

SECURITIES AND EXCHANGE BOARD OF INDIA

WTM/GA/ 17 /ISD/9/05

ORDER IN THE MATTER OF PRIME PROPERTY DEVELOPMENT CORPORATION LTD. U/S 11(4) AND 11 B OF THE SEBI ACT

1. Background

- 1.1 Sudden spurt in price and trading volume of certain companies in a short period of time often referred to as “mid cap” or “small cap” companies have been engaging the attention of SEBI and the stock exchanges for some time. It has also been noticed that several such companies have been making a flurry of seemingly favourable price announcements detailing proposed corporate developments, status of business, projects and status thereof. It was also noticed that several such announcements are not mandated under law. It has further been noticed that curiously the promoter shareholding in several companies has decreased in the backdrop of such announcements indicating that promoters have taken advantage of price rise and benefited from it. Trading in such companies has been under the surveillance of SEBI and the stock exchanges to determine whether the trading volumes and price rise have been the result of unfair trade practices or market manipulation.
- 1.2 One such company whose shares have shown a significant increase in prices as well as trading volumes in a short period of time is Prime Property Development Corporation Ltd. (the company). The shares of the company were listed on the BSE in July 1995. The trading history of the shares of the company showed that shares of the scrip were thinly traded. During the period January to December 2004, trading took place only on 136 days with a number of trades in range of minimum one to maximum number of trade 68. The share price moved in a range of Rs 13 to Rs.29 while correspondingly, the volumes were in the range of two shares to 22900 shares per day.
- 1.3 For the period, January to June 2005, a largely similar trading pattern was observed; which was sporadically broken by isolated and infrequent trades at levels of Rs 25 to 35. High volumes were also observed on these infrequent trading days. The share price thereafter moved by quantum jumps from range of Rs. 30 in June 2005 to levels of Rs. 310 in September 2005. This phenomenal jump of around 900 % was seen over a small period of only around 60 trading days. The applicable circuit filter in the scrip was 10%, which was revised to 5% on 8th July 2005. The scrip had hit the upper circuit filter limit on almost all days in July / August 2005. The scrip was transferred to T group w.e.f. 15/7/05. A sharp rise in volumes traded was also noticed during this period. The volume traded in the scrip was 500 shares as on June 20, 2005 and touched an incredible high of 3,89,866 shares on August 03, 2005. Thereafter, the average volume traded continued to be in the range of more than 1,00,000 shares per day. During this time, the company also issued a flurry of announcements. The company has announced “completion of prestigious projects” in July 2005 and then in August 2005. Further, it

issued announcements of several expected changes in company equity structure and business operations. It is pertinent to note that the share price which had reached levels of Rs. 53 in the first week of July 2005 subsequently sharply burgeoned to levels of Rs 300 in the background of several announcements detailing proposed business plans and completion of projects as well as changes in the equity structure. It was further observed that promoters & directors had undertaken transactions in the shares of the company during the period June to September 2005. In view of the price movement, circuit filters have also been imposed by the stock exchanges on the trading in the scrip. With effect from March 1, 2005, the circuit filter was reduced from 20% to 10% and thereafter, as recently as July 8, 2005, the circuit filter was reduced from 10% to 5%.

- 1.4 The circumstances as elucidated above namely - meteoric increases in price and trading volumes of the shares, the flurry of market friendly announcements issued by the company and transactions by the promoters and directors of the company during this period warranted an immediate investigation by SEBI. While the investigation is still in progress, the preliminary findings are given in the following paragraphs.

2. Preliminary Findings

The company – business, board of directors, shareholding pattern

- 2.1 The Company was incorporated on 23rd December 1992 as Akhil Holdings Pvt. Ltd. As per the information available with the exchange, the company was engaged in fund based as well as non fund based financial services like Investment Banking, NRI Investment counselling, Bill Discounting / Inter Corporate Deposits. The name of the company was subsequently changed to Shrenik Securities Ltd in 1996. Thereafter, in June 2000, an open offer was made by Padamshi. L. Soni, Manish Soni and Vishal Soni to acquire upto 10,03,700 equity shares at a price of Rs. 4/- per share for fully paid up shares and acquired the company. The company had reportedly diversified their business activities in the field of computer software and allied activities pertaining to Information Technology, and the name of the company was changed to Soni Softech Ltd in September 2000. Thereafter, once again, as the company has reportedly expanded in the business of builders and contractors to acquire and develop landed property, the company has subsequently changed its name to its present name – Prime Property Development Corporation Ltd. vide certificate of incorporation dated 16th November 2001. As per information available from the capital line database, the Chairman of the company is Mr Padamshi L Soni. Mr Manish P Soni and Vishal P Soni are the Executive Directors. The other directors on the Board of directors of the company are Prakash D Shah, Siraj M Somji, Nitin R Kilawala and Viren C Mikshita. The shareholding pattern of the company (more than 1% shareholding) is tabulated below

