

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: SHRI V.K. CHOPRA, WHOLE TIME MEMBER

**IN THE MATTER OF SHRI D.S. PENDSE, MRS. ANURADHA
PENDSE, DR. ANJALI BEKE, M/S NALINI PROPERTIES PVT. LTD.
AND M/S INDIAN EMERGING COMPANY INVESTMENT LTD.**

IN THE SCRIP OF M/S TATA FINANCE LTD.

DATE OF HEARINGS: 04.02.2005, 22.03.2005, 01.03.2006, 12.12.2006,
11.09.2007, 05.10.2007 and 11.11.2007

Appearance:

For Noticees : Dr. (Mrs) Anjali Beke

Dr. Dilip Beke

Shri. D.A. Athawale, Advocate

Shri. Somasekhar Sundaresan, Advocate

Ms. Kirtida Chandarana, Counsel

For SEBI : Shri. P.K. Bindlish, Chief General Manager

Shri. Chandrakanta Mitra, Manager

Shri. Mohamed Rahaz, Legal Officer

ORDER

**UNDER SECTIONS 11 AND 11B OF SECURITIES AND EXCHANGE
BOARD OF INDIA ACT, 1992**

1. Shri Dilip S. Pendse (hereinafter referred to as 'Shri Pendse') is the former Managing Director of Tata Finance Limited (hereinafter referred

to as 'TFL'). Mrs Anuradha Pendse (hereinafter referred to as 'Mrs. Pendse'), wife of Shri Pendse, was one of the Directors of M/s Nalini Properties Pvt. Ltd. (hereinafter referred to as 'NPPL'), a company controlled by Mrs Pendse and father of Shri Pendse. Dr. Anjali Beke is acquaintance and close associate of Shri Pendse. M/s Indian Emerging Company Investment Ltd. (hereinafter referred to as 'IECIL') is a subsidiary of M/s Niskalp Investments & Trading Company Ltd. (hereinafter referred to as 'Niskalp'), which is a subsidiary of TFL.

2. Upon receiving a complaint from TFL, a copy of which was also received from Joint Parliamentary Committee, SEBI initiated an investigation inter alia into the alleged insider trading by Shri Pendse and his relatives/associates/friends.
3. The investigations revealed that Shri Pendse by virtue of being the Managing Director of TFL and a director and member of investment committee of Niskalp, a subsidiary of TFL, was aware of the poor estimated financial results of TFL for the quarter ending March 2001 which were discussed with him by the Finance Department of TFL in the second week of March 2001. Apart from this information, he was also aware of the estimated loss/erosion in the value of investment portfolio of Niskalp/its subsidiaries as the copy of Net Asset Value (NAV) of the investment of Nishkap was prepared and given to him on daily basis. It was alleged that as he knew that, the news about losses in the books of subsidiaries of TFL on becoming public would surely have adverse impact on the price of the scrip of TFL, he advised his associates/relatives to sell the shares of TFL on the basis of this

unpublished price sensitive information. Accordingly, his associates/ relatives sold 2,90,000 shares of TFL during March 2001, through antedated Contract Notes of September 2000, before the information became public.

4. The investigations revealed that Mrs. Anuradha Pendse, NPPL and Dr. Anjali Beke sold 10,000, 30,000 and 20,000 shares of TFL respectively on the basis of this unpublished price sensitive information supplied by Shri Pendse. Dr. Anjali Beke also sold 2,30,000 shares in the name of Anjudi Properties & Investment Pvt. Ltd. (hereinafter referred to as 'APIPL'), a company associated/ connected with Shri Pendse and controlled by Dr. Anjali Beke and her husband Dr. Beke. It was observed that all these trades were off-market transactions for which the brokers M/s. Jhunjhunwala Stock Brokers Pvt. Ltd. (hereinafter referred to as 'JSBPL') and M/s. Malini Sanghvi Securities Pvt. Ltd. (hereinafter referred to as 'MSSPL') had issued Form B Contracts dated September 11 and 13, 2000 to the sellers.
5. Further, it was seen that these brokers in turn sold these shares to IECIL and M/s Sarjan Securities Pvt. Ltd. (hereinafter referred to as 'SSPL') in an off-market deal @ Rs. 90/- per share, for which also the brokers issued Form B Contracts dated September 11 and 13, 2000 to the buyers. Investigations revealed that though the Contract Notes for these off-market transactions were allegedly issued in September 2000, these trades had actually taken place during March 28 to 31, 2001, as the deliveries and payments were effected only during this period. It was

