BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/HG/2022-23/20768]

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

Raveesha
[PAN: AGIPR8139H]

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 Raveesha (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:

Name of Noticee	**Total Traded Value (BSE+NSE) (in Rs.)**			**No. of occasions on which traded value exceeded Rs. 10 lakh**
	July – Sep 2018	**Oct – Dec 2018**	**Jan – Mar 2019**	
Raveesha	32,31,951	51,41,663	1,31,42,775	11

   b) It was observed from the table above that in the calendar quarters ending on September 2018, December 2018 and March 2019, the total traded value of the securities traded by Noticee in the scrip of Titan was Rs 32,31,951/-, Rs 51,41,663/- and Rs. 1,31,42,775/- respectively. It was also observed that on 11 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 11 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 12, 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.

7. Thereafter, in the interest of natural justice, vide hearing notice dated September 19, 2022, Noticee was granted an opportunity of personal hearing before the undersigned on October 10, 2022. The aforesaid hearing notice was sent to Noticee through SPAD and also through digitally signed email and was duly served upon him. Since the Noticee has not submitted the reply to SCN, therefore, vide the said hearing notice, the undersigned granted time till the date of hearing to the Noticee for submitting the reply to SCN, if any. Vide email dated October 10, 2022, Notice submitted the reply to SCN. Noticee appeared for hearing on the scheduled date and reiterated the submissions by Noticee vide earlier email. Due to difficulties in view of the Covid-19 pandemic, hearing was conducted through video conferencing. During the hearing, Noticee had requested for a week's time during the hearing to submit another reply to SCN. However, vide email dated October 11, 2022, Noticee confirmed that the earlier reply was final.

8. The submissions by Noticee are summarized hereunder:-
    a. Noticee was working as a material accountant in manufacturing unit, Pantnagar, Uttarakhand.
    b. Violation by Noticee was not intentional as Noticee was not aware of the policy of the company.

c. Noticee was not having any connection with corporate to reach out for information of the company.
d. Noticee has not made any gains from these trades
e. Noticee accepted the mistakes.

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.)
05-07-18	Cash	170	1,43,445	170	1,43,622	2,87,068	2,87,068
11-07-18	Cash	10	8,090	10	8,129	16,219	3,03,286
13-07-18	Cash	25	20,731	25	20,975	41,706	3,44,992
20-07-18	Cash	25	21,899	25	21,776	43,675	3,88,668
27-07-18	Cash	40	35,298	20	17,650	52,948	4,41,616
06-08-18	Cash	10	9,179	30	27,820	36,999	4,78,614
07-08-18	Cash	20	18,279	20	18,188	36,467	5,15,081
09-08-18	Cash	5	4,573	5	4,606	9,179	5,24,260
24-08-18	Cash	10	8,855	10	8,950	17,805	5,42,065
03-09-18	Cash	10	9,177	10	9,184	18,361	5,60,425
18-09-18	FUTSTK	750	6,26,138	750	6,22,575	12,48,713	18,09,138
19-09-18	FUTSTK	750	6,09,675	750	6,11,213	12,20,888	30,30,025
Total		**1,825**	**15,15,338**	**1,825**	**15,14,687**	**30,30,025**	
05-10-18	FUTSTK	750	6,04,500	750	6,09,413	12,13,913	12,13,913
10-10-18	FUTSTK	750	5,72,588	750	5,67,750	11,40,338	23,54,250
22-11-18	FUTSTK	750	6,89,625	750	6,88,500	13,78,125	37,32,375
31-12-18	FUTSTK	750	7,05,563	750	7,03,725	14,09,288	51,41,663
Total		**3,000**	**25,72,275**	**3,000**	**25,69,388**	**51,41,663**	
03-01-19	FUTSTK	1,500	14,09,625	750	7,03,313	21,12,938	21,12,938
04-01-19	FUTSTK	1,500	13,98,000	2,250	20,96,288	34,94,288	56,07,225
10-01-19	FUTSTK	750	7,26,413	-	-	7,26,413	63,33,638
11-01-19	FUTSTK	1,500	14,52,938	2,250	21,77,025	36,29,963	99,63,600
04-02-19	FUTSTK	750	7,89,000	750	7,81,763	15,70,763	1,15,34,363

12-02-19	FUTSTK	750	8,06,850	750	8,01,563	16,08,413	1,31,42,775
Total		**6,750**	**65,82,825**	**6,750**	**65,59,950**	**1,31,42,775**	