Table 1: Shareholding pattern

Category	March 2005		June 2005	
	No. of Shares	(%)	No. of Shares	(%)

Category	March 2005		June 2005	
	No. of Shares	(%)	No. of Shares	(%)
Promoters Holding				
Indian Promoters	5462277	54.62	5495032	54.95
- Padamshi L. Soni	4348566	43.49	4381321	43.81
- Prabhavati P. Soni	813711	8.14	813711	8.14
- Manish P. Soni	100000	1.00	100000	1.00
- Vishal P. Soni	100000	1.00	100000	1.00
- Dimple M. Soni	100000	1.00	100000	1.00
Non-Promoters Holding - Institutional Investors, Mutual Funds and UTI Banks, Financial Institutions, Insurance Companies, FII	-	-	-	-
	-	-	-	-
Private Corporate Bodies	1564358	15.64	1487853	14.88
- Minal Finances Pvt. Ltd.	959372	9.59	850000	8.50
- Midas Jewels Pvt. Ltd.	422797	4.23	499999	5.00
Indian Public	2931432	29.31	2982010	29.82
- Siraj M. Somji	250000	2.50	250000	2.50
- Ramesh U. Ramchandani	276937	2.77	161291	1.61
- Rameshchand Devshi Dagha	168600	1.69	161200	1.61
- Manorama T.	200000	2.00	200000	2.00
- Shabbir M. Somji	100000	1.00	100000	1.00
- Alis Lokhandwala	100000	1.00	100000	1.00
- Dilshad S. S.	100000	1.00	100000	1.00
- Shainaz S. S.	100000	1.00	100000	1.00
- M. A. Somji	180000	1.80	180000	1.80
- Vrajraj S Morarjee	-	-	356298	3.56
NRIs / OCBs	39915	0.40	31665	0.32
Any Other – Clearing Member	2018	0.02	3440	0.03
TOTAL	1,00,00,000	100.00	1,00,00,000	100.00

2.2 It is seen from the above that the promoter shareholding increased from 54.62% to 54.95% from the period March 2005 to June 2005. Examination of disclosures made to the stock exchanges by the company (in terms of regulations 7 of SEBI (Substantial acquisition of shares and Takeovers) Regulations) brings out that Shri. Padamshi L. Soni has acquired 27668 (0.29%) equity shares of the company by Market Purchase from 20th June, 2005 to 30th June, 2005. After this acquisition, his shareholding in the Company stood increased to 43,76,421 (43.86%) shares. It was brought out that these purchases were made in the background of favourable corporate results announced by the company for the quarter ended June 2005.

Financial Performance: The financial results of the company are tabulated as under

Table 2: *Financial performance*

Rs. lakhs

Sr. No.	Particulars	June 2005 QUA	June 2004 QUA	Mar 2005 QUA	Mar 2004 QUA	March 2005 (Ann. Audited)	March 2004 (Ann. Audited)
1.	Sales	850.00	250.00	827.00	352.00	1627.00	1524.76
2.	Other Income	36.29	9.03	28.74	0.00	101.73	5.04
3.	Total Income	886.09	259.03	855.74	352.00	1728.73	1529.80
4.	PAT	201.23	10.12	102.83	26.07	140.27	95.20
5.	Equity	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00
6.	EPS (Rs.) (Annualized)	8.04	0.40	4.12	1.04	5.6	3.8

2.3 The above tabulation brings to the fore several material findings as under:

1. The results of the company for the quarter ended June 2005 showed that the profit for the quarter ended June 2005 (Rs. 201.23 lakhs) is more than the profit for the entire year 2005 (Rs. 140 lakhs) as well as for the year 2004. (Rs. 95.2 lakhs)
2. It was observed that the profits of the company have increased from Rs. 10.12 lakhs during quarter ended June 2004 to Rs. 201.23 lakhs during quarter ended June 2005, a rise of 1888%.(over the same quarter the previous quarter)
3. Sales have increased from Rs. 250.00 lakhs during June 2004 to Rs. 850.00 lakhs during June 2005, a rise of 240% and the total income has increased from Rs. 259.03 lakhs during June 2004 to Rs. 886.09 lakhs during June 2005, i.e. by 242%.