therefore alleged that these trades were pre-dated to September 2000 by these brokers at the behest of the noticees herein.

6. On the basis of the findings of the Investigation Report, SEBI issued five different show cause notices all dated April 07, 2003, communicating the alleged violations of the SEBI (Insider Trading) Regulations, 1992 (hereinafter referred to as 'Insider Regulations'), SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 1995 (hereinafter referred to as 'PFUTP Regulations') and Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as 'SCRA') to Shri Pendse, Mrs. Pendse, NPPL, APIPL and Dr. Anjali Beke. SEBI issued two separate show cause notices both dated October 05, 2005 to IECIL and SSPL communicating the alleged violations of the PFUTP Regulations by them. These show cause notices were issued requiring the noticees to show cause as to why appropriate directions should not be issued against them for the alleged violations.
7. Dr. Anjali Beke replied to the show cause notice dated April 07, 2003 vide letter dated June 23, 2003 denying the alleged violations or contraventions of any of the provisions of the Insider Regulations, SCRA and PFUTP Regulations.
8. As regards the violations under Insider Regulations, Dr. Anjali Beke submitted that, to be an "*insider*" as defined under the Insider Regulations, one should be either a director or occupy position as an officer or the employee of TFL, which is not the case with her. Hence

she cannot be called as the “*insider*” within the meaning of the Insider Regulations.

9. Dr. Anjali Beke, placing reliance on the documents brought on record, further submitted that it cannot be presumed that she received unpublished price sensitive information and acted upon the same, merely due to the fact that she had known Shri Pendse for past 10 years. She stated that Shri Pendse traded in shares of TFL in her name, managed finances himself and also took care of the investments made in her name.
10. Dr. Anjali Beke, being the Director of APIPL, vide letter dated July 01, 2003 filed a reply on behalf of APIPL also wherein she submitted that, she knew nothing about the transactions. She further submitted that Shri Pendse was doing all those transactions in the name of the Company and she in good faith signed all the cheques and papers whenever called upon to do so.
11. IECIL vide letter dated October 20, 2005 replied to the show cause notice dated October 05, 2005 denying the alleged violation or contravention of Regulation 6(d) of the PFUTP Regulations. It is further submitted that they being the victim and the ultimate subsidiary of the complainant i.e., TFL, any action against them may not be pursued.
12. No reply was received from other noticees namely Shri Pendse, Mrs. Anuradha Pendse, NPPL and SSPL.

13. Vide letter dated January 20, 2005, an opportunity of personal hearing was given to Shri Pendse, Mrs. Pendse, NPPL, APIPL and Dr. Anjali Beke on February 04, 2005. On the said date, Dr. Anjali Beke alone attended the hearing and reiterated her earlier submissions. Subsequent to this, she submitted her post-hearing written submissions for herself and on behalf of APIPL separately vide letters dated February 17, 2005.
14. Vide letter dated August 23, 2007 an opportunity of personal hearing was given to IECIL and the other noticees. Representatives of IECIL appeared on September 11, 2007 and reiterated their earlier submissions. Vide letter dated October 09, 2007 an opportunity of personal hearing was given to SSPL. Representatives of SSPL attended the personal hearing on October 19, 2007. IECIL submitted their post-hearing written submissions vide letter dated December 20, 2007, wherein they contended that, there can be no case for action against the noticee since it would only amount to victimizing the victim, as they have been defrauded by Shri Pendse and his associates against whom the complaint has been made by TFL. They further contended that the direct beneficiary of the fraud suffered by them was Shri Pendse and his associates, against whom strict action is warranted.
15. Opportunity of personal hearing was given to the other noticees on number of occasions, but they failed to avail the same. Vide letter dated October 31, 2007 a last opportunity was given on November 16, 2007, which was also not availed by them. In these circumstances, I am inclined to take a view that the remaining noticees do not wish to avail

the opportunity given and therefore proceed in the matter ex-parte, on the basis of the available records.

