

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[SETTLEMENT ORDER No. SO/NH/RJ/2024-25/7503]**

In respect of:

Sr. No.	Settlement Application No.	Name of the Applicant	PAN
1.	7503/2024	Infomerics Valuation and Rating Pvt. Ltd.	AAACV1928K

In the matter of Thematic Inspection of Credit Rating Agencies (CRAs) – Infomerics Valuation and Rating Pvt. Ltd.

BACKGROUND

1. Infomerics Valuation and Rating Pvt. Ltd. (hereinafter referred to as “**Applicant**”) has been registered with the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) as a Credit Rating Agency. The registration number of the Applicant is IN/CRA/007/2015. SEBI had undertaken an inspection of the Applicant for the period from February 01, 2022 to January 31, 2023 (hereinafter referred to as “**Inspection Period/IP**”).
2. Post the culmination of the aforesaid inspection, an inspection report (hereinafter referred to as “**IR**”) was prepared. The findings of the said inspection were communicated to the Applicant vide letter dated August 07, 2023. In response to the findings in the inspection report, the Applicant submitted replies vide letters dated August 21, 2023 and August 28, 2023 and an email dated September 15, 2023.
3. Based on the findings of the inspection conducted by SEBI and the response of the Applicant submitted to SEBI, certain non-compliances of the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 (hereinafter referred to as

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“CRA Regulations”) and SEBI Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2019/70 dated June 13, 2019 (hereinafter referred to as “SEBI Circular dated June 13, 2019”) were alleged. The extracts of the violations alleged to have been committed by the Applicant and the corresponding provision of the securities law are tabulated below:

Table 1

Sr. No.	Alleged Violation	Regulatory Provisions
1.	The Applicant had not disclosed the detailed explanation of all the covenants of the instrument and assessment of the adequacy of the credit enhancement structure as mandated in terms of the SEBI Circular dated June 13, 2019 for the following press releases: • Press release dated January 30, 2023, 2022 of Lucina Land Development Limited, • Press release dated February 13, 2023 of Thane Creek Bridge Infrastructure Limited, • Press release dated December 30, 2022 of Cadence Enterprises Private Limited, • Press release dated January 18, 2023 of Indiabulls Infraestate Limited, • Press release dated October 31, 2022 of Tapir Constructions Limited and • Press release dated December 30, 2022 of GMR Enterprises Private Limited.	Regulation 13 read with Clauses 3, 4, 5, 6, and 14 of the Third Schedule of the CRA Regulations, 1999 and SEBI Circular dated June 13, 2019
2.	The Applicant assigned a ‘Credit Enhancement (CE)’ suffix rating to the securities, GMR Enterprises Private Limited and Cadence Enterprises Private Limited, in contravention to the SEBI Circular dated June 13, 2019.	Regulation 13 read with Clauses 3, 4 and 5 of the Third Schedule of the CRA Regulations, 1999 and SEBI Circular dated June 13, 2019

APPOINTMENT OF THE ADJUDICATING OFFICER

- SEBI had appointed the undersigned as the Adjudicating Officer (hereinafter referred to as “AO”) in the matter vide communique dated October 17, 2023, under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to

as “**SEBI Act**”), read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Adjudication Rules**”), to inquire into and adjudge under the provisions of Section 15HB of the SEBI Act for the aforementioned violations of the provisions of law alleged to have been committed by the Applicant.

