

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER
ORDER

**UNDER SECTIONS 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE
BOARD OF INDIA ACT, 1992**

**IN THE MATTER OF INSIDER TRADING IN THE SCRIP OF DEEP INDUSTRIES
LIMITED –**

IN RESPECT OF:

Sl No	Name (PAN)	PAN
1	Rupeshbhai Kantilal Savla	AACPS6257P
2	Sujay Ajitkumar Hamlai	ABIPH4273M
3	V-Techweb India Private Limited	AABCV8267A

Background –

1. Securities and Exchange Board of India (“SEBI”) conducted an investigation into the possible violation of insider trading in the scrip of Deep Industries Limited (hereinafter referred to as “**DIL / the company**”) for the period from July 17, 2015 to October, 14, 2015 (“**Investigation Period**”). The aforesaid investigation was initiated by SEBI, pursuant to an alert generated by National Stock Exchange of India Limited (NSE) suggesting insider trading by certain entities in the scrip of DIL.
2. DIL is a diversified Oil & Gas Company with business interest in Air and Gas compression, Drilling and Oil & Gas Exploration and Production. The company also provides Drilling Rig and allied services and is headquartered in Ahmedabad, Gujarat. The company executes contracts with various Government Companies and other entities established in the Oil and Gas Sector. The company’s registered office address is 12A & 14, Abhishree Corporate Park, Ambli Bopal Road, Ambli, Ahmedabad, Gujrat - 380058 and is listed at NSE and BSE.

3. The directors of the company during the investigation period were as under:

Sl. No.	DIN	Director Name	Category of Directorship	Appointment Date	Cessation Date
1	00145587	Dharen Shantilal Savla	WTD – Executive	21-Jun-04	Till date
2	00504057	Harish Gopalji Bhide	NED (Independent)	28-Nov-05	19-Mar-16
3	00126303	Rupeshbhai Kantilal Savla	MD – Executive	01-Jun-09	Till date
4	00145639	Parasbhai Shantilal Savla	CMD – Executive	01-Jun-09	Till date
5	03231054	Prem Singh Mangatsingh Sawhney	WTD – Executive	02-Jan-12	Till date
6	05316488	Kirit Vaikunthraya Joshi	NED (Independent)	29-Jun-12	Till date
7	00587604	Arun Narayan Mandke	NED (Independent)	28-Jun-14	Till date
8	00048110	Sanjay Harkishandas Parekh	NED (Independent)	29-Sep-14	Till date
9	07148637	Renuka Anjanikumar Upadhyay	NED (Independent)	25-Jun-15	Till date
(Source-MCA Website and Annual Report of the company for FY 2015-16- placed in Annexure-2)					

4. The shareholding pattern of the company for the quarters ending June 2015 and September 2015 (*Source: statements showing share holding pattern filed with NSE & NSE by the company in accordance with the clause 35 of the listing agreement*) was as follows:

Name of The Share Holder	June 2015		September 2015	
	No. of shares	% of Share Capital	No. of shares	% of Share Capital
Promoters (A)	2,01,85,025	69.13	2,04,64,535	70.08
Public Shareholding (B)	90,14,975	30.87	87,35,465	29.92
Total Share capital (A+B)	2,92,00,000	100	2,92,00,000	100

The breakup of the shareholding of promoter and promoter group as per the filings made by company was as under:

Sl. No.	Quarter Ending	Jun-15		Sep-15	
	Name of the promoter	No. of Shares	% of Share Capital	No. of Shares	% of Share Capital
1	Rupesh Kantilal Savla	23,37,332	8.00	25,16,842	8.62
2	Shantilal Savla Family Trust	2,90,000	0.99	3,90,000	1.34
3	Prabhaben Kantilal Savla	1,83,000	0.63	5,14,000	1.76
4	Kantilal Velji Savla	3,31,000	1.13	-	-
5	Adinath Exim Resources Ltd	12,28,000	4.21	12,28,000	4.21
6	Avani Dharen Savla	2,77,046	0.95	2,77,046	0.95
7	Dharen Shantilal Savla	4,00,725	1.37	4,00,725	1.37
8	Kantilal Velji Savla HUF	6,95,800	2.38	6,95,800	2.38
9	Kanvel Finance Pvt Ltd	45,91,080	15.73	45,91,080	15.73
10	Manoj Shantilal Savla	2,00,000	0.68	2,00,000	0.68
11	Mita Manoj Savla	3,02,771	1.04	3,02,771	1.04
12	Paras Shantilal Savla	4,00,550	1.37	4,00,550	1.37
13	Prabhavati Properties Pvt Ltd	22,82,500	7.82	22,82,500	7.82
14	Priti Paras Savla	2,77,221	0.95	2,77,221	0.95
15	Rita Keval Shah	50,000	0.17	50,000	0.17
16	Savla Enterprise Pvt Ltd	31,21,000	10.69	31,21,000	10.69
17	Shail Manoj Savla	1,75,000	0.60	1,75,000	0.60
18	Shantilal Murjibhai Savla	26,500	0.09	26,500	0.09
19	Shital Rupesh Savla	17,52,000	6.00	17,52,000	6.00
20	Yash Organochem Pvt Ltd	12,63,500	4.33	12,63,500	4.33
	Total	2,01,85,025	69.13	2,04,64,535	70.10