16. I have carefully examined the investigation report, show cause notices, replies of Dr. Anjali Beke, APIPL and IECIL and submissions made at the time of hearing as well as their post-hearing written submissions.
17. With regard to APIPL, I note that the Hon'ble Bombay High Court vide order dated April 21, 2005 has appointed a Provisional Liquidator with respect to this company. Though SSPL appeared for personal hearing on October 19, 2007, they informed that they have submitted Application to SEBI for settlement of the case in terms of SEBI Circular No- EFD/Cir-1/2007 dated April 20, 2007. In view of the same, I am not passing any direction against APIPL and SSPL at this stage. However, it would remain open to SEBI to pass appropriate direction/order against them in accordance with law as and when necessary/appropriate.
18. Now I shall deal with the charges alleged and record my findings thereon as under:
19. The moot question that arises for consideration in this matter is as to whether the noticees in show cause notices dated April 07, 2003 were "*insider*" within the meaning of Insider Regulations and also as to whether they sold the alleged shares on the basis of the "*unpublished price sensitive information*" in terms of Regulation 2(k) of the Insider Regulations.

20. The term “insider” is defined under Regulation 2(e) of the Insider Regulations. It reads as under- *“‘insider’ means any person who, is or was connected with the company or is deemed to have connected with the company, and who is reasonably expected to have access, by virtue of such connection, to unpublished price sensitive information in respect of securities of the company, or who has received or has received or has had access to such unpublished price sensitive information.”*

21. Thus for being an “insider”, a person needs to be either “connected” or “deemed to be connected” and by virtue of such connection is reasonably expected to have access to unpublished price sensitive information or should have access to unpublished price sensitive information or should have received the unpublished price sensitive information.

22. The term “connected” has been defined in Regulation 2 (c) of the Insider Trading Regulations. Regulation 2 (c) reads as under:-

“connected person’ means any person who –

(i) is a director, as defined in clause (13) of section 2 of the Companies Act, 1956 (1 of 1956), of a company, or is deemed to be a director of that company by virtue of sub-clause (10) of section 307 of that Act; or

(ii) occupies the position as an officer or an employee of the company or holds a position involving a professional or business relationship between himself and the company and who may reasonably be expected to have access to unpublished price sensitive information in relation to that company. “

Shri Dilip Pendse:

23. Shri Pendse was the Managing Director of TFL and was also a Director of Niskalp and as such was in a position to know about the financial position of TFL and Niskalp during the impugned period. Shri Pendse being in a key position had reasonable access and knowledge of the affairs of TFL and its subsidiaries as regards both published and unpublished information. I note from the record that a copy of NAV statement of Niskalp which was prepared on daily basis, was circulated to various key officials of the Tata Group including Shri Pendse. In other words, Shri Pendse had access to price sensitive information i.e., financial position of TFL, its subsidiaries/subsidiary of the subsidiary.

24. In addition to this, I note that during the course of investigation in his statement Shri Pendse had admitted that he was aware of the likely financial position, profitability and other such matters which would have affected the share prices of TFL.

25. Therefore, it can safely be concluded that Shri Pendse was an insider at the appropriate time by virtue of his position as he had access to unpublished price sensitive information and he acted upon the same.