SHOW CAUSE NOTICE

5. A Show Cause Notice ref no. SEBI/HO/EAD2/NH/RJ/2023/44030/1 dated October 31, 2023 (hereinafter referred to as “**SCN/Notice**”) was served upon the Applicant in terms of Rule 4 of the Adjudication Rules read with Section 15-I of the SEBI Act to show cause as to why an inquiry should not be held against the Applicant and why a penalty, if any, not be imposed on it in terms of the provisions of Section 15HB of the SEBI Act for the violations alleged to have been committed by the Applicant.
6. Consequent to the receipt of the SCN, the Applicant requested for the inspection of documents vide letter dated November 16, 2023. The Applicant was granted an opportunity for inspection of documents on November 29, 2023. The authorized representatives (hereinafter referred to as “**ARs**”) of the Applicant conducted inspection of the documents on November 29, 2023. Thereafter, Applicant, vide letter dated December 18, 2023, submitted that a settlement application had been filed by the Applicant, requesting for settlement of the adjudication proceedings under the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”).
7. In the interest of natural justice, the Applicant was granted an opportunity of hearing on January 18, 2024, vide hearing notice dated December 28, 2023. In response, the Applicant, vide email dated January 12, 2024, requested an adjournment of the hearing scheduled on January 18, 2024 and also sought further time to submit a reply. The request of the Applicant was considered and the hearing was rescheduled to

February 06, 2024 and the Applicant was granted time till January 29, 2024 to submit a reply.

8. The Applicant, vide letter dated February 02, 2024, submitted a reply to SCN.
9. Subsequently, a hearing was held on February 06, 2024. Further, in light of the request of the Applicant, the Applicant was granted additional time until February 20, 2024 to make further submissions. The Applicant, vide letter dated February 20, 2024, provided additional submissions in the instant matter.

SETTLEMENT PROCEEDINGS

10. Based on material available on record, it is noted that, pursuant to receipt of the Settlement Application, the ARs of the Applicant had meetings with the Internal Committee of SEBI (hereinafter referred to as “**IC**”) on May 29, 2024. The IC recommended Rs. 57,63,750/- (Rupees Fifty-Seven Lakhs Sixty-Three Thousand Seven Hundred Fifty only) as the indicative amount. Thereafter, the Applicant, vide email dated June 12, 2024, submitted the revised settlement terms.
11. The High Powered Advisory Committee (hereinafter referred to as “**HPAC**”), in its meeting held on July 29, 2024, considered the revised settlement terms proposed by the Applicant and recommended the following terms of settlement:
 - 11.1. The request of the Applicant for settlement may be settled upon payment of Rs. 57,63,750/- (Rupees Fifty-Seven Lakhs Sixty-Three Thousand Seven Hundred Fifty only) as the settlement amount;
 - 11.2. The Applicant may be advised to take appropriate action against the individuals responsible for the irregularities under intimation to SEBI.
12. In terms of Regulation 14(3) of the Settlement Regulations, the recommendations of the HPAC were placed before the Panel of Whole Time Members (hereinafter referred

to as “WTMs”). The recommendations of the HPAC were accepted by the Panel of WTMs on September 20, 2024.

13. The terms of the settlement as accepted by the Panel of WTMs were informed to the Applicant vide email dated September 20, 2024. In response, the Applicant, vide emails dated October 03, 2024 and December 03, 2024, confirmed compliance with the terms of the settlement. The material on record confirms the compliance of the Applicant with the terms of the settlement including payment of the said settlement amount.

ORDER

14. Therefore, in view of the acceptance and the compliance of the settlement terms by the Applicant, the instant adjudication proceedings initiated against the Applicant vide Show Cause Notice ref no. SEBI/HO/EAD2/NH/RJ/2023/44030/1 dated October 31, 2023 is disposed of in terms of Section 15JB of the SEBI Act read with Regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.

15. This Settlement Order is, however, without prejudice to the right of SEBI to take actions under Regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which the settlement order was passed against the Applicant, if –

15.1. Any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue;

15.2. The Applicant have breached any of the clauses/conditions of undertakings/waivers filed during the present settlement proceedings;

15.3. There was a discrepancy while arriving at the settlement terms.

16. This Settlement Order is passed on this day of December 20, 2024, and shall come into force with immediate effect.

17. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicant and shall also be published on the website of SEBI.

Date: December 20, 2024

Place: Mumbai

**N HARIHARAN
CHIEF GENERAL MANAGER
AND ADJUDICATING OFFICER**