2.4 It is also important to point out here that the auditor of the company is M/s Vora & Associates, Chartered Accountants and it has been brought out elsewhere in this order that entities related to auditor as well as to the promoters /directors have transacted in the shares of the company during this period. Details in this connection are discussed in subsequent pages. Further, on these results the company had for the first time declared a dividend of 10% for the year 2004-05 as well as an interim dividend of 20% for the year 2005-06.

Public Announcements

2.5 It is significant to note that as a part of the Notes to June 2005 quarter results, it has been indicated that “the company is planning to construct mini shopping mall in a Prime location near to railway station in western suburb of Mumbai, which will command high returns due to locational advantage”. This is one more instance of price favourable and investor inducing statements made by the company during this period without any apparent reasons or supporting details. Around this time, the company has announced many operational/business developments and simultaneously it also announced the expected changes in equity structure. These announcements are detailed as under:

Date	Particulars
1/7/05	Prime Property Development Corporation Ltd has informed BSE that the Board of Directors of the Company at its meeting held on June 30, 2005, inter alia, has recommended a maiden Dividend of 10% amounting to Rs 100 lacs (excluding Dividend Tax) for the financial year ended March 31, 2005, subject to approval of members.
14/7/05	Prime Property Development Corporation Ltd has informed BSE that it has completed a prestigious project 'Prime Avenue' at Vile Parle (West) adjacent to Nanavati Hospital comprising of two buildings, one fully residential and the other residential -cum- commercial. The project is a landmark property in that area. The company has retained the two very spacious commercial units on the ground floor and first floor about 10,000 sq. ft. per floor and earns regular rental income. The company has already completed a highly prestigious commercial project 'Prime Plaza' on the S. V. Road - Santacruz. Another project at S. V. Road Santacruz, namely, 'Prime Centre' is nearing completion and the Ground and First floor showroom of about 7000 sq. ft. will also be retained by the Company for regular lease income and capital appreciation. The Company has other projects at Vile Parle and Juhu, and is constantly looking out for new projects at Prime locations. Its prestigious beach project near Juhu is indeed the most beautiful, spacious, expensive, property for the high net worth customers. It has acquired a prime property near station on western suburb and is planning to construct a mini shopping mall, which will command high returns due to locational advantage, which shall improve the bottom line.
16/8/05	Prime Property Development Corporation Ltd has informed BSE that a meeting of the Board of Directors of the Company will be held on August 23, 2005, inter alia, to consider the following business: 1. To approve the Directors Report of the Company and to decide the date of Annual General Meeting for the year ended March 2005. 2. To increase Authorised Share Capital of the Company and to split Equity Shares of the Company. 3. To increase the resources of the Company amounting to Rs 1500 million to Rs 2000 million by way of issue of further capital at premium with the consent of shareholders and subject to approval of appropriate authorities under section 81 (1) of the Companies Act, 1956. 4. To increase borrowing powers of the Board of Directors. 5. To review and recommend ceiling of remunerations payable to Executive Directors and commission payable to Independent Directors and Chairman. Proposal received for Development of properties in other cities.
17/8/05	Prime Property Development Corporation Ltd has informed BSE that the Board of Directors of the Company at its meeting to be held on August 23, 2005, inter alia, will also consider to propose interim dividend for the year 2005-06.
23/8/05	Prime Property Development Corporation Ltd has informed BSE that the Board of