Anuradha D Pendse:

26. A "*connected person*" is a person who owes the company a fiduciary duty not to misappropriate or to divert unpublished price sensitive information for the purpose of making secret profits or personal gains. Regulation 2(h) of the Insider Regulations is a deeming provision by which the said duty is extended to the class of persons mentioned

therein. I also observe that, the other noticees by virtue of their relation with Shri Pendse fall within the class of persons enumerated under Regulation 2(h) who shall for the purpose of the Regulation be regarded as “*deemed to be connected persons*”. Regulation 2(h) reads as under-

(h) “*person is deemed to be a connected person*” if such person-

(i) *is a company under the same management or group or any subsidiary company thereof within the meaning of section (1B) of section 370, or sub-section (11) of section 372, of the Companies Act, 1956 (1 of 1956) or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) as the case may be;*

or(ii) *is an official or a member of a stock exchange or of a clearing house of that stock exchange, or a dealer in securities within the meaning of clause (c) of section 2, and section 17 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) respectively or any employee of such member or dealer of a stock- exchange;*

(iii)*is a merchant banker, share transfer agent, registrar to an issue, debenture trustee, broker, portfolio manager, Investment Advisor, sub- broker, Investment Company or an employee thereof, or, is a member of the Board of Trustees of a mutual fund or a member of the Board of Directors of the Asset Management Company of a mutual fund or is an*

employee thereof who have a fiduciary relationship with the company;

(iv) is a member of the Board of Directors, or an employee, of a public financial institution as defined in Section 4A of the Companies Act, 1956;

or (v) is an official or an employee of a self Regulatory Organisation recognised or authorised by the Board of a regulatory body;

or (vi) is a relative of any of the aforementioned persons;

(vii) is a banker of the company."

27. Regulation 2(i) defines the term "relative" as follows-

"2(i) "relative" means a person, as defined in section 6 of the Companies Act, 1956 (1 of the 1956);"

28. Section 6 of the Companies Act, 1956 defines the term "relative" as under-

"Section 6. Meaning of "relative".- A person shall be deemed to be a relative of another if, and only if, -

(a) they are members of a Hindu undivided family; or

(b) they are husband and wife; or

(c) the one is related to the other in the manner indicated in Schedule IA.”

29. Mrs. Anuradha Pendse being the wife of Shri Pendse clearly falls within the definition of the term “*relative*” as defined under Section 6 of the Companies Act, 1956.

NPPL:

30. NPPL was a company controlled by Mrs Pendse and father of Shri Pendse and therefore it can also be termed as “*insider*” as defined under the Insider Regulations.

Dr. Anjali Beke:

31. As regards Dr. Anjali Beke, it is an admitted fact that she was a close friend and associate of Shri Pendse for several years. She was also the Director of APIPL. In this regard, I would also like to quote and rely upon the observation of Hon’ble SAT in **Dr. Anjali Beke v Adjudicating Officer, SEBI**¹ wherein it was held that, “*when a person has received unpublished price sensitive information or who has had access to such information, he becomes as insider. He need not be a person connected with the company. It is an admitted fact that Dr. Anjali Beke was well known to Shri Pendse for more than ten years and it is her own case that he carried on business in her name. Their closeness cannot, therefore, be in doubt. It is because of this closeness that he passed on the unpublished price sensitive information to her on the basis of which she traded in the shares of TFL. She is, therefore, an insider.*”

¹ Appeal No. 148 of 2005. (Date of Decision: October 26, 2005).

32. Therefore Mrs Anuradha Pendse, Dr. Anjali Beke and NPPL fall within the class of persons enumerated under Regulation 2(h) of the Insider Regulations by virtue of their relation with Shri Pendse, and thus are deemed to be connected persons.