12. From the above table, I note that during the quarter ended September 2018, the value of trades by Noticee in the securities of Titan on September 18, 2018 and September 19, 2018 amounted to Rs. 12,48,713/- and Rs. 12,20,888/- respectively. Further, I note that during the quarter ended December 2018, the value of trades by Noticee in the securities of Titan on October 05, 2018, October 10, 2018, November 22, 2018 and December 31, 2018 amounted to Rs. 12,13,913/-, Rs. 11,40,338/-, Rs. 13,78,125/- and Rs. 14,09,288/- respectively. I also note that during the quarter ended March 2019, the value of trades by Noticee in the securities of Titan on January 03, 2019, January 04, 2019, January 11, 2019, February 04, 2019 and February 12, 2019 amounted to Rs. 21,12,938/-, Rs. 34,94,288/-, Rs. 36,29,963/-, Rs. 15,70,763/- and Rs. 16,08,413/- respectively.

13. Therefore, from the aforesaid transactions, I observe that the value of total transactions by Noticee on each of the aforesaid eleven occasions exceeded rupees ten lakhs. I also observe that for the quarter ended September 2018, the cumulative traded value as mentioned in SCN differs from the details of his trades as depicted in trading details extracted from the trade log obtained from exchanges, which has also been provided to Noticee as an annexure to the SCN. However, from 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. In any case, I note that his transactions on each of the aforesaid eleven occassions exceeded rupees ten lakhs.

14. I note that it has been alleged in the SCN, that abovementioned trading of Noticee as the employee of Titan, in calendar quarters ending on September 2018, December 2018 and March 2019 had resulted in violation of Regulation 7(2)(a) of the PIT Regulations by Noticee. In this context, I find it pertinent to refer to Regulation 7(2)(a) of the PIT Regulations, as it stood during the relevant time, which is reproduced hereunder:

"7(2) Continual Disclosures.

(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."

15. In this regard, I note that the term "employee" in the aforementioned provision was substituted with "designated employee" by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018. I also note that the amendment came into effect from April 01, 2019. By virtue of the amendment, the obligation to make disclosures under Regulation 7(2)(a) of the PIT Regulations no longer lies on every employee of the company but is restricted to designated employees only. In this context, I find it pertinent to quote a recent decision of Hon'ble Securities Appellate Tribunal (hereinafter referred to as **'SAT'**) in Sudhir Bapusaheb Devkar & Anr v SEBI in the matter of (Date of Decision: 10.10.2022, Appeal No. 654 of 2022; Appeal No. 655 of 2022); wherein Hon'ble SAT has held as under:

"*In view of the aforesaid, coupled with the fact that no disproportionate gain or unfair advantage resulted to any party for the default committed by the appellants, coupled with the fact that no loss was caused to the investors, as a result of the aforesaid default, we are of the opinion that without going into the controversy as to whether the appellants had in fact acquired or disposed of the shares through intra-day trading and whether the appellants have in fact violated the provisions of Regulation 7(2)(a) of the PIT Regulations, and <u>in view of the decision of the Hon'ble Supreme Court in Commissioner of Income Tax (supra), the amendment made in Regulation 7(2)(a) with effect from April 1, 2019 would apply retrospectively. We are of the opinion that the amendment was a beneficial piece of legislation and the benefit was conferred for the entire community as a whole. As such, even though the amendment came into effect from April 1, 2019, the amended provision would apply with retrospective effect to the transactions made by the appellants."</u>*

16. From the above, I note that Hon'ble SAT in its aforementioned decision has laid down that amendment to Regulation 7(2)(a) of PIT Regulations which came into

effect on April 1, 2019, would apply with retrospective effect i.e. benefit of amendment would go to “employees” for the trades done by them prior to amendment. Considering the principle laid down in the aforementioned judgment and the fact that Noticee was not designated employee of the company at the time of impugned trades, I find that for his trades done in calendar quarters ending on September 2018, December 2018 and March 2019, Noticee would not be liable for violation of Regulation 7(2)(a) of the PIT Regulations. Therefore, I find allegation in SCN that Noticee has violated Regulation 7(2)(a) of the PIT Regulations does not stand established.

17. Since the alleged violation against Noticee is not established, I find that the Issues No. II and III requires no further consideration.

ORDER

18. Accordingly, taking into account the aforesaid findings and in exercise of powers conferred upon me under Section 15-I of SEBI Act read with Rule 5 of the Adjudication Rules, the Adjudication proceedings against Noticee i.e. Raveesha, initiated vide SCN dated August 09, 2021, stands disposed of without imposition of any penalty.

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

Place: Mumbai **SOMA MAJUMDER**

Date: October 27, 2022 **ADJUDICATING OFFICER**