covid-19 pandemic, hearing was conducted through video conferencing.

8. The submissions by Noticee are summarized hereunder:-
    a. He was not aware of PIT Regulations and he stopped trading when he came to know about the PIT Regulations.
    b. He did not intend to commit any fraud and the default committed by him was not intentional.
    c. He was working in production department and he was not a designated person.
    d. He was not in possession of any UPSI while trading.

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 time. 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.)
16-04-18	Cash	100	97,800	-	-	97,800	97,800
17-04-18	Cash	-	-	100	99,400	99,400	1,97,200
18-04-18	Cash	200	1,96,460	-	-	1,96,460	3,93,660
24-04-18	Cash	100	96,498	-	-	96,498	4,90,158
03-05-18	Cash	-	-	310	2,97,600	2,97,600	7,87,758
03-05-18	Cash	310	2,96,980	-	-	2,96,980	10,84,738
17-05-18	Cash	-	-	322	3,03,826	3,03,826	13,88,564
17-05-18	Cash	322	3,01,347	-	-	3,01,347	16,89,911
24-05-18	Cash	100	91,600	-	-	91,600	17,81,511
25-05-18	Cash	-	-	100	93,200	93,200	18,74,711
30-05-18	Cash	-	-	340	3,07,854	3,07,854	21,82,565
15-06-18	Cash	-	-	3	2,705	2,705	21,85,270
28-06-18	Cash	100	84,585	-	-	84,585	22,69,855
29-06-18	Cash	-	-	98	86,261	86,261	23,56,115
Total		**1,232**	**11,65,270**	**1,273**	**11,90,845**	**23,56,115**	
23-10-18	Cash	200	1,55,396	-	-	1,55,396	1,55,396
24-10-18	Cash	-	-	200	1,57,800	1,57,800	3,13,196
25-10-18	Cash	200	1,56,150	200	1,59,003	3,15,153	6,28,349
26-10-18	Cash	200	1,57,870	200	1,60,500	3,18,370	9,46,719
29-10-18	Cash	100	81,352	100	83,000	1,64,352	11,11,071
30-10-18	Cash	100	82,355	100	83,198	1,65,553	12,76,624
31-10-18	Cash	200	1,66,197	200	1,68,075	3,34,272	16,10,896
01-11-18	Cash	100	84,125	100	85,600	1,69,725	17,80,621
02-11-18	Cash	100	86,400	-	-	86,400	18,67,021
12-11-18	Cash	-	-	100	89,000	89,000	19,56,021
13-11-18	Cash	100	89,393	-	-	89,393	20,45,414
15-11-18	Cash	-	-	100	91,500	91,500	21,36,914
16-11-18	Cash	100	92,475	-	-	92,475	22,29,389

29-11-18	Cash	-	-	100	93,000	93,000	23,22,389
30-11-18	Cash	100	91,875	-	-	91,875	24,14,264
03-12-18	Cash	-	-	100	93,400	93,400	25,07,664
05-12-18	Cash	100	91,505	-	-	91,505	25,99,169
10-12-18	Cash	100	90,640	-	-	90,640	26,89,809
11-12-18	Cash	-	-	200	1,85,400	1,85,400	28,75,209
13-12-18	Cash	100	92,895	100	94,400	1,87,295	30,62,504
14-12-18	Cash	100	94,755	-	-	94,755	31,57,259
20-12-18	Cash	100	92,700	-	-	92,700	32,49,959
24-12-18	Cash	-	-	200	1,78,000	1,78,000	34,27,959
24-12-18	Cash	300	2,66,146	-	-	2,66,146	36,94,104
28-12-18	Cash	-	-	100	90,800	90,800	37,84,904
Total		**2,300**	**19,72,228**	**2,100**	**18,12,676**	**37,84,904**	
07-01-19	Cash	-	-	200	1,90,498	1,90,498	1,90,498
07-01-19	Cash	100	93,500	-	-	93,500	2,83,998
08-01-19	Cash	-	-	100	94,345	94,345	3,78,343
11-01-19	Cash	100	95,990	-	-	95,990	4,74,333
15-01-19	Cash	-	-	100	96,777	96,777	5,71,109
17-01-19	Cash	100	96,035	-	-	96,035	6,67,144
22-01-19	Cash	-	-	100	97,500	97,500	7,64,644
05-02-19	Cash	-	-	100	1,06,685	1,06,685	8,71,329
07-02-19	Cash	200	2,10,779	-	-	2,10,779	10,82,108
14-02-19	Cash	-	-	226	2,34,904	2,34,904	13,17,013
14-02-19	Cash	226	2,35,492	-	-	2,35,492	15,52,505
18-02-19	Cash	100	1,02,800	-	-	1,02,800	16,55,305
21-02-19	Cash	-	-	100	1,04,285	1,04,285	17,59,590
22-02-19	Cash	230	2,39,660	-	-	2,39,660	19,99,250
22-02-19	Cash	-	-	230	2,39,200	2,39,200	22,38,450
28-02-19	Cash	-	-	100	1,01,000	1,01,000	23,39,450
02-03-19	Cash	100	1,02,190	-	-	1,02,190	24,41,640
07-03-19	Cash	-	-	100	1,05,507	1,05,507	25,47,147
11-03-19	Cash	14	14,923	-	-	14,923	25,62,070