33. Since information relating to the financial results of a company was likely to influence the price of the scrip, it can safely be termed as “*price sensitive information*”. In this regard, it is pertinent to analyse the definition of the term “*unpublished price sensitive information*”. This term has been defined under Regulation 2(k) of Insider Regulations which reads as under-

“any information which relates to the following matters or is of concern, directly or indirectly, to a company, and is not generally known or published by such company for general information, but which if published or known, is likely to materially affect the price of securities of that company in the market –

- a) financial results (both half-yearly and annual) of the company*
- b) intended declaration of dividends (both interim/final)*
- c) issue of shares by way of public, rights, bonus etc,;*
- d) any major expansion plans or execution of new projects;*
- e) amalgamations, mergers and takeovers;*
- f) disposal of the or substantially the whole of the undertaking;*
- g) such other information as may affect the earning of the company;*

h) any changes in policies, plans or operations of the company."

34. It is noted from above that '*financial results*' of a company, has specifically been categorized as "*price sensitive information*". This information was available with Shri Pendse by virtue of his being the MD of TFL and a Director and member of investment committee of Niskalp. I also note that, he was specifically aware of the estimated financial results of TFL for the quarter ending March 2001 which were discussed with him by the Finance Department of TFL in the second week of March 2001. Apart from this information, admittedly he was aware of the estimated erosion in value of investment portfolio of Niskalp and its subsidiaries. He was also getting copy of the NAV statement of Niskalp which was prepared daily and circulated to him.
35. I note that the information about erosion in the value of investment portfolio of Niskalp for the quarter ending March 2001/year ending 2000-2001, was made known to the public only through the offer documents for rights issue vide letter dated April 30, 2001. This means that it was 'unpublished' when persons associated with Shri Pendse sold 2,90,000 shares of TFL in March, 2001. Any information which is of concern, directly or indirectly, to a company, which is not generally known or published by such company for general information but which after publishing is likely to materially affect the price of its securities in the market is considered as unpublished price sensitive information.

36. As regards the relationship between Shri Pendse and his associates, the noticees herein, and the charge that Shri Pendse used these associates as his fronts for transferring/selling his own money/shares on the basis of the unpublished price sensitive information, it is pertinent to mention that APIPL was maintaining two accounts with Canara Bank, B.S. Marg Branch and Citibank and that Shri Pendse had introduced them to the banks. Further, it was also stated by Dr. Anjali Beke that one Mona Ludhwani, who was the accountant of APIPL was also the accountant of NPPL and that she worked in Shri Pendse's office at Churchgate. It is further found that APIPL was introduced to the brokers JSBPL and MSSPL by Shri Pendse and that NPPL had given amounts to the extent of Rs.2.85 crores to APIPL during the period April 2000 to June 2001 as Inter Corporate Deposits (ICDs). It was also noted that Shri Pendse was a Director of M/s Khudagawah Investments Pvt. Ltd. (hereinafter referred to as 'KGIPL') and that the said company had given amounts to the extent of Rs.75 lakhs to APIPL as ICDs.

37. I note that during the course of investigations, analysis of bank statements were made, which revealed that, on several occasions payments were made by Shri Pendse's family concerns i.e., NPPL, KGIPL or Shri Pendse to APIPL, which were further remitted by APIPL to the brokers JSBPL, MSSPL and TFSL. Likewise, there were instances where it was seen that, payments received by APIPL from brokers were remitted by his family concerns namely, NPPL, KGIPL or to Shri Pendse. Instances of payments seen during the course of investigations are produced in the table given below:

Date	Recd. From	Amt. (in lacs)		Amt. (in lacs)	Given to
6.4.00	KGIPL	5.00	APIPL	5.00	TFSL
6.4.00	MG Tirodkar	100.00	APIPL	100.00	TFSL
10.4.00	NPPL	50.00	APIPL	50.00	MSSPL
11.04.00	Softech	50.00	APIPL	25.00	MSSPL
26.04.00	KGIPL	35.00	APIPL	20.00	APIPL
04.09.00	NPPL	10.00	APIPL	15.00	JSBPL
18.10.00	NPPL	25.00	APIPL	35.00	PSVPL
18.10.00	KGIPL	5.00	APIPL	5.00	PSVPL
18.10.00	-	-	APIPL	4.00	MSSPL
17.11.00	KGIPL	7.50	APIPL	13.00	MSSPL
4.4.01	KGIPL	15.00	APIPL	13.56	MSSPL
12.4.01	NPPL	140.00	APIPL	100.00	TFSL
26.4.01	MSSPL	5.00	APIPL	5.00	ADP
29.5.01	JSBPL	37.48	APIPL	20.00	KGIPL
29.5.01	-	-	APIPL	15.00	D.S.Pendse
28.6.01	-	-	-	16.45	NPPL

