

CO/ID2/209/2009

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

ON THE APPLICATIONS SUBMITTED BY
TARAI FOODS LIMITED AND SHRI G.S. SANDHU

IN THE MATTER OF
TARAI FOODS LIMITED

(CONSENT APPLICATION NOS. 825, 828 AND 829 OF 2008)

1. SEBI had conducted investigation into the alleged irregularities in the trading in the shares of Tarai Foods Limited (hereinafter referred to as TFL) during August 12, 2005 to September 15, 2005. The investigation *prima facie* revealed that Tarai Foods Limited had planted misleading news to induce transactions in the shares of TFL and Shri G. S. Sandhu, Managing Director had traded in the shares while in possession of unpublished price sensitive information.
2. Pursuant to the investigation, SEBI initiated the following enforcement proceedings:
 - (a) adjudication proceedings under the SEBI Act, 1992 against Tarai Foods Limited for the violation of Regulation 4(2) (r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, and
 - (b) proceedings under section 11B and adjudication proceedings under the SEBI Act, 1992 against Shri G. S. Sandhu for violation of Regulation 3(d) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, Regulations 3(i) and 4 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and section 12A (d) and (e) of the SEBI Act, 1992.
3. While proceedings in the matter were in progress, the applicants (Tarai Foods Limited and Shri G. S. Sandhu) submitted separate applications along with affidavits of “undertakings and waivers” for settlement of the proceedings in terms of SEBI Circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. The details of their applications are as under:

Sl. No.	Consent Application No. and Applicant	Date of Consent Application	References of the Show Cause Notices	Nature of Proceedings
1.	825 of 2008 Tarai Foods Limited (PAN AAAC0705A)	July 7, 2008	EAD/DSR/ADJ/EIF- /127682/2008 dated June 4, 2008	Adjudication Proceedings
2.	828 of 2008 Shri G. S. Sandhu (PAN AAAPS1505Q)	July 7, 2008	EAD/DSR/ADJ/EIF- /127683/2008 dated June 4, 2008	Adjudication Proceedings
3.	829 of 2008 Shri G. S. Sandhu (PAN AAAPS1505Q)	July 7, 2008	IVD/ID2/TFL/PKB/BS/12 6961/2008 dated May 29, 2008	11B Proceedings

4. Thereafter, the applicants jointly offered revised consent terms for the abovesaid three applications vide letter dated December 15, 2008. The High Powered Advisory Committee constituted by SEBI considered the consent terms proposed by the applicants and recommended that the matter may be settled if the applicants are agreeable to pay Rs.5,12,000/- towards settlement charges and Rs.25,000/- towards administrative charges and to suffer voluntary debarment from buying, selling or dealing in the securities market, whether directly or indirectly, for a period of six months. SEBI accepted the said recommendations and communicated the same to the applicants vide letter dated March 20, 2009.
5. Accordingly, the applicants, without admitting or denying the charges, have remitted Rs.5,12,000/- towards settlement charges and Rs.25,000/- towards administrative charges vide demand draft No.028675 dated March 26, 2009 drawn on Axis Bank Ltd., Mumbai payable at Mumbai. They have also undertaken to suffer voluntary debarment from buying, selling or dealing in the securities market, whether directly or indirectly, for a period of six months.
6. In view of the above, it is hereby ordered that this consent order disposes of the proceedings listed in para 3 above against the applicants. It is also ordered that the applicants shall not buy, sell or deal in securities, in any manner whatsoever, directly or indirectly, for a period of six months from 27th April, 2009.
7. This order is without prejudice to the right of SEBI to initiate enforcement actions, including commencing or reopening of the proceedings pending against applicants, if:
 - a. any representation made by the applicants in these consent proceedings is subsequently discovered to be untrue; or
 - b. the applicants breach any of the consent terms or undertakings filed in these consent proceedings.
8. A copy of this order shall be served on all recognized stock exchanges and depositories to ensure that the applicants, namely, Tarai Foods Limited (PAN AAAC0705A) and Shri G. S. Sandhu (PAN AAAPS1505Q) do not buy, sell or deal in securities in any manner whatsoever, directly or indirectly, for a period of six months from 27th April, 2009.
9. This consent order is passed on this day, the 24th April, 2009 and shall come into force from 27th April, 2009.

M. S. SAHOO
WHOLE TIME MEMBER

K. M. ABRAHAM
WHOLE TIME MEMBER