5. The financial results of the company for the financial years 2014-15 and 2015-16 as per the Annual Reports of the company were as under:

(Rs. in Crores)

Particulars	For the Year Ended 31/03/2016	For the Year Ended 31/03/2015
Revenue from Operations (A)	169.15	101.25
Other Income (B)	0.87	1.33
Total Revenue (C) = (A)+(B)	170.01	102.58
Total Expenses (D)	108.36	69.22
Profit Before Tax (E) = (C)-(D)	61.65	33.36
Tax Expense (F)	40.95	12.13
Profit for the Year (G) = (E)-(F)	20.70	21.23

6. Investigation observed that during the investigation period, the company made two announcements with respect to receipt of Notification of Award of three contracts from ONGC. The price and volume data just before and after these two announcements on the price of the scrip is tabulated below:

Sr. No	Date & Time of display on Exchange Website	News Body	Price Impact	Remarks
1.	NSE 03-Sep-2015 15:01 hours	Deep Industries Ltd has informed Exchanges that: 1. The Company has received Notification of Award for charter hiring of 01 No. of 1000HP Mobile Drilling Rig for Ahmedabad Asset of ONGC for a period of Three years, the total value of the said award is of US\$ 12.99 Mn. 2. The Company has also received Notification of Award for charter hiring of 01 No. of Work Over Rig for Ahmedabad Asset for a period of One year, the total value of the said award is of INR 2.72 Cr.	02-Sep-2015 (NSE) Open High Low Close 140.70 145.25 129.00 136.40 Volume: 6,66,536 shares	On September 03, 2015, the price of the scrip closed at Rs.141.60 i.e. 3.81% rise against the previous day's closing price.
	BSE 03-Sep-2015 15:12 hours		03-Sep-2015 (NSE) Open High Low Close 137.75 144.00 136.25 141.60 Volume: 4,10,200 shares	
2	NSE 14-Oct-2015 10:55 hours	3. Deep Industries Limited has informed the Exchange that the Company has	02-Sep-2015 (BSE) Open High Low Close 141.20 145.00 128.70 136.20 Volume: 2,42,239 shares	On September 03, 2015, the price of the scrip closed at Rs.141.50 i.e. 3.89% rise against the previous day's closing price.
			03-Sep-2015 (BSE) Open High Low Close 138.00 143.90 136.50 141.50 Volume: 1,26,979 shares	
			13-Oct-2015 (NSE) Open High Low Close 189.00 194.40 180.65 191.75 Volume: 4,98,052 shares	On October 14, 2015, the price of the scrip closed at Rs.195.95

Sr. No	Date & Time of display on Exchange Website	News Body	Price Impact	Remarks
		received Notification of Award of contract for charter hiring of No. 1 of 1000HP Mobile	14-Oct-2015 (NSE) Open High Low Close 190.75 201.90 189.15 195.95 Volume: 14,02,594 shares	i.e. 2.19% rise against the previous day's closing price.
	BSE 14-Oct-2015 10:47 hours	Drilling Rig for Tripura Asset of ONGC for a period of three years. The total value of the said award is of US \$ 14 Mn i.e approx. Rs.90.33 crore.	13-Oct-2015 (BSE) Open High Low Close 187.20 194.00 184.00 191.70 Volume: 1,92,214 shares 14-Oct-2015 (BSE) Open High Low Close 190.80 202.00 189.40 195.50 Volume: 4,76,706 shares	On October 14, 2015, the price of the scrip closed at Rs.195.55 i.e. 1.98% rise against the previous day's closing price.

As observed from the table above, both the corporate announcements made by the company had a positive impact on the price of the scrip.

For the sake of brevity,

- i. The contract for charter hiring of 01 no. of 1000HP Mobile Drilling Rig for Ahmedabad Asset of ONGC for a period of three years, valued at US\$ 12.99 million is hereinafter referred to as “**first contract**”
- ii. The contract for charter hiring of 01 No. of Work Over Rig for Ahmedabad Asset for a period of One year, valued at INR 2.72 crores is hereinafter referred to as “**second contract**”.
- iii. The contract for charter hiring of No. 1 of 1000HP Mobile Drilling Rig for Tripura Asset of ONGC for a period of three years valued at 90.33 crores is hereinafter referred to as “**third contract**”

7. As per the information obtained from DIL, the chronology of events leading to aforesaid two corporate announcements is as under:

Particulars	First Contract	Second Contract	Third Contract
Date of Release of Tender for Work Contract by ONGC Ltd	14/04/2015	03/03/2015	19/08/2014
Submission of Bids on ONGC's tender Website	05/05/2015	19/05/2015 [#]	08/05/2015
Declaration of L1 Bidder/Matching to EDR of L1 Bidder	17/07/2015	18/08/2015	27/07/2015
Date of award	02/09/2015	28/08/2015	13/10/2015
Date of receipt of Notification of Awards of Work Contracts	02/09/2015	29/08/2015	13/10/2015
Date of communication by company to Exchange	03/09/2015	03/09/2015	14/10/2015
Date of Announcement by Exchange to Public	03/09/2015	03/09/2015	14/10/2015