Date	Particulars
	Directors of the Company at its meeting held on August 23, 2005, have adopted following business subject to approval of Shareholders and appropriate authority if any: 1. Interim Dividend of 20% (i.e. Rs 2/- per share) for year 2005-06. 2. Authorised Share Capital of the Company to be increased from Rs 100 million to Rs 200 million to facilitate further issue of Capital in future. 3. Considered, approved and recommended splitting of shares of Rs 10/- each, into 2 shares of Rs 5/- each, fully paid up. Accordingly, no. of shares will increase from 1,00,00,000 of Rs 10/- each to 2,00,00,000 of Rs 5/- each. 4. To augment resources of the Company, an amount not exceeding Rs 2000/- million by way of further public / rights / preferential issue of capital / GDR issue at premium subject to approval of shareholders under section 81 (1) of the Companies Act 1956 and other appropriate authorities. 5. Increasing Borrowing Powers of the Board of the Directors up to Rs 6000 million subject to approval of Shareholders. 6. Considered Business Plans and to diversify ventures to various other locations in Mumbai and other major cities.
25/8/05	Prime Property Development Corporation Ltd has informed BSE that the Register of Members & Share Transfer Books of the Company will remain closed from September 26, 2005 to September 30, 2005 (both days inclusive) for the purpose of payment of dividend and Annual General Meeting of the Company.
2/9/05	Prime Property Development Corporation Ltd has informed BSE that the Company has purchased a plot of land admeasuring about 4000 sq. yards at a prime location at Mumbai. The Company proposes to construct super luxurious residential apartments with all modern amenities. The expected realization from this project will be about Rs 500 million. The project will be completed in the year 2006-07. The Company is in advance stage of negotiating / finalizing a few more properties in prime localities of Mumbai.
12/9/05	Prime Property Development Corporation Ltd has informed BSE that the Company has purchased one more plot of land admeasuring about 3100 sq. yards at a prime location at Mumbai. The Company proposes to construct super luxurious commercial shopping mall. The expected realization from this project will be about Rs 600 millions. The project will be completed in the year 2006-07. The Company is in an advanced stage of negotiation and is finalizing a few more properties in prime localities of Mumbai.

2.6 It is noticed from the above the announcements fall in 2 categories – relating to business developments and those relating to change in equity structure. In connection with business developments, the announcements appear to be highly detailed with specific reference to returns and effect on the bottom line. The company is also repeating the common refrains of “purchasing plots in prime location” and “The Company is in an

advanced stage of negotiation and is finalizing a few more properties in prime localities of Mumbai”. This seems indicative of presenting a rosy picture of the state of affairs of the company. It has been also noted that during the period of investigation the price of the scrip had hit the upper circuit limit on all the days, which also include the days of announcements. These announcements are in the nature of presenting favourable corporate performance and likely to attract investor interest and in fact resulted in creating increasing demand for this scrip which led to an unusually sharp increase in price & volume.

Analysis of trading pattern in the shares of company

2.7 The analysis of trading pattern for the period July 1, 2005 to September 12, 2005 has been carried out. From the findings of investigation, the clients have been categorised into groups. Group I comprises trading clients related to the company, promoters & director (Siraj Somji). Group II comprises other clients related to each other. The broker wise transactions of these clients are as given below:

Table 3: Trading details of promoter/directors and related entities (Group I)

Name	Broker	Buy Qty	Sell Qty	Connection
Shabbir Somji	B. D. Shah Securities Ltd.(44)	-	265500	These clients have the same address A/201, Kanti Apts, Mount Merry Road, Bandra (W), Mumbai.
	Mansukhlal M. Upadhyay (424)	51000	15000	
Shabbir Shainaz	BHH Securities Pvt. Ltd. (51)	-	149550	Siraj Somji is a director of the company Prime Property Development Corporation Ltd. Also these entities have a common telephone numbers 26430436 & 26518080
Somji Mehandi Alibhai	BHH Securities Pvt. Ltd. (51)	-	25000	
	Mansukhlal M. Upadhyay (424)	17000	-	
	Mangal Keshav Securities Ltd. (491)	-	274800	
Siraj Somji	M/s. Harikishan Hiralal (267)	-	290400	
	Mansukhlal M. Upadhyay (424)	50950	-	
Dilshad S. Somji	Mansukhlal M. Upadhyay (424)	51000	-	
	Ajmera Associates Pvt. Ltd. (911)	2147	152147	
Shainaz M. Somji	Mansukhlal M. Upadhyay (424)	25050	-	
Minal Agencies Pvt. Ltd.	Manoj Javeri Stock Broking Pvt. Ltd. (421)	47100	4545	
	S. M. Shah (625)	-	25000	The entities Minal Finance Pvt. Ltd. and Midas Jewels Pvt. Ltd. have a common address and a