12-03-19	Cash	-	-	14	14,954	14,954	25,77,025
28-03-19	Cash	-	-	10	11,193	11,193	25,88,217
Total		**1,170**	**11,91,369**	**1,380**	**13,96,848**	**25,88,217**	

12. From the above table, I note that during the quarter ended June 2018, the value of trades by Noticee in the securities of Titan from April 16, 2018 to May 03, 2018, on a cumulative basis, amounted to Rs. 10,84,738/- on May 03, 2018. Further, I note that the value of trades by Noticee in the securities of Titan from May 17, 2018 to May 30, 2018, on a cumulative basis, amounted to Rs. 10,97,827/- on May 30, 2018. I further note that during the quarter ended December 2018, the value of trades by Noticee in the securities of Titan from October 23, 2018 to October 29, 2018, on a cumulative basis, amounted to Rs. 11,11,071/- on October 29, 2018. Similarly, I note that the value of trades by Noticee in the securities of Titan from October 30, 2018 to November 15, 2018, on a cumulative basis, amounted to Rs. 10,25,843/- on November 15, 2018. Further, I note that the value of trades by Noticee in the securities of Titan from November 16, 2018 to December 14, 2018, on a cumulative basis, amounted to Rs. 10,20,345/- on December 14, 2018. I further note that during the quarter ended March 2019, the value of trades by Noticee in the securities of Titan from January 07, 2019 to February 07, 2019, on a cumulative basis, amounted to Rs. 10,82,108/- on February 07, 2019. Similarly, I note that the value of trades by Noticee in the securities of Titan from February 14, 2019 to February 22, 2019, on a cumulative basis, amounted to Rs. 11,56,341/- on February 22, 2019.

13. Therefore, from the aforesaid transactions, I observe that the value of total transactions by Noticee on each of the aforesaid seven 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 the 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

aforesaid regulation for the above 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 and he stopped trading when he came to know about the 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 a designated person and he did not intend to commit any fraud and the default committed by him was not intentional. 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. In this regard, I note that in terms of Regulation 7(2)(a) 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 in terms of Regulation 7(2)(a) of PIT Regulations were triggered because the total traded value of Noticee's transactions in the securities of Titan exceeded ten lakh rupees on the aforesaid seven occasions. Therefore, I am not inclined to consider this contention of Noticee**.**

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

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

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 would be 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:

<u>SEBI Act</u>

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;

<u>Issue No.3 - What should be the quantum of monetary penalty</u>?

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:-

<u>SEBI Act</u>

Factors to be taken into account by the adjudicating officer.

***Section 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.

***Explanation**- For the removal of doubts, it is clarified that the power of an adjudicating officer 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 seven (7) 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. Sanjay Kumar Singhal, 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, 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	

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. Sanjay Kumar Singhal and also to SEBI.

Place: Mumbai **SOMA MAJUMDER**

Date: September 29, 2022 **ADJUDICATING OFFICER**