(#DIL vide its letter dated January 24, 2017 has mentioned 19/05/2015 as date on which DIL submitted Bid on ONGC's tender website, however from the correspondences between DIL and ONGC submitted by DIL vide letter dated February 22, 2017, it was observed that the bid was actually submitted on ONGC's tender website on 12/03/2015)

8. Further, as per the information provided by DIL, the following were observed during investigation:
- i. **First contract:** E-price bids submitted by the bidders including DIL was opened on the July 17, 2015 at 1500 hours and DIL was declared L-1 bidder.
 - ii. **Second contract:** E-price bids submitted by the bidders including DIL was opened on the July 01, 2015 at 1500 hours and Mr.Anish Shah, duly authorized by the company, was

present at the time of opening of the price bid. However, the company was not L1 bidder. Subsequently, on August 17, 2015, ONGC requested DIL to match Evaluated Day Rate (EDR) of L1 bidder. DIL submitted the revised bid matching EDR with that of L-1 bidder on August 18, 2015.

- iii. **Third contract:** E-price bids submitted by the bidders including DIL was opened on Monday, the 27th July 2015 at 1500 hours, DIL was declared L-1 bidder and Mr.Dharen Savla and Mr.Tushar Tiwari duly authorized by the company were present at the time of opening of the price bid.
 - iv. In case of first and third contracts, the stage at which the company was declared as L-1 bidder is the stage at which the tendering process is complete and only the award of contract remained pending.
 - v. In case of second contract, the company was not declared L-1 bidder but subsequently on August 17, 2015, ONGC requested DIL to match Evaluated Day Rate (EDR) of L1 bidder, in response to which DIL submitted the revised bid matching EDR with that of L-1 bidder on August 18, 2015. This is the stage where the company was more likely than not to get the award.
9. I now proceed to address the following and each question is dealt with separately under different headings:

Whether the receipt of Notification of Award of three contracts from ONGC by DIL constituted unpublished price sensitive information (“UPSI’) as per provision of SEBI (PIT) Regulations, 2015?

10. The term "unpublished price sensitive information" has been defined in regulation 2(1)(n) of SEBI (Prohibition of Insider Trading) Regulations, 2015 as under:

"unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

(i) financial results;

(ii) dividends;

(iii) change in capital structure;

(iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;

(v) changes in key managerial personnel; and

(vi) material events in accordance with the listing agreement.

NOTE: It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.

11. The determination of UPSI as per investigation was made inter alia upon consideration of the following factors –

a. The value of three contracts vis-à-vis the annual turnover of DIL:

	Particulars		(Rs. in Crores)		
			Value of the contract in Cr.	For the year ended 31/03/2016	For the year ended 31/03/2015
	Revenue from Operations	A		169.15	101.25
1	Value of contracts for which announcement was made on September 03, 2015				
	(i) Contract valued at USD 12.99 Million	B*	86.03		
	(ii) Contract valued at Rs.2.72 crores	C	2.72		
	Total Value of contracts for which announcement was made on September 03, 2015	D=B+C	88.75		
	Value of contracts as a % of Revenue from operations	E=D/A		52.47%	87.65%
2	Value of contracts for which announcement was made on October 14, 2015	F	90.33		
	Value of contracts as a % of Revenue from operations	G=F/A		53.40%	89.21%
*The announcement made by DIL did not contain value of contract in INR and the same has been converted in INR using RBI reference rate for September 03, 2015 at Rs.66.2280/USD					

- b. As was seen from the table above, the value of the two contracts for which the announcement was made on September 03, 2015, constituted a substantial 52.47% of the annual turnover of the company for the FY 2015-16 and 87.65% of the annual turnover for the FY 2014-15 i.e. immediately preceding financial year.
- c. Similarly, the value of the single contract for which announcement was made on October 14, 2015 constituted a substantial 53.40% of the annual turnover of the company for the FY 2015-16 and 89.21% of the annual turnover for the FY 2014-15 i.e. immediately preceding financial year.
- d. Considering the magnitude of the value of these three orders, the information relating to bagging of these orders by DIL constituted price sensitive information and the same was likely to materially affect the share price of the company, once published.
- e. Further, the information in this regard was not generally available and was published only on September 03, 2015 and October 14, 2015, pursuant to which the price of the scrip witnessed an increase. Therefore, the receipt of Notification of Award of three contracts from ONGC by DIL constituted unpublished price sensitive information.
- f. Hon'ble SAT order in its Order dated 26.07.2016 in the matter of Man Industries Limited held that *every contract for supply of goods manufactured by a company may not be a price sensitive information, however, in the facts of present case, the contracts to supply 65% of the yearly contracts received by the company, constituted price sensitive information.* Similarly, in the instant case also the value of contracts awarded to the company was substantial vis-à-vis total annual turnover of the company and hence, price sensitive in nature.