Name	Broker	Buy Qty	Sell Qty	Connection
Midas Jewels Pvt. Ltd.	Manoj Javeri Stock Broking Pvt. Ltd. (421)	-	285000	common director Rajesh B Vora. The telephone numbers 22005934 and 22063289 available from client registration forms of these clients are registered in the name of the auditors of the company, Vora & Associates. Madhusudan Securities Ltd., Minal Agencies Pvt. Ltd., Minal Finance Pvt. Ltd. were introduced by Mayur Vora – a partner in the firm Vora and Associated, the auditors of the company.
Minal Finance Pvt. Ltd. (Mayur Vora)	S. M. Shah (625)	69030	382048	
Madhusudhan Securities Ltd	S. M. Shah (625)	55000	50000	
	Total	368277	1918990	

2.8 It is observed that these entities sold as many as 19,18,990 shares on a gross basis and 1550713 shares on a net basis. This comprises around 15% of the paid up capital of the company. Further, these total purchases of these clients accounted for 4.29% of the total market volume and total sales accounted for 22.31% of the total market volume. Additionally, it was also noticed that a client Vrajraj Morarjee, dealing through the broker S. M. Shah is also found to be connected to the company as he was introduced by Shri Soni Padamshi L., the Chairman of the company. This client has bought 600 shares and sold 353950 shares.

2.9 The following common clients appeared to be connected / related to each other, have dealt in the scrip, during the period under investigation.

Table 4: Trading details of connected clients (Group II)

Client Name	Broker	Buy Qty	Sell Qty	Connection
Pratap Sanghvi	B. D. Shah Securities Ltd. (44)	99644	42450	Pratap Sanghvi, Sandeep Shah and Hitesh Vora have the same telephone number 25673553.
	BHH Securities Pvt. Ltd. (51)	49600	49600	
	Ajmera Associates Pvt. Ltd. (911)	225278	280525	
Hitesh Vora	B. D. Shah Securities Ltd.(44)	0	10000	The clients Chetan Mehta and Amit Pandya have the same address Also the clients Chetan Mehta and Hitesh Vora have the same telephone number 56334830
	BHH Securities Pvt. Ltd. (51)	8275	20000	
	M/s. Harikishan Hiralal (267)	614469	575688	
Manherlal Vora	Ventura Securities Ltd. (307)	59500	16500	

Client Name	Broker	Buy Qty	Sell Qty	Connection
	Ajmera Associates Pvt. Ltd. (911)	464236	441736	From the client registration form of Pratap Sanghvi and Jitendra Salot given by the broker B. D. Shah Securities Ltd.(44) it was observed that they were introduced by Rajesh Chunnilal Kuvadadia.
Sandeep Pravin Shah	Ventura Securities Ltd. (307)	33709	6500	
	Mansukhlal M. Upadhyay (424)	912079	899588	
Chetan Mehta	Indiabulls Securities Ltd. (907)	505179	166859	Mehta Consultancy, Jaswantra Mehta, Nisha Mehta and Dhanlaxmi Mehta have the same address.
Amit Pandya	Indiabulls Securities Ltd. (907)	94995	15000	
Mehta Consultancy	Indiabulls Securities Ltd. (907)	136827	69255	
Nisha Mehta	Indiabulls Securities Ltd. (907)	50000	17051	From the client registration form of Chetan Mehta, given by the broker Indiabulls Securities Ltd. (907) it was observed that he was introduced by Jignesh Jaswantra Mehta having the same address as that of Mehta Consultancy.
Jaswantra Mehta	Indiabulls Securities Ltd. (907)	100000	0	
Dhanlaxmi Mehta	Indiabulls Securities Ltd. (907)	20000	10000	
	Total	3373791	2620752	

2.10 It is observed that these entities sold as many as **2620752** shares on a gross basis and purchased 3373791 shares.

2.11 The above analysis establishes the following connections between the clients which are material to the case. These are

- ? Hitesh Vora is son of Manherlal Vora. Manherlal Vora and Pratap Sanghvi may be connected as they have same address. It also appears that Chetan Mehta and Hitesh Vora may be connected as they have same contact number. Chetan Mehta and Amit Pandya has given same address hence they may also be connected to this extent. A client Sandeep Shah may also be connected to Hitesh Vora as their contact number is same.
- ? Further, Mayur Vora, Minal Finance Ltd and Minal Agencies Pvt. Ltd may be connected to the auditor of the company as the contact number of these entities is registered in the name of Auditor Vora & Associates.
- ? Md. Siraj M Somji, Executive director of the company. Dilshaw Somji, Shabbir Somji, Shabbir Shainaz and Siraj Somji seem to be connected to each other as they have same address and phone number.

