

BEFORE THE DESIGNATED AUTHORITY
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER
[SETTLEMENT ORDER NO.: SO/SM/KS/2025-26/7502]

		In respect of;
Settlement Application No.	Name of Applicant	PAN
7502/2024	Infomerics Valuation and Rating Private Limited	AAACV1928K

In the matter of Infomerics Valuation and Rating Private Limited

BACKGROUND:

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted a joint inspection of Infomerics Valuation and Rating Private Limited (hereinafter referred to as '**Infomerics**'/ '**IVRPL**'/ '**CRA**'/ '**Noticee**') with officials of Reserve Bank of India at the corporate office of the Noticee at 104 & 108, 1st Floor, Golf Apartment, Sujan Singh Park, Maharishi Ramanna Marg, New Delhi, National Capital Territory, Delhi – 110003 during the period from March 21, 2022 to March 28, 2022 in order to verify Noticee's compliance with Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 (hereinafter referred to as "**CRA Regulations**") and circulars issued therein. The period covered in the inspection was from January 31, 2021 to December 31, 2021 (hereinafter referred to as '**Inspection Period**'/'**IP**').
2. Infomerics is registered with SEBI as a Credit Rating Agency, having SEBI registration number as IN/CRA/007/2015.

3. Based on the findings of inspection and the response of Noticee submitted vide letters dated November 30, 2022 and January 10, 2023, SEBI observed certain non-compliances by Noticee with the provisions of CRA Regulations and various relevant circulars issued by SEBI.
4. Pursuant to transfer of the earlier Designated Authority, Mr. Amar Navlani, General Manager, SEBI (hereinafter referred to as the “**erstwhile DA**”) who had been appointed vide communique dated January 15, 2025, the undersigned was appointed as Designated Authority under Regulation 24(2) of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 (“**Intermediaries Regulations**”) vide communique dated September 19, 2025 to enquire and make recommendations under Regulations 25 and 26 of the Intermediaries Regulations read with Regulation 23 of the Intermediaries Regulations and Section 12(3) of the Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”).
5. A Show Cause Notice No. SEBI/HO/EAD/EAD10/S./41924/1/2023 dated October 11, 2023 (“**SCN**”) was issued to the Noticee in terms of provisions of regulation 25(1) of Intermediaries Regulations, calling upon to show cause as to why appropriate action should not be recommended against the Noticee as specified in Regulation 25 of Intermediaries Regulations read with regulation 23 of Intermediaries Regulations and Section 12(3) of SEBI Act for the alleged violation of the following provisions:
 - I. Regulation 24(2), Regulation 24(7) of CRA Regulations, clause 3, 4 & 6 of Code of Conduct for CRAs prescribed under Regulation 13 and specified under III Schedule of CRA Regulations.
 - II. Regulation 9(f) and Regulation 20 of CRA Regulations.

ALLEGATIONS IN THE SCN:

6. The SCN inter alia alleged that the Noticee failed to adhere to following regulatory requirements as briefed below;

- 6.1. Failure to use correct Rating Models, thus, distorting the credit ratings issued.
- 6.2. Manipulation and tampering with weights in the Rating Models thus inflating the final model ratings and also inconsistent application of the maker-checker system, showing poor internal controls and lack of due diligence.
- 6.3. Failure to use of correct scoring and data entry errors indicating a lack of quality control and compromised the objectivity of ratings.
- 6.4. Arbitrary deactivation of certain parameters thus affecting the rating integrity by manipulating of the rating framework.
- 6.5. Failure to segregate the Non-Rating Activities.

SETTLEMENT PROCEEDINGS:

7. Pending the enquiry proceedings, the Noticee filed a Settlement Application, bearing Settlement Application No. 7502/2024 (hereinafter referred to as “**application**”) proposing to settle the instant proceedings initiated against it vide Show Cause Notice No. SEBI/HO/EAD/EAD10/S./41924/1/2023 dated October 11, 2023 without admission or denial of findings of fact and conclusions of law, through a settlement order in terms of Chapter II of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”).