What was the Period of UPSI-

12. From the sequence of events and the information received from the company as discussed earlier, it was observed that w.r.t three contracts awarded to DIL, the UPSI came into existence and ceased to be UPSI on the following dates:

Contract	UPSI came into existence		UPSI ceased to exist on	
	Date	Rationale	Date	Rationale
First Contract	17-07-2015	Date when bids were opened and DIL was declared as L1 bidder.	03-Sep-15	Dates when BSE and NSE disclosed the award of contracts on respective websites on receipt of intimation from DIL.
Second Contract	18-08-2015	Date when company responded to ONGC request to match the EDR of L1 bidder and submitted the revised bid.	03-Sep-15	
Third Contract	27-07-2015	Date when bids were opened and DIL was declared as L1 bidder.	14-Oct-15	

As observed from the above table that UPSI w.r.t three different contracts came into existence on three different dates and became public on two different dates after NSE and BSE disclosed the same on their websites on receipt of intimation from DIL. UPSI periods with respect to these three contracts were accordingly as under:

- First Contract: 17-July-2015 to 03-Sep-2015
- Second Contract: 18-Aug-2015 to 03-Sep-2015
- Third Contract: 27-July-2015 to 14-Oct-2015

Thus, **the period between July 17, 2015 and October, 14, 2015** is determined as the **UPSI period.**

Whether Rupeshbhai Kantilal Savla, V-Techweb India Private Limited and Sujay Ajitkumar Hamlai were Insiders as per provisions of SEBI (PIT) Regulations, 2015?

13. Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015 defines the term insider as under:

(g) "insider" means any person who is:

i) a connected person; or

ii) in possession of or having access to unpublished price sensitive information;

NOTE: Since "generally available information" is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an "insider" regardless of how

one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.

Based on the examination report of NSE and investigation conducted by SEBI three entities *viz.*, Rupeshbhai Kantilal Savla, Sujay Ajitkumar Hamlai and V-Techweb India Private Limited have been identified as insiders that traded in the scrip of DIL during the investigation period.

Rupeshbhai Kantilal Savla:

14. The investigation observed that Rupesh Kantilal Savla was the Managing Director of the company since June 01, 2009 and was also promoter of the company during the investigation period. As per regulation 2(1)(d)(i) of SEBI (PIT) Regulations, 2015, connected person has been defined as:

*any person who is or has during the six months prior to the concerned act been associated with a company, **directly** or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or **by being a director**, officer or an employee of the company or holds **any position** including a professional or business relationship between himself and the company whether temporary or permanent, that **allows such person**, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.*

15. Rupeshbhai Kantilal Savla being the Managing Director of the company squarely falls within the definition of a connected person. Further, vide its letter dated January 24, 2017, the company has stated that the entire management team of the company work together right from the stage of submitting/ uploading the e-tender/ e-bids and until the stage of award of the contract. It was also observed from the documents submitted by DIL vide letter dated February 22, 2017 that all the three bids were submitted by Rupeshbhai Kantilal Savla. Hence, Rupeshbhai Kantilal Savla being the Managing Director of the company was involved from the stage of submitting/ uploading the e-tender/ e-bids and until the stage of award of contract with respect all the three contracts and thus, had access to related unpublished price sensitive information.

16. Considering the above, it is observed that Rupeshbhai Kantilal Savla is an insider by virtue of being a connected person as well as person in possession of and/or having access to unpublished price sensitive information.

V-Techweb India Private Limited and Sujay Ajitkumar Hamlai:

17. V-Techweb India Private Limited (VTIPL) is a private company based in Mumbai and is into real estate business. Ajay Ajitkumar Hamlai, Sujay Ajitkumar Hamlai and Vasant R Jadhav are the directors of the company. Ajay Ajitkumar Hamlai and Sujay Ajitkumar Hamlai were holding 50 percent shareholding each in VTIPL during the investigation period. VTIPL and Sujay Ajitkumar Hamlai had traded in the scrip during the investigation period.

18. The directors of VTIPL viz., Ajay Ajitkumar Hamlai, Sujay Ajitkumar Hamlai were friends of Rupeshbhai Kantilal Savla (Managing Director of DIL) and Sheetal Rupesh Savla, (wife of Rupeshbhai Kantilal Savla and also one of the promoters of DIL) on Facebook – a social networking website. Further, Radhika Hamlai (wife of Ajay Hamlai) was friend of Rupeshbhai Kantilal Savla and Sheetal Rupesh Savla on Facebook. Also, there were several photos posted by Sheetal Savla on Facebook that were 'liked' by Ajay Ajitkumar Hamlai and Sujay Ajitkumar Hamlai. Similarly, Rupeshbhai Kantilal Savla has 'liked' several photos posted by Ajay Ajitkumar Hamlai, Sujay Ajitkumar Hamlai and Radhika Hamlai. Further Sheetal Savla had also 'liked' the photos posted by Ajay Ajitkumar Hamlai, Sujay Ajitkumar Hamlai and Radhika Hamlai. The profiles of these persons were having restricted access and the photos posted by them can be 'liked' only by select persons whom they have added as their 'friends' on Facebook.

19. Further, Rupeshbhai Kantilal Savla vide summons dated February 17, 2017 was *inter alia* asked to provide the details of his and his family members' relationship, whether personal, professional, employment or otherwise, with the following entities:

- V Techweb India Private Limited
- Sujay A Hamlai
- Ajay A Hamlai
- Vasant R Jadhav

20. In response to the said summons, Rupeshbhai Kantilal Savla in his reply dated February 22, 2017 stated as under:

It is informed that, myself or my family does not have any relationship with M/s. V Tech India Private Limited.

It is informed that I do not have any relationship with Mr.Sujay A Hamlai except social acquaintance.

It is informed that I do not have any relationship with Mr.Ajay A Hamlai except social acquaintance.