- ? Further it is also observed that the client Madhusudan Securities Ltd. and Minal Finance (Rajesh B. Vora / Shrushti Lodaya) were introduced by Mayur Vora, director of Minal Agencies Pvt. Ltd.
- ? It is pertinent to note that the signature of Mayur Vora on the client registration forms of these clients appears to be same as that on the letterhead of Vora & Associates, the auditors of the company – Prime Property Development Corporation Ltd. where Mayur Vora is a partner. It is also observed that Morarjee Vrajraj, a client was introduced by Shri Soni Padamshi L, the chairman of the company – Prime Property Development Corporation Ltd. All these are the clients of broker S M Shah.

Trade log and order log analysis

2.12 Trade log and order log analysis carried out in the scrip brought out that some brokers had influenced the scrip price through first trades, incremental trades and orders resulting into multiple trades. The following are the brokers along with the clients for whom they have transacted

- | | |
|---------------------------------|--|
| a. Mansukhlal M. Upadhyay - | Shabbir Somji, Somji Mehendi Allibhai, Siraj Somji, Dilshad Somji, Shainaz Somji, Sandeep Shah |
| b. M/s. Harikishan Hiralal– | Siraj Somji, Pratap Sanghvi, Hitesh Vora, Manherlal Vora |
| c. Ajmera Associates Pvt. Ltd.– | Dilshad Somji |
| d. Ventura Securities Ltd. - | Manherlal Vora, Sandeep Shah, |
| e. Indiabulls Securities Ltd. - | Chetan Mehta, Amit Pandya, Mehta Consultancy, Nisha Mehta, Jaswantra Mehta, Dhanlaxmi Mehta |

2.13 It was also brought out that the brokers dealing for connected clients appeared as buyers on many occasions in such trades influencing the price of the scrip. On the days when the buy orders of these brokers have established the opening price of the scrip, the brokers were the first to place buy orders at upper circuit rates. Also they had placed large number of invalid buy orders at the start of the market. The incremental trades / orders resulting into multiple trades were mainly entered into by these members during the period 1/8/05 to 12/9/05. As brought out earlier, the scrip had hit the upper circuit filter limit on almost all days in July / August 2005.

Self trades

2.14 An analysis of the major self trades was also undertaken. From the trade log it is observed that broker – Indiabulls had undertaken self trades during the last week of the August 2005 (August 24, 29, 30 and 31). Broker - Indiabulls securities Ltd has done self trades for approx 93500 shares for group II clients - Jignesh Mehta, Amit

Pandya and Chetan Mehta. It is pertinent to note that during the same period there was sharp rise in price and volume in the scrip.

Shares lying in the beneficiary account of brokers

2.15 A scrutiny of the securities flow (as observed from changes in demat shareholding) bring out that that large number of shares got transferred into beneficiary accounts of certain brokers. The demat shareholding change of major shareholders as per NSDL data is tabulated below:

Name of shareholder	DP ID	Client ID	1/7/2005	15/07/2005	1/8/2005	1/9/2005
Minal Finances Private Ltd	IN300530	10129792	850000	826100	826100	470090
Minal Agencies Private Limited	IN300126	10506232	90798	91798	122398	138198
Midas Jewels Pvt Ltd	IN301127	16005950	499999	499999	499999	199999
Padamshi L Soni	IN300476	10256368	1231321	1236089	1236089	1236089
Prabhavati P Soni	IN300476	10051807	113711	113711	113711	163711
Bhavin Jayant Soni	IN300530	10139159	20000	20000	20000	
Jayant Bhawanji Soni	IN300530	10139376	73800	4851	4851	14851
Snehal Jayant Soni	IN300530	10139132	20000	10000	10000	10000
Ramesh U Ramchandani	IN300100	10163479	161291	9791	1291	1291
Rameshchand Devshi Dagha	IN300183	12682545	161200	128000	119000	50000
Rasik B Salla	IN300095	10665883	42000	40000	40000	27900
Shabbir M Somji	IN302679	33186138		215000	64000	
Shainaz S Somji	IN302679	33302315		140000		38000
Shainaz Somji	IN302679	33300362		95000		59500
Siraj M Somji	IN302679	33295923		101630	87630	38000
Srusti Tilakchand	IN300476	40194592	16950	12950	12950	15250
		41820827	200000	200000	200000	200000

