

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

**IN THE MATTER OF APPLICATION DATED JUNE 11, 2009 OF INFOMERICS
VALUATION AND RATING PVT. LTD. FOR GRANT OF REGISTRATION AS A
CREDIT RATING AGENCY**

Date of Hearing: June 10, 2011

Appearances:

For Noticee: Mr. Vipin Malik, Major Shareholder, and
Mr. Santosh Kumar, Compliance Officer.

For SEBI: Mr. Prasanta Mahapatra, Deputy General Manager
Ms. Manaswini Mahapatra, Assistant General Manager, and
Mr. Jubin Mehta, Manager.

ORDER

**UNDER REGULATION 7(1) READ WITH REGULATION 11 OF THE SEBI
(CREDIT RATING AGENCIES) REGULATIONS, 1999**

1. Infomerics Valuation and Rating Pvt. Ltd., a company having its registered office at 104/108, 1st Floor, Golf Apartment, Sujan Singh Park, Maharishi Ramanna Marg, New Delhi- 110 003 (hereinafter referred to as 'the applicant') had submitted an application dated June 11, 2009 seeking registration as a credit rating agency under the SEBI (Credit Rating Agencies) Regulations, 1999 (hereinafter referred to as 'Regulations') to SEBI. As per the application, the shareholding pattern and promoters of the applicant are as under:

A. Shareholding Pattern

Sl. No.	Name of Shareholder	% of Holding
1	Mr. Vipin Malik	71.15
2	HLM Associates and Consultants Private Limited	15.11
3	ACE Step Management Ltd. through Coment (Mauritius) Ltd.	10.84
4	Others	2.90
Total		100.00

B. Promoters

- a. Coment (Mauritius) Ltd. through ACE Step Management Ltd.
- b. V. Malik & Associates, Chartered Accountants
- c. Infomerics India Foundation

2. As per Regulation 4(e) of the Regulations, the promoter of the applicant is required to have a continuous net worth of minimum rupees one hundred crore as per its audited annual accounts for the previous five years prior to filing of the application with SEBI. The

application dated June 11, 2009 did not provide the net worth / the audited annual accounts from where the net worth of all the promoters could be ascertained. In view of the details in the application regarding promoters, shareholding pattern and the board composition of the applicant, SEBI sought clarity as to who was the promoter(s) and if they met the eligibility requirements under the Regulations. The applicant changed its stance given in the application and stated that Coment (Mauritius) Limited (Coment) was its promoter. It provided, vide its letter dated November 26, 2009, a statement indicating the net worth for five years of Coment. In view of the regulatory requirement of net worth as per audited annual accounts, SEBI called for the audited annual accounts of Coment for five years under regulation 7 (1) of the Regulations. The applicant did not provide the same despite several reminders from SEBI.

3. In view of the above, SEBI formed a prima-facie opinion that the applicant did not fulfill the requirement of registration as a credit rating agency. It accordingly issued a show cause notice dated March 01, 2011 asking the applicant as to why its application for registration as a credit rating agency should not be rejected in terms of Regulation 11(1) of the Regulations. In reply, the applicant, vide letter dated March 18, 2011, enclosed audited annual accounts of Coment for 2003, 2004, 2005, 2006 and 2007. It submitted annual accounts of Coment for 2008 vide its letter dated May 31, 2011. It appeared for a personal hearing in the matter before me on June 10, 2011.

4. At the hearing, the officers of SEBI stated that vide letter dated August 21, 2009, the applicant had informed that Coment was its promoter, though as per the application, the applicant had three promoters. In any case, they needed audited annual accounts of promoters for the preceding five years, that is, for the years 2006-2010 as the application would be processed in 2011. The applicant readily agreed to provide the same.

5. The officers of SEBI also stated at the hearing that it appeared from the audited accounts of Coment, as submitted by the applicant, that these have been audited and approved by the Board of Coment only in 2011. In that case, they wondered as to how the applicant could provide the statement of net worth of Coment in 2009. The applicant clarified that the promoter got its accounts audited afresh in 2011 as per Indian regulatory / accounting requirements.

6. In view of the foregoing, I, pursuant to the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with regulations 7(1) and 11 of the SEBI (Credit Rating Agencies) Regulations, 1999, hereby direct the applicant to (a) indicate as to which entity is its promoter(s) along with the basis of considering the entity as

such, and (b) submit audited annual accounts of the promoter(s) for the last five years alongwith the computation of net worth as per the SEBI prescribed formula, at the latest by July 15, 2011 failing which the application would be deemed to be rejected. SEBI is directed to take a decision on basis of the details provided by the applicant in pursuance to this Order, at the latest by August 15, 2011 in accordance with the law.

7. This Order shall come into force with immediate effect.

Date: June 24, 2011

Place: Mumbai

**M. S. SAHOO
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**