It is informed that I do not have any relationship or social acquaintance etc with Mr.Vasant Jadhav.

21. Similarly, vide summons dated February 17, 2017, Sujay Ajitkumar Hamlai was *inter alia* asked to provide the details of his current and past relationship/s, whether personal, professional, employment or otherwise, with the company Deep Industries Limited, its group companies, its promoters and its directors including the following entities:

Name	Relationship with Deep Industries Ltd
Sanjay Harkishandas Parekh	Director
Rupeshbhai Kantilal Savla	Managing Director
Dharen Shantilal Savla	Whole-time Director
Parasbhai Shantilal Savla	Managing Director
Harish Gopalji Bhide	Director
Arun Narayan Mandke	Director
Prem Singh Mangatsingh Sawhney	Whole-time Director
Kirit Vaikunthraya Joshi	Director
Renuka Anjanikumar Upadhyay	Director
Rohan Vasantkumar Shah	CFO
Sheetal Savla	Promoter

22. In response to the same, Sujay Ajitkumar Hamlai in his reply dated February 23, 2017 stated as under:

I have no business relationship with the company Deep Industries Limited, its group companies, its promoters and its directors including the entities mentioned in the aforesaid table.

23. It is observed from the replies of Rupeshbhai Kantilal Savla and Sujay Ajitkumar Hamlai and from information gathered from browsing their Facebook profiles that:

- i. Rupeshbhai Kantilal Savla (Managing Director of DIL) and Sheetal Rupesh Savla, (wife of Rupeshbhai Kantilal Savla and also one of the promoters of DIL) were acquainted to the two directors of VTipl viz., Ajay Ajitkumar Hamlai and Sujay Ajitkumar

Hamlai, Radhika Hamlai (Wife of Ajay Hamlai), through social media network (Facebook, in the instant case). Hence, Rupeshbhai Kantilal Savla and Sujay Hamlai alongwith certain immediate family members were acquainted with each other through Facebook.

- ii. While Rupeshbhai Kantilal Savla has admitted that he has social acquaintance with Sujay Ajithkumar Hamlai and his brother Ajay Ajithkumar Hamalai, Sujay Ajithkumar Hamlai has only replied that he doesn't have business relationship with DIL, its group companies, its promoters/its directors and remained silent about any association other than business relationship. However, it is evidenced that they had social relationship which also can confer access to UPSI as envisaged in **SEBI (PIT) Regulations, 2015** as elaborated in detail at para 25 of the order.

24. Further, from the KYC documents it was observed that one of the promoters of DIL *viz.*, Mita Manoj Savla is registered with the trading member PhilipCapital (India) Pvt. Ltd. which is same trading member through which Sujay Ajithkumar Hamlai and VTIPL had traded in the scrip during the period.

25. As per Regulations 2(1)(d)(i) of SEBI (PIT) Regulations, 2015 any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access as connected person. The perusal of the provision shows that the association of the person can be direct or indirect and the association can be in any capacity which can include frequent communication with its officers by virtue of which such associated person can be reasonably expected to have access to unpublished price sensitive information. The provision, inter alia, provides for the yardstick for insiders by stipulating that insider can be by way of their association in any capacity or it can be by way of frequent communication with its officers which can also be in their social capacity as evident in this case by frequent interactions including likes on the social media. The term officer is not defined in the SEBI (PIT) Regulations, 2015. Therefore, by virtue of regulation 2 of the SEBI (PIT) Regulations, 2015, the definition of officer as assigned in the Companies Act, 2013 is to be assigned to the word officer in SEBI (PIT) Regulations, 2015. As per section 2 (59) of the the Companies Act, 2013 "*officer*" includes any director, manager or key managerial personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or

more of the directors is or are accustomed to act. Therefore Rupeshbhai Kantilal Savla being the Managing Director of DIL is an officer of DIL. It is found that Sujay Ajitkumar Hamalai and Ajay Ajitkumar Hamalai are associated with the company in the capacity of social interaction with the MD of the DIL. Alternatively, Sujay Ajitkumar Hamalai and Ajay Ajitkumar Hamalai are associated with DIL by virtue of frequent communication with the officer of DIL, Rupeshbhai Kantilal Savla. By virtue of this association and frequent communication, they are reasonably expected to have access to the UPSI of DIL at the relevant period. Therefore, as per the provisions of Regulations 2(1)(d)(i) and 2(1)(g) of the SEBI (PIT) Regulations, 2015, Sujay Ajitkumar Hamalai and Ajay Ajitkumar Hamalai are connected persons and consequently are insiders w.r.t DIL.

26. Further, VTIPL is an artificial person that acts through its Board of Directors and as two out of three directors of VTIPL are connected persons who hold entire 100% of the shareholding. Therefore, VTIPL indirectly through the said two connected persons are associated with DIL and such association allows VTIPL indirectly through its directors, Sujay Ajitkumar Hamalai and Ajay Ajitkumar Hamalai access to unpublished price sensitive information or VTIPL is reasonably expected to have such access. Therefore, as per Regulations 2(1)(d)(i) of SEBI (PIT) Regulations, 2015 VTIPL is also observed to be a connected person and hence an insider.

Whether Rupeshbhai Kantilal Savla V-Techweb India Private Limited and Sujay Ajitkumar Hamalai traded while in possession of UPSI in violation of provisions of SEBI (PIT) Regulations, 2015?