Name of shareholder	DP ID	Client ID	1/7/2005	15/07/2005	1/8/2005	1/9/2005
Vrajraj S Morarjee	IN300095	11206726	356298	311498	309898	2948
India Infoline.Com Sec.	IN302269	10000013			200	3066
India Infoline.Com Securities Ltd	IN302269	10013120	200	1450	2600	5312
Indiabulls Financial Services Ltd.	IN302236	10131306	1500	48200	106300	410586
Indiabulls Securities Limited	IN302236	10180250			1900	13629
Indiabulls Securities Ltd.	IN302236	10131283			250	
Madhusudan Securities Ltd	IN300011	10637386		50000	50000	5000
Karvy Stock Broking Limited	IN300394	10014644	500	800	2499	12386
Karvy Stock Broking Ltd.	IN300394	14499568			2705	410

It is further noticed from the above that brokers – India Info line.com, India Bulls Securities (also known as Orbis Securities) and Karvy stock broking have substantial and increasing quantity of shares in their demat account over the period. The flow of such securities in their demat account needs to be examined further as well as the reasons and other details in respect of the same also need to be looked into.

Similar findings are noticed from an examination of securities flow in the CDSL. The relevant tabulations in this connection are presented below

Shareholder	Client ID	01072005	01082005	01092005	15092005
Angel Broking Limited	1203320000000028		3886	11848	9069
Angel Broking Limited	1203320000000066	400	15506	18963	21312
Angel Infin Private Limited	1203320000062556	500			
Boi Shareholding Ltd.	1100001000012452			35639	6190
Deepak Ramdas Kothari (Huf)	1201750000047678			72517	72517
Emkay Shares And Stock	1202300000000037				17650

Brokers Pvt.Ltd					
Jash Securities Pvt Ltd	1301190000003565			22859	14309
Jayanti Sarkar	1203450000006074	500			
Jayshree Rajesh Mehta	1202890000005555	500			
Magnum Equity Broking Limited Image	1202970000012018		5710	12942	9800
Malti Ranjit Merchant	1301190300005785	1000			
Midas Jewels Private Ltd.	1203700000000976			15000	9400
Minal Agencies Private Ltd	1203700000000961			3500	3500
Shikha Shares And Securities Private Limited	1203700000000047	8400	33100		
Suresh Uttamlal Pethani	1202890000016833	25325	24000	83549	148102
Sushil Finance Consultants Limited	1202890000000124			3450	
Sushil Finance Consultants Ltd(Client A/C)	1202890000000065		8000	71189	

It is further noticed from the above that major securities flow is noticed in the beneficial account of some brokers –Emkay Shares And Stock Brokers Pvt. Ltd, Magnum Equity Broking Limited, Motilal Oswal Securities Ltd. and J. L. Shah Securities Pvt. Ltd. Other non broking entities are also seen to have substantial and increasing quantity of shares in their demat account over the period. The flow of such securities in their demat account needs to be examined further as well as the reasons and other details in respect of the same also need to be looked into.

Non compliant conduct of the company

2.16 Further exchange has also informed us that the company has not complied with the listing agreements. The company has violated Clause 47 by not informing the exchanges about the appointment of Registrar & Transfer Agent, Clause 49 by not submitting Quarterly Corporate Governance Report for Jun 2005, Mar 2004, Dec 2004, Sept 2004, Jun 2004 & Mar 2004 and Clause 40A by not submitting Disclosures under SEBI(Substantial acquisition of shares and Takeovers) Regulations 6(4) & 6(2). Thus the company has not complied with the substantive provisions of both the Listing agreement as well as Takeover Regulations. The non compliance is repetitive. It is further pertinent to note that in terms of the subject takeover regulations, detailed disclosures have to be made regarding the promoters/ persons acting in concert /controlling shareholders and their shareholding details. These disclosures enable the public at large to ascertain the activities of the company and the transactions undertaken by the promoters. This information is also highly material to the investors and the public at large for the purpose of informed decision making about the state of affairs of the company.