MSSPL- Malini Sanghvi Securities Pvt. Ltd

NPPL- Nalini Properties Pvt. Ltd.

JSBPL- Jhunjhunwala Stock Brokers Pvt. Ltd.

TFSL- Tata Finance Securities Ltd.

ADP- Auradha Pendse

APIPL- Anjudi Properties & Investment Pvt. Ltd.

Softech- Softech Exports (I) Ltd.

PSVPL- Pratik Stock Vision Pvt. Ltd.

KGIPL- Khudagawah Investments Pvt. Ltd.

38. From the above table, it can be seen that on several occasions, the money received from NPPL, KGIPL and Mrs. Anuradha Pendse were paid to APPL, KGIPL or Mrs. Anuradha Pendse. These transactions were shown by APIPL as ICDs/Loans given/received from NPPL and KGIPL. It was seen that the capital of APIPL was merely Rs.20,000/- and it has been stated by Dr. Anjali Beke, director of APIPL that, the sources of funds of the company were ICDs/Loans taken. Further, the company was only in the business of purchase and sale of shares. In view of this, it can be seen that funds for these transactions of APIPL were provided by Shri Pendse through Companies/entities associated with him.

39. I also note that the said 2,90,000 shares of TFL sold by the associates were purchased by entities which were acting under directions of Shri Pendse. These shares were sold by the associates of Shri Pendse during March 28-31, 2001 when the market price was around Rs.39/- to Rs.43/- per share. However, as already recorded, the contract notes for the same were antedated as that of September 11 and 13, 2000 and the deals were shown to have taken place @ Rs.90/- per share. It is noted that the the sale by the associates of Shri Pendse was made to JSBPL and MSSPL, the brokers and the contract notes in Form B were issued showing brokers as purchasers on principal basis. Later, these very shares were sold by the brokers to IECIL and SSPL. IECIL purchased

2,15,000 shares while SSPL purchased 75,000 shares. Out of 2,90,000 shares sold, I find that by entering into these transactions, Shri Pendse wanted to hide the fact that shares were sold in March 2001 by his relatives/associates/their companies based on information about impending losses of TFL. From the facts and circumstances of the case I am inclined to agree with the charges alleged in the show cause notices that JSBPL and MSSPL who were the main brokers of Tata Group for antedated the sale by issuing back dated contracts in Form B at the behest of Shri Pendse.

40. Reliance in this regard could be placed on the case of **Diamond v Oremuno**,² wherein the facts are quite similar to those in the present case. The court observed that, the directors by taking advantage of their position and access to inside information made improper gains. In the present matter also relatives/ friends of the Shri Pendse sold the shares on the basis of unpublished price sensitive information about estimated loss, erosion in value of investment portfolio of TFL and its subsidiaries, thereby resulting in violation of Regulation 3 of the Insider Regulations which prohibits communication of unpublished price sensitive information by an insider. Regulation 3 of the Insider Regulations reads as under-

“3. Prohibition on dealing, communication or counseling on matters relating to insider trading -

No insider shall -

² (1969) 248 N E 2d 910 (N.Y.C.A.)

- i. either on his own behalf, or on behalf of any other person, deal in securities of a company listed on any stock exchange on the basis of any unpublished price sensitive information;*
- ii. or (ii) communicate any unpublished price sensitive information to any person, with or without his request for such information, except as required in the ordinary course of business or under any law;*
- iii. or (iii) counsel or procure any other person to deal in securities of any company on the basis of unpublished price sensitive information."*

41. From the above analysis, I hold that Shri Pendse privileged by this unpublished price sensitive information ensured that shares held by his associates including Mrs. Anuradha Pendse, NPPL, APIPL and Dr. Beke were sold before the unpublished price sensitive information became public in violation of the Insider Regulations.