Trading activity of Rupeshbhai Kantilal Savla

27. The summary of trading activity of Rupeshbhai Kantilal Savla in the scrip of DIL during the UPSI period as well as three months before and three months after UPSI period is as under:

Period	Trade date	No. of Shares bought			No. of Shares sold		
		BSE	NSE	Total	BSE	NSE	Total
Before UPSI Period (April 01, 2015 to July 16, 2015)	-	-	-	-	-	-	-
During UPSI Period	25-08-15	-	1,04,000	1,04,000	-	-	-

(July 17, 2015 to October 14, 2015)	08-09-15	25,010	40,500	65,510	-	-	-
	09-09-15	10,000	-	10,000	-	-	-
	Total	35,010	1,44,500	1,79,510	-	-	-
After UPSI Period (October 15, 2015 to January 31, 2016)	-	-	-	-	-	-	-

28. The summary of trading activity of Rupeshbhai Kantilal Savla in the scrip of DIL vis-à-vis other scrips across the market during the UPSI period as well as three months before and three months after UPSI period is as under:

Period	Deep Industries Ltd				Other Scrips			
	Gross buy value in Rs.	% activity to gross bought value	Gross sale Value in Rs.	% activity to gross sale value	Gross buy value in Rs.	% activity to gross bought value	Gross sale Value in Rs.	% activity to gross sale value
Before UPSI Period (April 01, 2015 to July 16, 2015)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
During UPSI Period (July 17, 2015 to October 14, 2015)	2,18,93,501	100.00%	0	0.00%	0	0.00%	0	0.00%
After UPSI Period (October 15, 2015 to January 31, 2016)	0	0.00%	0	0.00%	0	0.00%	0	0.00%

29. As seen from the table above, Rupeshbhai Kantilal Savla had bought 1,79,510 shares in DIL during the UPSI period. It was also observed that he had not traded in any other scrip during the UPSI period. Further, he had also not traded in any scrip including the scrip of DIL three months before and after the UPSI period.

Trading activity of VT IPL and Sujay Ajitkumar Hamlai

30. VT IPL and Sujay Ajitkumar Hamlai had traded in the scrip during the investigation period. Their trading activities have been summarized in the following paragraphs.

- a. The summary of trading activity of Sujay Ajitkumar Hamlai in the scrip of DIL during the UPSI period as well as three months before and three months after UPSI period is as under:

Period	Trade date	No. of Shares bought			No. of Shares sold		
		BSE	NSE	Total	BSE	NSE	Total
Before UPSI Period (April 01, 2015 to July 16, 2015)	-	-	-	-	-	-	-
During UPSI Period (July 17, 2015 to October 14, 2015)	24-08-15	-	17,000	17,000	-	-	-
After UPSI Period (October 15, 2015 to January 31, 2016)	26-10-15	-	-	-	17,000	-	17,000

- b. The summary of trading activity of Sujay Ajitkumar Hamlai in the scrip of DIL vis-à-vis other scrips across the market during the UPSI period as well as three months before and three months after UPSI period is as under:

Period	Deep Industries				Other Scrips				
	Gross buy value in Rs.	% activity to gross bought value	Gross sale Value in Rs.	% activity to gross sale value	Gross buy value in Rs.	% activity to gross bought value	Gross sale Value in Rs.	% activity to gross sale value	No of scrips
Before UPSI Period (April 01, 2015 to July 16, 2015)	0	0.00%	0	0.00%	94,43,400	100.00%	94,89,232	100.00%	4
During UPSI Period (July 17, 2015 to October 14, 2015)	19,45,432	100.00%	0	0.00%	0	0.00%	0	0.00%	0
After UPSI Period (October 15, 2015 to January 31, 2016)	0	0.00%	34,60,638	63.44%	49,54,693	100.00%	19,94,000	36.56%	4

- c. As seen from the table above Sujay Ajitkumar Hamlai bought 17,000 shares during the UPSI period and sold the entire shares after UPSI period. It was also observed that Sujay Ajitkumar Hamlai was not holding any shares of DIL prior to UPSI period. Further, he had not traded in any other scrip during the UPSI period and he had also not traded in the scrip of DIL three months prior to UPSI period. The sale value of 17,000 shares of DIL after UPSI period constituted 63.44% of the total value of shares sold by him across the market.

- d. The summary of trading activity of VTipl in the scrip of DIL during the UPSI period as well as three months before and three months after UPSI period is as under:

Period	Trade date	No. of Shares bought			No. of Shares sold		
		BSE	NSE	Total	BSE	NSE	Total
Before UPSI Period (April 01, 2015 to July 16, 2015)	-	-	-	-	-	-	-
During UPSI Period (July 17, 2015 to October 14, 2015)	11-09-15	15,000	33,000	48,000	-	-	-
	22-09-15	-	5,000	5,000	-	-	-
	23-09-15	-	5,000	5,000	-	-	-
	24-09-15	-	11,000	11,000	-	-	-
	Total	15,000	54,000	69,000	-	-	-
After UPSI Period (October 15, 2015 to January 31, 2016)	26-10-15	-	-	-	-	19000	19000
	27-10-15	-	-	-	-	5000	5000
	29-10-15	-	-	-	5000	10000	15000
	30-10-15	-	-	-	5000	25000	30000
	Total	-	-	-	10000	59000	69000

- e. The summary of trading activity of VTipl in the scrip of DIL vis-à-vis other scrips across the market during the UPSI period as well as three months before and three months after UPSI period is as under:

Period	Deep Industries				Other Scrips				
	Gross buy value in Rs.	% activity to gross bought value	Gross sale Value in Rs.	% activity to gross sale value	Gross buy value in Rs.	% activity to gross bought value	Gross sale Value in Rs.	% activity to gross sale value	No of scrips
Before UPSI Period (April 01, 2015 to July 16, 2015)	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
During UPSI Period (July 17, 2015 to October 14, 2015)	98,73,614	100.00 %	0	0.00%	0	0.00%	0	0.00%	0
After UPSI Period (October 15, 2015 to January 31, 2016)	0	0.00%	1,39,61,152	91.96%	1,43,88,762	100.00 %	12,20,479	8.04%	4

- f. As seen from the table above, VTipl had bought 69,000 shares during the UPSI period and sold the entire shares after UPSI period. It was also observed that VTipl was not holding any shares of DIL prior to UPSI period. Further, it had not traded in any other scrip during the UPSI period and it has also not traded in any other scrip including the scrip of DIL three months prior to UPSI period. The sale value of 69,000 shares of DIL after UPSI period constituted 91.96% of the total value of shares sold by it across the market.
- g. Further, it was also observed that the trading account and demat account of VTipl with trading member Phillip Capital (India) Pvt. Ltd. through which the shares of DIL were

traded was opened only on September 10, 2015 i.e. just a day before VTIPL started buying the shares of DIL.

31. Hence, considering the trading pattern of Rupeshbhai Kantilal Savla, Sujay Ajitkumar Hamlai and V-Techweb India Private Limited in DIL and considering that they were insiders, it is observed that these three entities indulged in the act of insider trading by trading in the scrip of Deep Industries Limited while in possession of UPSI relating to award of three contracts to the company from ONGC. In view of the same, it is observed that they have violated the provision of sections 12A(d) & (e) of the SEBI Act, 1992 & Regulation 4(1) of the SEBI (PIT) Regulations, 2015.

Whether Rupeshbhai Kantilal Savla V-Techweb India Private Limited and Sujay Ajitkumar Hamlai made illegal/unlawful gains by the virtue of trading while in possession of UPSI and whether the said illegal/unlawful gains are liable to be impounded?

32. The three insiders bought shares of DIL during the UPSI period and the gains made by them is calculated as difference between number of shares bought valued at closing price on which UPSI became public and the value at which shares were bought. Further, it was also observed from the Annual Report of the company for the financial year 2014-15 that the directors of the company had recommended a final dividend of Rs.1/- (10%) per equity share each of Rs.10/- for financial year ended on 31st March, 2015 which as observed from the minutes of the proceedings of AGM was approved by shareholders in the AGM held on September 30, 2015. It was observed from the BSE website that September 22, 2015 was the ex-dividend date for the purpose of dividend. Hence, the gains made by them is calculated as difference between number of shares bought valued at closing price on which UPSI became public and the value at which shares were bought, increased by the dividend amount received by them in respect of those shares.

The calculation is as under:

Sl. No.	Name	No of shares bought	Total buy value (in Rs.)	Average buy Price (in Rs.)	**Notional sale value as on October 14, 2015 based on average closing price (in Rs.)	Dividend received (in Rs.)	Gain made (in Rs.)
		A	B	C=B/A	D=A*195.725	E	F=(D-B)+E
1	Rupeshbhai Kantilal Savla	1,79,510	2,18,93,501	121.96	3,51,34,595	1,79,510	1,34,20,604
2	Sujay Ajitkumar Hamlai	17,000	19,45,432	114.44	33,27,325	17,000	13,98,893
3	V Techweb India Pvt Ltd.	69,000	98,73,614	143.1	1,35,05,025	48,000	36,79,411

**As the scrip was trading both at NSE and BSE during the investigation period, average closing price on October 14, 2015 is taken for computation of Notional sale value on October 14, 2015. The closing price of scrip on October 14, 2015 at NSE was Rs.195.95 and at BSE was Rs.195.50. Therefore, the average closing price of scrip on October 14, 2015 was Rs.195.725 $\{(195.95+195.50)/2\}$.

33. In view of the above, it is observed on the basis of investigation that three entities viz., Rupeshbhai Kantilal Savla, Sujay Ajitkumar Hamlai and V-Techweb India Private Limited traded in the scrip while in possession of unpublished price sensitive information pertaining to the bagging of aforementioned three contracts by DIL from ONGC and have made profits to the tune of Rs.1.34 crores, Rs.13.99 Lakhs and Rs.36.79 lakhs respectively.
34. As the gains made by the aforementioned persons were achieved during the period from July 17, 2015 to October, 14, 2015, it becomes reasonable and necessary to levy an interest at the rate of 12% simple interest per annum computed from the date when UPSI ceased to exist i.e. October, 14, 2015 till the date of this order.
35. A basic premise that underlines the integrity of securities market is that persons connected with the market conform to the standards of transparency, good governance and ethical behavior prescribed in securities laws and do not resort to fraudulent and deceptive activities like insider trading. Such activities are detrimental to the interests of the investors as well as the securities market. No person can be allowed to enrich himself/herself by way of wrongful or ill-gotten gains or avoidance of potential loss made on account of such activity. SEBI has been entrusted with the important mandate of protecting investors and safeguarding the integrity of the securities market. In this regard, necessary powers have been conferred upon SEBI under the securities laws. The Insider Trading Regulations have put in place a framework

for prohibition of insider trading in securities. The prohibitions provided in the Regulations ensure a level-playing field in the securities market and safeguard the interest of investors and integrity of securities market. I am of the view that the object and spirit of the Insider Trading Regulations would get defeated if the alleged violators of the said Regulations are not made to face the consequences.