3. Conclusion

3.1 The absence of wide spread investor interest in the share of the company till June 2005, the sudden increase in share price and volume since August 2005, the sudden jump in profits, transactions by auditor related entities, coupled with a flurry of corporate

announcements including announcements on dividend /change in equity structure, and about the proposal to implement new projects & purchase of plots of land in prime location, with simultaneous off loading of promoters own holdings in the market clearly indicates a careful strategy and orchestration of a plan by the promoters and auditors of the company to make personal gains at the expense of investors by inducing them to participate in the trading of the shares of the company. This has been facilitated by brokers who have indulged in prima facie self trades, market manipulation and vitiating price discovery by means of first trades, putting buy orders at upper circuit prices and placing invalid buy orders at the start of the market. The buy orders of these brokers have established the opening price of the scrip, the brokers were the first to place buy orders at upper circuit rates. Also they had placed large number of invalid buy orders at the start of the market thus creating an impression of artificial demand for the shares. This resulted in the share price hitting up circuit limits almost every day during the period July to August 2005. Besides, the company is also violative of some of the provisions of the Listing agreement and the SEBI(Substantial acquisition of shares and Takeovers) Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2002 as a result of its non disclosures on promoters /persons acting in concert holdings, control as well as disclosures on promoter sales.

- 3.2 The preliminary findings as detailed above bring out a prima facie case of violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003. SEBI is initiating formal investigations into the matter. The specific violations of these Regulations can only be established by detailed investigation into the activities of the promoters, brokers and clients who are dealing in the shares of the company. This investigation is a time consuming process and this will require additional time. Meanwhile, there is an urgent need to arrest further fraudulent activity in the shares of the company. The price rise and increased trading interest has enabled the promoters to sell some of their holdings. The company is also non compliant with substantive provisions of the Listing agreement in addition to not disclosing the details of promoters and persons acting in concert in terms of the SEBI (Substantial acquisition of shares and Takeovers) Regulations. If this state of affairs is allowed to continue, it is apprehended that innocent investors would be lured to invest in the shares of the company at the apparently inflated price and thereby providing an opportunity to the present promoters of the company to offload their holding.

4. Order

- 4.1 Therefore, in exercise of the powers delegated to me by the SEBI Board in terms of Section 19 of the Securities and Exchange Board of India Act 1992 read with Section 11B and 11(4)(b), pending investigation and passing final order, I hereby issue the following directions, by way of ad interim, ex-parte order
- a. The promoters and directors of the company viz. Mr Padamshi L Soni, Mr Manish P Soni, Vishal P Soni, Prakash D Shah, Siraj M Somji, Nitin R Kilawala and Viren C Mikshita, Siraj M. Somji, Shabbir M. Somji, Dilshad S. S. and Shainaz S. S. be prohibited from buying, selling or dealing in any manner in the shares of the company till further orders are passed by SEBI

- b. That the clients viz Pratap Sanghvi, Hitesh Vora, Manherlal Vora, Sandeep Pravin Shah, Chetan Mehta, Amit Pandya, Mehta Consultancy, Nisha Mehta, Jaswantrai Mehta, Dhanlaxmi Mehta and Jaswantrai Mehta are hereby directed not to buy, sell or deal in securities of Prime Property developments Ltd. directly or indirectly, till further directions in this regard.
 - c. That the Stock Brokers viz., Indiabulls Securities Ltd. (formerly Orbis Securities Pvt Ltd), Mansukhlal M. Upadhyay, Harikishan Hiralal, Ajmera Associates Pvt. Ltd and Ventura Securities Ltd are hereby directed not to buy, sell or deal in securities of Prime Property developments Ltd. on behalf of the promoters, directors and clients mentioned at para No.4.1.a and 4.1. b hereinabove, directly or indirectly, till further directions in this regard.
 - d. The company is prohibited from accessing capital markets till further orders are passed by SEBI.
- 4.2 With respect to the role of the auditors - Vora & Associates, Chartered Accountants, the matter may be referred to Institute of Chartered Accountants of India (ICAI) for action as deemed appropriate.
- 4.3 Further the entities/persons against whom this direction is issued may file their objections, if any, to this order within 15 days from the date of this order and, if they so desire, avail themselves of an opportunity of personal hearing at the Securities and Exchange Board of India, Head Office, First Floor, Mittal Court B wing, Nariman Point, Mumbai 400 021 on a date and at a time to be fixed on a specific request, to be received in this behalf from the entities/persons within 15 days from the date of this order.

This order shall come into force with immediate effect.

G. ANANTHARAMAN
WHOLE-TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Place: Mumbai

Date: September 29, 2005