

SECURITIES AND EXCHANGE BOARD OF INDIA

DIRECTIONS UNDER SECTION 11 B OF THE SEBI ACT 1992 READ WITH REGULATIONS 65 & 73 OF SEBI (COLLECTIVE INVESTMENT SCHEMES) REGULATIONS, 1999 ISSUED AGAINST**M/S. VGP AGRO FARMS LTD.**

You had filed information/details with SEBI regarding your Collective Investment Schemes pursuant to SEBI Press Release dated November 26, 1997, and/or public notice dated December 18, 1997 and/or our letter.

Subsequent to the notification of SEBI (Collective Investment Schemes) Regulations, 1999 (hereinafter referred to as the Regulations) dated October 15, 1999, you had applied for registration under the provisions of the Regulations. Based on your application and other details available on record, and because of your request for withdrawal of your application for grant of registration vide your letter dated January 10, 2002, your application was rejected by SEBI. While intimating you of the grounds of rejection of your application, it was also intimated to you that as your application has been rejected, as an existing Collective Investment Scheme, you were required to wind up your existing scheme(s) and make repayments to the investors in terms of Regulation 73 of the Regulations.

Accordingly, you were required to send an information memorandum to the investors, who had subscribed to your scheme(s), within two months from the date of receipt of the intimation from SEBI. Further, on completion of the winding up and repayment to the investors in terms of Regulation 73, you were required to file a "Winding Up and Repayment Report" in the format prescribed by SEBI so as to reach SEBI within 3 & ½ months of the date of the information memorandum.

However, you have failed to comply with the aforesaid requirements and therefore, you have prima facie violated the provisions of section 12(1B) of SEBI Act, 1992 and the provisions of Regulation 73 of the Regulations.

Now, therefore, in exercise of the power conferred upon me under section 11B of the SEBI Act, 1992, in terms of Regulation 65 of the Regulations, I hereby direct you to refund the money collected under the scheme(s) with returns which is due to the investors as per the terms of the offer within a period of one month from the date of this Order failing which the following actions would follow :

1. Initiation of prosecution under section 24 of SEBI Act, 1992 which prescribes imprisonment for a term which may extend to one year, or with fine, or with both against you /your promoters /your directors /your managers/ persons in charge of the business of your scheme(s).
2. You/your promoters/your directors/your managers/persons in charge of the business of your scheme would be debarred from operating in the capital market for a period of 5 years.
3. Writing to the state governments /local police to register civil/criminal cases against you for apparent offences of fraud, cheating, criminal breach of trust and mis-appropriation of public funds.
4. Writing to the Department of company affairs to initiate the process of winding up of your company.

Place : Mumbai
Date: August 31st , 2002

G.N. Bajpai
Chairman
Securities and Exchange Board of India