42. I observe that Mrs. Anuradha Pendse, NPPL, APIPL and Dr. Anjali Beke sold 2,90,000 shares of TFL to brokers JSBPL and MSSPL in off-market deals in March 2001, for which Contract Notes were issued by JSBPL and MSSPL in Form-B dated September 11 and 13, 2000. I note that neither deliveries nor payments were made by the parties in the said transactions during this period as contested by the noticees. Subsequently, JSBPL and MSSPL sold these shares to IECIL and SSPL, by issuing antedated Contract Notes in Form-B on September 11 & 13,

2000. Again neither deliveries nor payments were made by the parties in the said transactions during this period. I note that the deliveries of these shares were actually made by the sellers during March 28 to 31, 2001 and the buyers of these shares i.e., brokers JSBPL and MSSPL gave deliveries to IECIL and SSPL on March 30 & 31, 2001. It is further noted that payments for these purchases were made only on March 30 & 31, 2001.

43. The falsification of records as proved above was in violation of the provisions of Regulation 6(d) of PFUTP Regulations, which reads as under-

"6. Prohibition on unfair trade practice relating to securities.-

No person shall -(a)

(b)

(c)

(d)indulge in falsification of the books, accounts and records (whether maintained manually or in computer or in any other form);

(e)"

44. As regards the claim of IECIL to have suffered loss due to such purchase of shares and therefore no action could be taken against them, I am of the view that the alleged transactions in which they were a party, by their very nature were in violation of law. However, in the facts and circumstances of this case, I am inclined to agree with IECIL that Shri Pendse misused his position in Tata Group in forcing IECIL to

become party to the alleged transactions and to that extent I am inclined to take a lenient view with regard to IECIL.

45. From the foregoing, I am of the view that in the present case, the dealing for 2,90,000 shares of TFL was in violation of Regulation 4 of the Insider Regulations. Thus, Shri Pendse, Mrs Anuradha Pendse, Dr. Anjali Beke, NPPL and its directors violated Regulation 3 of Insider Regulations. In addition to this, the violation of the provisions of Regulation 6(d) of the PFUTP Regulations, 1995 read with corresponding provisions of the PFUTP Regulations, 2003 has clearly been established against all the noticees.

46. Therefore, taking into consideration all the facts, circumstances and other materials available on record, in exercise of the powers conferred upon me under Section 11 and 11B of SEBI Act, 1992 read with corresponding provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations and the SEBI (Insider Trading) Regulations, 1992, I hereby, restrain Shri D.S. Pendse (PAN No: AALPP9719M), Mrs Anuradha Pendse (PAN No: AAIPP2794G), M/s Nalini Properties Pvt. Ltd. (PAN No: AAACN9514F), Dr. Anjali Beke (PAN No: AABPB0701C) from accessing the securities market and also prohibit them from buying, selling or otherwise dealing or associating with the securities market in any manner whatsoever, for a period of five years.

47. I note that vide order dated December 28, 2007 Shri D.S. Pendse and NPPL have already been restrained from accessing the securities market for a period of two years and as such they are undergoing the debarment with effect from December 28, 2007. It is therefore clarified that the period of restraint under this order shall be computed from December 28, 2007.

48. As regards M/s Indian Emerging Company Investment Ltd. (PAN No: AAACI1395P), in view of the special facts and circumstances of the case, as recorded supra, I hereby warn M/s Indian Emerging Company Investment Ltd. to be careful and not indulge in transactions which may be in violation of law, in future.

49. This order shall come into effect immediately.

Place: Mumbai

V.K. CHOPRA

Date: January 11, 2008

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA