

WTM/MSS/ISD/63/2010

SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: M. S. SAHOO, WHOLE TIME MEMBER

IN MATTER OF IPO IRREGULARITIES – REQUEST FROM MS. DEVANGI DIPAKBHAI PANCHAL TO SELL 1,06,450 SHARES OF HSBC INVESTDIRECT INDIA LTD.

ORDER

Under Sections 11 and 11B of the SEBI Act, 1992

1. SEBI, pending investigations, vide an ad-interim exparte order dated April 27, 2006, had directed certain persons, including Ms. Devangi Dipakbhai Panchal (Devangi) not to buy, sell or deal in the securities market, including in the IPOs, directly or indirectly, till further directions. It confirmed the interim directions against Devangi vide confirmatory order dated November 12, 2008.
2. On completion of investigations, SEBI issued a show cause notice dated December 1, 2009 under Sections 11, 11(4) and 11B of the SEBI Act, 1992 to Devangi. While this proceedings were in progress, Devangi has requested SEBI, vide her letter dated July 30, 2010, to sell 1,06,450 shares of HSBC InvestDirect India Ltd. (company) held in her demat account No.11933458 with Karvy Stock Broking Ltd. (DP ID: IN300394) to the acquirers on her behalf, as the company has been delisted with effect from July 15, 2010. She has further requested SEBI to invest the sale proceeds in interest bearing fixed deposits and use the same towards contingent liability, if any, arising from disposal of the pending proceedings against her.
3. I note that the company has delisted its equity shares voluntarily with effect from July 15, 2010. The acquirers, namely, HSBC Securities and Capital Markets (India) Pvt. Ltd. and HSBC Violet Investments (Mauritius) Ltd., have announced, vide their public announcement dated May 13, 2010, that the shareholders who did not or could not participate in the book building process can sell their shares to the acquirers at exit price of Rs.400 per share during the period of one year starting from the date of delisting.
4. In view of the above facts and circumstances and in partial relaxation of the confirmatory order dated November 12, 2008, the following directions are issued to facilitate sale of the aforesaid 1,06,450 shares by Devangi to acquirers:

- a. Devangi shall complete all the necessary formalities to give effect to sale of the said 1,06,450 shares to the acquirers within 15 days from the date of this order.
 - b. On completion of the necessary formalities as at (a) above, and ensuring that there is no encumbrance / attachment by any other law enforcement agency / Court on the said shares, National Securities Depository Ltd. (NSDL) and its DP, Karvy Stock Broking Ltd. (DP ID: IN300394) shall transfer the aforesaid shares from the demat account No. 11933458 of Devangi (PAN: ABOPP7151Q) with Karvy Stock Broking Ltd. (DP ID: IN300394) to the Special Depository Account (IN300394 17601089) maintained by the Manager to the offer.
 - d. The Manager to the offer, namely, SBI Capital Markets Ltd., shall transfer the entire sale proceeds in respect of aforesaid shares to SEBI within 7 days from the date of transfer to the Special Depository Account.
 - e. SEBI shall invest the sale proceeds in fixed deposits with a nationalized bank and use the same towards contingent liability, if any, arising from disposal of the pending proceedings against Devangi.
 - f. Any tax liability arising out of the aforesaid offer of shares shall be borne by Devangi.
5. A copy of this order shall be served on Ms. Devangi Dipakbhai Panchal, NSDL, Karvy Stockbroking Ltd., SBI Capital Markets Ltd., HSBC Securities and Capital Markets (India) Pvt. Ltd. and HSBC Violet Investments (Mauritius) Ltd. to ensure implementation of directions contained herein.

Date: August 13, 2010
Place: Mumbai

M. S. Sahoo
Whole Time Member
Securities and Exchange Board of India