



NSIC – CARE Performance and Credit Rating for Micro & Small Enterprises (MSEs)

About CARE

Credit Analysis & Research Limited (CARE) is India's second-largest credit rating agency. Our existing **shareholders** include Indian banks and financial institutions, such as **IDBI Bank, Canara Bank** and **State Bank of India**, among others. CARE is registered under the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 and recognized by RBI. We have completed over 10,644 rating assignments and have rated Rs. 33,062 billion of debt as of June 30, 2011, since its inception in April 1993.

NSIC - CARE Performance and Credit Rating for MSEs

CARE has signed a Memorandum of Understanding with the National Small Industries Corporation Limited (NSIC) to provide the **NSIC and CARE Performance and Credit Rating for Micro and Small Enterprises (MSEs)**.

The Indian Bank Association (IBA) has been involved in formulating this Scheme. CARE's methodology for the Performance and Credit Rating Scheme for MSEs will cover various indicators encompassing the **financial, business, operational and management aspects of MSEs**. At the end of the rating exercise, MSEs will receive a rating which would state reasons behind the rating assigned and **highlight strengths and weaknesses of existing operations**. The rating assigned will be put on CARE's website that is accessed by various investors, banks and financial institutions on a regular basis. The application form is available for download at www.careratings.com

Advantages of Rating

- Quicker and cheaper credit for rated MSEs
- Facilitate capability assessment and credibility of MSEs by their clients
- Help MSEs obtain leverage from the parties in the supply chain
- Affordable to MSEs since 75% of the rating fee is subsidised

Benefits of Rating

- An independent third-party evaluation adding to MSEs credibility
- Credibility & confidence building with business partners
- Scope of self correction & improvement
- Enhanced visibility through publication on rating agency's website
- Wider recognition & acceptance
- Introduction of good corporate governance practices

Eligibility for the Scheme

All Micro and Small Scale units can avail the benefits under this scheme. A manufacturing unit that has an investment of upto Rs.500 lakh in Plant & Machinery and a service unit with an investment of upto Rs.200 lakh is defined as a MSE unit. An SSI certificate/ Entrepreneurs Memorandum Part-II (EM Part-II) issued by the concerned SSI registration authority is a valid proof of eligibility.

Rating Process

1. Request for rating from the MSE
2. Collection of information from the MSE
3. Discussion with the MSE's management
4. Analysis of information obtained from the company
5. Assignment of rating to the MSE

MSEs desirous of getting themselves rated will need to submit the application in specified format, in duplicate. The application form should include documents as specified therein. Duly completed application form, addressed to CARE, can be submitted to the nearest NSIC / CARE office. Following this, the rating process will start and the interaction with the management would be initiated. The rating team may require extra information in order to complete the rating exercise. The entire rating process will be generally completed in a month's time or earlier, from the date the required documents and information is received by CARE.

Rating Fees

Units with audited results of one complete year of operations.

Particulars	Turnover (Rs. Lakh)		
	< 50	50-200	>200
Rating Fees (Rs.)	27,000	35,000	47,000
Service Tax @ 10.3 % (Rs.)	2,781	3,605	4,841
Total Fees (Rs.)	29,781	38,605	51,841
Subsidy from NSIC (Rs.)	22,336	28,954	38,881
Amount payable by MSE (Rs.)	7,445	9,651	12,960
Renewal Fee excluding service tax	8,100	10,500	14,100

Rating Scale

The 15-point scale will focus on performance capability and financial strength, as per the rating matrix given below. The validity of the rating assigned will be for a period of one year from the date of issue of the rating.

		Financial Strength		
		High	Moderate	Low
Performance Capability	Highest	SE 1A	SE 1B	SE 1C
	High	SE 2A	SE 2B	SE 2C
	Moderate	SE 3A	SE 3B	SE 3C
	Weak	SE 4A	SE 4B	SE 4C
	Poor	SE 5A	SE 5B	SE 5C

List of Documents to be submitted with the Application Form

1. SSI Registration Certificate/ EM Part II
2. Partnership Deed / Memorandum & Articles of Association
3. Authority letter to sign the application
4. List of all partners / directors with their age, address, Net worth / Income Tax Return, qualifications and experience
5. Copy of the audited accounts for the last three years (where accounts for the last year has not been audited, provisional accounts duly certified by a Chartered Accountant along with two years audited accounts are to be submitted)
6. In case of new project / expansion, copy of the project report containing a brief project profile, cost of project and source / means of finance
7. Brief write-up about the products manufactured, end users, marketing tie-up and orders in hand
8. Details of subsidy and tax concession available to the applicant
9. Quality certificates, export awards won and membership of any associations
10. Any other information that would enable CARE to understand the business better

CREDIT ANALYSIS & RESEARCH LIMITED

HEAD OFFICE

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Behind Everard Nagar,
Off Eastern Express Highway, Sion (East), Mumbai -400 022.
Tel.: +91-22-67543456. Fax: +91-22-67543457
Email :care@careratings.com
Website: www.careratings.com

<p>Ahmedabad: 32, Titanium, Prahaladnagar, Corporate Road, Satellite Ahmedabad-380 015. Tel.: +91-79-40265656 Fax: +91-79-40265657</p>	<p>Bangalore: Unit No. 8, I floor, Commander's Place, No. 6, Raja Ram Mohan Roay Road, (Opp. P F Office), Richmond Circle, Bangalore - 560 025. Karnataka. Tel.: +91-080-2211 7140/41/4115/0445</p>	<p>Chennai: Unit no.O-509/C, Spencer Plaza, 5th Floor, No.769, Anna Sai, Chennai-600 002. Tel.: +91-044-28497812/0811 Fax: 2849 0876</p>
<p>Hyderabad: 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500029. Tel:+91-040-4010 2030/4020 3031</p>	<p>Kolkata: 3rd Floor, Prasad Chambers, Shagun Mall Bdg., 10 A Shakespeare Sarani, Kolkata-700 071. Tel.: +91-33-2283 1800/1803/2280/8472</p>	<p>New Delhi: 3rd Floor, B-47, Innen Circle Near Plaza Cinema, Connaught Place New Delhi-110 001. Tel: +91-011-2331 8701/2371 6199</p>