8. Pursuant to the receipt of the settlement application of the Applicant, the Internal Committee (“IC”) of SEBI held a meeting on October 17, 2024 wherein the Applicant was represented by Mr. Robin M. Shah Adv. and Mr. Amod Khanorkar Adv.. Details of the case were deliberated and the following were proposed along with the terms of the settlement;

Table A

Monetary settlement terms	₹65,25,000/- (Rupees Sixty five lakhs twenty five thousand only)
Non-monetary settlement terms	<p>I. External Audit of credit rating models used by CRA:</p> <p>a. Infomerics shall appoint an external auditor having expertise in auditing of credit risk models to carry out an external audit of the rating models, which shall cover the following aspects:</p> <p>i. Model Documentation and Parameter Justification: Ensure comprehensive documentation of models, including rationale for parameter weightages, with proper version control and justification for any alterations.</p> <p>ii. Input Data Validation and Accuracy: Verify the quality, consistency, and reliability of input data used in the models, with robust validation checks in place.</p> <p>iii. Software Implementation and Controls: Assess the transition from spreadsheets to software, ensuring enhanced model security, error reduction, and the presence of access restrictions and audit trails.</p> <p>iv. Model Governance and Oversight: Confirm that a strong governance framework exists for model development, approval, and periodic review, with oversight by senior management and independent validation.</p>

	<p>v. Model Testing and Independent Validation: Review the processes adopted by CRA w.r.t back testing, stress testing, and scenario analysis results etc. and verify that periodic independent validation is happening to reliability and compliance.</p> <p>b. External Auditor shall submit its satisfactory audit report to SEBI certifying that CRA has ensured compliance on the aspects mentioned in the para (a) above within a period of 3 months.</p>
	<p>II. Training of employees involved in rating process:</p> <p>a. Infomerics shall appoint an independent third party entity, which shall conduct a comprehensive training program for the employees in the rating process. The training program shall cover the following:</p> <ul style="list-style-type: none"> i. All aspects of rating processes, procedures, rating methodologies adopted by Infomerics. ii. Understanding and application of the established rating models, including their underlying assumptions and limitations. iii. the regulatory framework governing credit ratings, with a focus on compliance with relevant laws, guidelines, and best practices. <p>b. The third party entity within 3 months shall provide a completion certificate of the training programme, certifying that the employees of Infomerics have successfully underwent training on the aforementioned aspects.</p>

9. The Applicant vide email dated October 22, 2024 submitted the Revised Settlement Terms proposing ₹65,25,000/- (Rupees Sixty-five lakhs twenty-five thousand only) and to undertake the non-monetary terms as mentioned at Table A above.

10. Subsequently, the Applicant vide emails & letters dated January 31, 2025, May 07, 2025 submitted the compliance reports pertaining to the aforementioned non-monetary terms at Table A above. The Applicant has been found to be in compliance with the aforementioned non-monetary terms according to submitted compliance reports.
11. The High Powered Advisory Committee (hereinafter referred to as "HPAC") in its meeting held on June 05, 2025 considered the settlement terms proposed by the Applicant and recommended that the case may be settled for the aforementioned terms.
12. The recommendations of the HPAC were placed before the Panel of Whole Time Members and the same were approved by the Panel of Whole Time Members on August 18, 2025 in terms of Regulation 15 of the Settlement Regulations. Accordingly, Notice of Demand was issued to the Applicant on August 21, 2025.
13. The Applicant remitted the settlement amount of ₹65,25,000/- (Rupees Sixty-five lakhs twenty-five thousand only) on August 29, 2025, the receipt of which has been confirmed as per material available on record before me.

ORDER & DIRECTIONS:

14. In view of the above, and in exercise of powers conferred under Section 15JB of the SEBI Act, 1992 read with Regulation 23(1) of the Settlement Regulations, the instant Enquiry Proceedings initiated against Infomerics Valuation and Rating Private Limited vide SCN No. SEBI/HO/EAD/EAD10/S./41924/1/2023 dated October 11, 2023 are hereby disposed of.
15. This order is passed without prejudice to the rights of SEBI under Regulations 28 and 31 of the Settlement Regulations to initiate appropriate proceedings, including restoration of the present proceedings, if;

15.1. It comes to notice of the Board that the Applicant has not made full and true disclosure;

15.2. The Applicant has violated undertakings or waivers; or

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

16. This Settlement Order 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: NOVEMBER 13, 2025
PLACE: MUMBAI

SUDEEP MISHRA
DESIGNATED AUTHORITY