

Compensation arrangement for bank loan ratings^(Revised)

CARE Ratings follows a transparent pricing mechanism for undertaking rating of various products. The fee structure is usually computed as a percentage of debt amount to be rated subject to minimum fee.

The general fee structure for debt instruments is:

- Initial fee: @0.10% of debt to be rated (charged at the time of initial rating exercise).
- Surveillance fee: @0.05% of the debt rated (a subsequent annual charge for time the rating remains outstanding).

GST is charged over and above the fee quoted. Out of pocket Expenses are charged on actual basis.

CARE Ratings may consider alternative fee structure for depending on the volume of borrowing, group structures, past business association and such other entities. The aforesaid fees of CARE Ratings depends on variety of factors including i)the industry type, ii)instrument / debt facility break-up and iii)complexity of the rating exercise.

Further, CARE Ratings also reserves the right to change the above fee structure for bulk deals, PSU tenders, etc. However, our fees for rating of new bank loan/facilities of unrated company shall not be less than Rs.20,000. However, revisions in the pricing/fee structure shall not ordinarily be made more than once in a quarter.

This disclosure is being made as per the advice of Reserve Bank of India (vide communication dated April 26, 2013 ref no DBOD.BP.No./5382/21.06.007/2012-13) that accredited credit rating agencies (CRAs) should disclose the nature of compensation arrangements and fee structure for bank loans/facility ratings and the factors determining such fee charged.