36. With the initiation of quasi-judicial proceedings, it is possible that the above noticees may divert the unlawful gains (to be ascertained during the adjudication of the allegation on the merits in the final order), which may result in defeating the effective implementation of the direction of disgorgement, if any to be passed after adjudication on merits. Non-interference by the Regulator at this stage would therefore result in irreparable injury to interests of the securities market and the investors. It therefore becomes necessary for SEBI to take urgent steps of impounding and retaining the proceeds (unlawful gains) allegedly made by the above noticees, by way of an interim measure since with the initiation of quasi-judicial proceedings, it is possible that the above noticees may divert the unlawful gains (to be ascertained during the adjudication of the allegation on the merits in the final order). It therefore, becomes necessary for SEBI to take steps for impounding and retaining the unlawful gains by the persons mentioned at paragraph 32 on account of insider trading in the scrip of DIL. As an interim measure, an Ad-Interim Ex-Parte Order for inter alia impounding the unlawful gains made by the persons mentioned at paragraph 32 above needs to be issued.

ORDER –

37. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 19 read with Sections 11(1), 11(4) and 11B of the SEBI Act, issue the following directions –

- (a) I hereby impound the aforesaid gains made by the following persons

Sl.No.	Name	PAN	Gains made (₹)	Interest @ 12% p.a (₹)	Total (₹)
1	Rupeshbhai Kantilal Savla	AACPS6257P	1,34,20,604	40,37,212	1,74,57,816
2	Sujay Ajitkumar Hamlai	ABIPH4273M	13,98,893	4,20,818	18,19,711
3	V Techweb India Pvt Ltd.	AABCV8267A	36,79,411	11,06,847	47,86,258

- (b) The persons at paragraph 37(a) are directed that individual amount of gains made along with interest is credited to an interest bearing Escrow Account [“Escrow Account in Compliance with SEBI Order dated April 16, 2018 – A/c (in the name of the respective person)”] created specifically for the purpose in a Nationalized Bank. The Escrow Account(s) shall create a lien in favour of SEBI and the monies kept therein shall not be released without permission from SEBI.
- (c) Banks are directed that no debits shall be made, without permission of SEBI, in respect of the bank accounts held jointly or severally by the persons at paragraph 37(a), except for the purposes of transfer of funds to the Escrow Account. Further, the Depositories are also directed that no debit shall be made, without permission of SEBI, in respect of the demat accounts held by the aforesaid persons. However, credits, if any, into the accounts maybe allowed. Banks and the Depositories are directed to ensure that all the aforesaid directions are strictly enforced. Further, debits may also be allowed for amounts available in the account in excess of the amount to be impounded. Banks are allowed to debit the accounts for the purpose of complying with this Order.
- (d) The persons at paragraph 37(a) are directed not to dispose of or alienate any of their assets/properties/securities, till such time the individual amount of gains made along with interest is credited to an Escrow Account except with the prior permission of SEBI.
- (e) On production of proof by the persons at paragraph 37(a) that the individual amount of gains made along with interest has been deposited in the Escrow Account, SEBI shall communicate to the Banks and Depositories to defreeze their respective accounts.
- (f) The aforesaid entities and persons are directed to provide a full inventory of all their assets whether movable or immovable, or any interest or investment or charge in any of such assets, including property, details of all their bank accounts, demat accounts and mutual fund investments immediately but not later than 7 working days from the date of receipt of these directions
- (g) The above directions shall come into force with immediate effect and shall be in force till further Orders.

38. The observations/findings contained in this Order are made on the basis of Investigation concluded by SEBI in the matter. The findings in this order may be treated as allegations against the respective entities for the purpose of show cause against them. Accordingly, the

persons at paragraph 37(a) are advised to show cause as to why suitable directions including the following should not be taken/imposed against them under Sections 11(1), 11(4) and 11B of the SEBI Act, 1992 for the alleged violations of Regulation 4(1) of SEBI (PIT) Regulations, 2015 and Sections 12A(d) & (e) of the SEBI Act, 1992:

- (i) Directing them to disgorge an amount equivalent to the total gains made on account of insider trading in the scrip of DIL along with interest,
- (ii) Directing them to refrain from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period.

39. The persons at paragraph 37(a) may file their replies to SEBI within 30 days from the date of receipt of this Order. They may also indicate in their replies whether they wish to avail an opportunity of personal hearing in the matter.

40. This Order shall be served on all Recognized Stock Exchanges, Depositories, and Registrar and Transfer Agents and Banks to ensure necessary compliance.

PLACE : MUMBAI

DATE : April 16, 2018

MADHABI PURI BUCH

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF

INDIA