

**SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER**

**UNDER REGULATION 27 OF THE SECURITIES AND EXCHANGE BOARD OF
INDIA (INTERMEDIARIES) REGULATIONS, 2008**

In respect of:

SREI Capital Markets Limited (Merchant Banker)

SEBI Registration Number: INM000003762

PAN: AAGCS8875A

In the matter of SREI Capital Markets Limited

1. SREI Capital Markets Limited (hereinafter referred to as 'SCML') is a Merchant Banker ('MB') registered with Securities and Exchange Board of India ('SEBI') bearing registration number INM000003762 under Section 12(1) of the SEBI Act, 1992 read with Regulation 3(1) and Regulation 9A of the SEBI (Merchant Bankers) Regulations, 1992 ('the MB Regulations').
2. SEBI observed that SCML had not paid fees towards renewal of its registration for the block 2024-27, which was due on January 13, 2024. Hence, SEBI initiated proceedings against SCML in terms of regulation 24 of the SEBI (Intermediaries) Regulations, 2008 ('Intermediaries Regulations') and appointed a Designated Authority ('DA') who submitted his Report dated January 29, 2025 to SEBI recommending that the proceedings be disposed of without any adverse action.
3. Thereafter, as required under regulation 27(1) of the Intermediaries Regulations, a Show Cause Notice ('SCN') dated February 21, 2025 was served upon SCML calling it to submit its response to the Report. SCML, vide email dated March 17, 2025, responded that they have no further submissions to make in the matter. Accordingly, in terms of regulation 27 of the Intermediaries Regulations, I deem it appropriate to decide the matter as per the Report.
4. I note that the DA has accepted that SCML had already paid the renewal fee for the 2024-2027 block on December 02, 2024. Pursuant to an order dated October 08, 2021 passed by Hon'ble National Company Law Tribunal ('Adjudicating Authority'), Kolkata Bench, Corporate Insolvency Resolution process ('CIRP') against SREI

Infrastructure Finance Limited ('SIFL'), the holding company of SCML had commenced under the Insolvency and Bankruptcy Code, 2016 ('IBC') and the resolution plan submitted by National Asset Reconstruction Company Limited ('NARCL') was approved vide order dated August 11, 2023 passed by the Adjudicating Authority. Further, as directed by SEBI, there have been no operations or activities in SCML since June 2022 and SCML had not undertaken any merchant banking assignments or activities.

5. I note that regulations 8(4) read with regulation 12 and Schedule II of the MB Regulations, require that, to keep its registration in force, a SEBI registered Merchant Banker must pay a fees of rupees nine lakh every 3 years from the sixth year of its registration. Accordingly, the renewal fee in the matter of SCML was due on January 13, 2024 for the block 2024-2027 but was paid only on December 02, 2024.
6. I note from the Report that SCML was diligent and prompt in responding to the communications sent by SEBI in the matter and the inability to pay the renewal fee emanated for reasons that were majorly beyond the control of SCML. I also note that since October 2021, SCML had kept SEBI informed regarding the Order dated October 08, 2021 of the Adjudicating Authority regarding initiation of CIRP against SIFL, the holding company of SCML and developments in this regard. Further, as informed by SCML, it was advised by the office of Administrator to seek time from SEBI so that the new management of SIFL could take call regarding the retention of the Merchant Banking registration certificate. Additionally, as directed by SEBI in June 2022, SCML did not undertake issue management activities after CIRP was initiated against its holding company. This is also confirmed by NSE and BSE vide their emails dated May 23, 2024 and May 27, 2024, respectively, to SEBI. Further, SCML has already paid the fees that was due for renewal of its registration and has even issued public notice dated December 17, 2024 with respect to surrender of certificate of permanent registration as Merchant Banker and an application for surrender of registration has been received by SEBI.
7. Considering the above facts and circumstances of the case, I find that the delay on the part of SCML to pay its registration renewal fees is venial in nature and the conduct of

SCML is not established to be contumacious. No blameworthy defiance of law by SCML is established. Therefore, I am inclined to take a lenient view in the matter and agree with the DA in that the instant proceedings can be disposed of without any adverse action against SCML.

8. In view of the above, I, in exercise of powers conferred upon me under Section 19 of the SEBI Act, 1992 read with regulation 27(5) of the Intermediaries Regulations, dispose of the SCN against SCML without any action/direction.
9. This order shall come into force with immediate effect.
10. A copy of this Order shall be served on SCML.

Date: May 16, 2025

Place: Mumbai

Santosh Shukla
Quasi-Judicial Authority
Securities and Exchange Board of India