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## SEBI cracking down on IPOs

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REUTERS - The Securities and Exchange Board of India (SEBI) is reviewing the process for initial public offerings, its chairman said on Thursday, a day after it banned seven small companies from fund-raising for what it said were IPO rule violations.

"We are currently reviewing the entire IPO process, including shortening the timeline for the entire process," U.K. Sinha told television news channel CNBC TV18.

SEBI said on Wednesday a probe revealed misuse or diversion of IPO proceeds, inadequate documentation and due diligence and possible trading violations on the day of listing.

The IPOs were launched between July and November and had raised about 4.5 billion rupees.

It also banned the directors of the seven companies from dealing in the securities market and told some of the merchant bankers they would not be able to handle new capital issues until further notice.

"We are happy that SEBI has taken such a bold step, which is an unprecedented action," Sageraj Bariya, managing partner of research house Equitorials, wrote in a note. "SEBI might be slightly late but it is definitely better than never."

Shares in the companies -- PG Electroplast (PGEL.NS: [Quote](#), [Profile](#), [Research](#)), Brooks Laboratories (BROO.NS: [Quote](#), [Profile](#), [Research](#)), RDB Rasayans (RDBA.BO: [Quote](#), [Profile](#), [Research](#)), Taksheel Solutions (TAKS.NS: [Quote](#), [Profile](#), [Research](#)), Tijaria Polypipes (TIJA.NS: [Quote](#), [Profile](#), [Research](#)), Onelife Capital Advisors (ONEL.NS: [Quote](#), [Profile](#), [Research](#)) and Bharatiya Global Infomedia (BHRT.NS: [Quote](#), [Profile](#), [Research](#)) -- fell 5-17 percent on Thursday in a Mumbai market that was down 1 percent.

Some of the companies could not be reached for comment, while others did not return calls.

Five of the companies have lost 90 percent or more of their value from their peaks, while PG Electroplast is down 70 percent and OneLife Capital has lost about a third.

The companies and merchant bankers have 21 days to respond to the SEBI order.

### MERCHANT BANKS UNDER SCANNER

"We will be representing our case to the regulator ... within the time that has been specified," Sanjay Dewan, associate director at Almondz Global, told Reuters over the telephone from Delhi.

The merchant banker, along with PNB Investments, the investment banking arm of state-run Punjab National Bank, D&A Financial, Artherstone Capital, Chartered Capital and Onelife Capital Advisors have been barred from taking new assignments, SEBI said.

Officials at PNB Investments and Onelife Capital were not available for comment, while calls to the other merchant bankers were unanswered.

"SEBI, over the last 6-9 months, has been highlighting to the merchant banking community that you have to do very serious due diligence," Sinha told the news channel.

"We are trying to hold them responsible ... and I hope by this method a pressure will be built on future issuers," he said.

(Reporting by Swati Pandey in MUMBAI; Editing by Ranjit Gangadharan)



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