**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO. Order/SM/HG/2022-23/19766]**

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**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**

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In respect of

**Mr. Raman Udhayakumar**
**[PAN: AAMPU5414E]**

In the matter of Titan Company Limited

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## 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. Raman Udhayakumar (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** |
|---|---|---|---|---|---|
| | **Apr – June 2018** | **July – Sep 2018** | **Oct – Dec 2018** | **Jan – Mar 2019** | |
| Mr. Raman Udhayakumar | 28,15,519 | 22,95,883 | 26,48,992 | 47,30,750 | 8 |

    b) It was observed from the table above that in the calendar quarters ending on June 2018, September 2018, December 2018 and March 2019, the total traded value of the securities traded by Noticee in the scrip of Titan was Rs 28,15,519/-, Rs. 22,95,883/-, Rs. 26,48,992/- and Rs. 47,30,750/- respectively. It was also observed that on 8 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 8 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 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 August 28, 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 20, 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. 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.
    b. He has chosen Titan shares for trading as he was new to trading at that time, therefore, he did to avoid risk.

## 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.) |
|---|---|---|---|---|---|---|---|
| 07-05-18 | Cash | 50 | 48,500 | - | - | 48,500 | 48,500 |
| 11-05-18 | Cash | - | - | 350 | 3,37,750 | 3,37,750 | 3,86,250 |
| 15-05-18 | Cash | 360 | 3,36,600 | - | - | 3,36,600 | 7,22,850 |
| 18-05-18 | Cash | - | - | 360 | 3,40,020 | 3,40,020 | 10,62,870 |
| 21-05-18 | Cash | 365 | 3,40,180 | - | - | 3,40,180 | 14,03,050 |
| 25-05-18 | Cash | - | - | 365 | 3,40,910 | 3,40,910 | 17,43,960 |
| 31-05-18 | Cash | 378 | 3,40,200 | - | - | 3,40,200 | 20,84,160 |
| 01-06-18 | Cash | 19 | 17,290 | - | - | 17,290 | 21,01,450 |
| 07-06-18 | Cash | - | - | 397 | 3,57,499 | 3,57,499 | 24,58,949 |
| 15-06-18 | Cash | 394 | 3,56,570 | - | - | 3,56,570 | 28,15,519 |
| **Total** | | **1,566** | **14,39,340** | **1,472** | **13,76,179** | **28,15,519** | |
| 04-07-18 | Cash | - | - | 394 | 3,49,872 | 3,49,872 | 3,49,872 |
| 31-07-18 | Cash | 336 | 2,99,556 | - | - | 2,99,556 | 6,49,428 |
| 03-08-18 | Cash | - | - | 336 | 3,09,583 | 3,09,583 | 9,59,011 |
| 06-08-18 | Cash | 342 | 3,09,510 | - | - | 3,09,510 | 12,68,521 |
| 10-08-18 | Cash | - | - | 342 | 3,14,640 | 3,14,640 | 15,83,161 |
| 24-08-18 | Cash | 341 | 3,05,536 | - | - | 3,05,536 | 18,88,697 |
| **Total** | | **1,019** | **9,14,602** | **1,072** | **9,74,095** | **18,88,697** | |
| 12-11-18 | Cash | - | - | 341 | 3,06,218 | 3,06,218 | 3,06,218 |
| 04-12-18 | Cash | 330 | 3,05,250 | - | - | 3,05,250 | 6,11,468 |
| 14-12-18 | Cash | - | - | 330 | 3,08,550 | 3,08,550 | 9,20,018 |
| 21-12-18 | Cash | 475 | 4,27,500 | - | - | 4,27,500 | 13,47,518 |
| 28-12-18 | Cash | 475 | 4,32,250 | 950 | 8,69,224 | 13,01,474 | 26,48,992 |
| **Total** | | **1,280** | **11,65,000** | **1,621** | **14,83,992** | **26,48,992** | |
| 02-01-19 | Cash | 938 | 8,72,099 | 470 | 4,37,761 | 13,09,860 | 13,09,860 |
| 03-01-19 | Cash | - | - | 468 | 4,37,580 | 4,37,580 | 17,47,440 |
| 04-01-19 | Cash | 470 | 4,36,160 | - | - | 4,36,160 | 21,83,600 |
| 07-01-19 | Cash | - | - | 470 | 4,48,850 | 4,48,850 | 26,32,450 |

| 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.) |
|---|---|---|---|---|---|---|---|
| 23-01-19 | Cash | 460 | 4,46,890 | - | - | 4,46,890 | 30,79,340 |
| 25-01-19 | Cash | - | - | 460 | 4,50,800 | 4,50,800 | 35,30,140 |
| 28-01-19 | Cash | 470 | 4,51,670 | 470 | 4,52,140 | 9,03,810 | 44,33,950 |
| 30-03-19 | Cash | 265 | 2,96,800 | - | - | 2,96,800 | 47,30,750 |
| **Total** | | **2,603** | **25,03,619** | **2,338** | **22,27,131** | **47,30,750** | |

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 May 07, 2018 to May 18, 2018, on a cumulative basis, amounted to Rs. 10,62,870/- on May 18, 2018 and the value of trades by Noticee in the securities of Titan from May 21, 2018 to May 31, 2018, on a cumulative basis, amounted to Rs. 10,21,290/- on May 31, 2018. Further, I note that during the quarter ended September 2018, the value of trades by Noticee in the securities of Titan from July 04, 2018 to August 06, 2018, on a cumulative basis, amounted to Rs. 12,68,521/- on August 06, 2018. I note that during the quarter ended December 2018, the value of trades by Noticee in the securities of Titan from November 12, 2018 to December 21, 2018, on a cumulative basis, amounted to Rs. 13,47,518/- on December 21, 2018 and on December 28, 2018, the value of trades by Noticee in the securities of Titan amounted to Rs. 13,01,474/- . On perusal of trades of Noticee, I further note that during the quarter ended March 2019, the value of trades by Noticee in the securities of Titan on January 02, 2019 amounted to Rs. 13,09,860/-. I also note that the value of trades by Noticee in the securities of Titan from January 03, 2019 to January 07, 2019, on a cumulative basis, amounted to Rs. 13,22,590/- on January 07, 2019 and the value of trades by Noticee in the securities of Titan from January 23, 2019 to January 28, 2019, on a cumulative basis, amounted to Rs. 18,01,500/- on January 28, 2019.

13. Therefore, from the aforesaid transactions, I observe that the value of total transactions by Noticee on each of the aforesaid eight occasions exceeded rupees ten lakhs. I 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 eight occassions exceeded rupees ten lakhs.

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. 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. Further, the 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 eight occasions. 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, I conclude that the allegation that Noticee has violated Regulation 7(2)(a) of PIT Regulations on eight (8) 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 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:

***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, 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 eight (8) 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. Raman Udhayakumar, 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:<br>(like penalties/ disgorgement/ recovery/<br>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. Raman Udhayakumar and also to SEBI.

**Place: Mumbai** **SOMA MAJUMDER**

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