

General Nature of Compensation Arrangements with rated entities

[In supersession of “General Nature of Compensation Arrangements with rated entities” issued in [June 2017](#)]

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

The general nature of compensation arrangements that CARE Ratings has with rated entities is as under:

- 1) Before crystallising any rating agreement, the applicable fees are finalised with the entity to be rated.
- 2) The credit rating fees generally have two components: Initial Rating Fee (IRF) and Annual Surveillance Fee (ASF). The IRF is charged at the time of assignment of initial rating and the ASF is charged annually during the time that the rating remains outstanding.
- 3) While the fees are generally correlated to the debt to be rated, it also depends upon the industry type, debt facility break-up and complexity of the assignment.
- 4) Only the business development team is involved in the finalisation of the fees for the rating assignments and these officials are not part of the rating operations / rating committees.
- 5) Rating analysts are not part of the mandate origination and fee discussions. Thus, the fees charged for the rating assignments is not disclosed to the rating analysts.
- 6) The amount of rating fees is not a determinant of rating analysis or rating outcome by CARE Ratings in any manner whatsoever.
- 7) CARE Ratings reserves the right to charge the rating fees within the general nature of compensation arrangements with rated clients.

- 8) Fee schedules are available to issuers on request.
- 9) In certain cases, CARE Ratings may be appointed and compensated for the rating assignments by the investors or parties other than the issuer for the same.

GST is generally charged over and above the fees quoted for the rating assignment. Out-of-pocket expenses, if any, are generally charged to the client on actual basis. CARE Ratings will not be obliged to disclose details of such expenses.

Notes:

- Rating fees are generally computed separately on each instrument issued.
- Issuers are liable to pay rating fees, regardless of whether they accept CARE's rating or not. Full rating fee is to be paid upfront.
- CARE Ratings may consider alternative price structure for large volume borrowers, group structures and such other entities. CARE Ratings also reserves the right to have an alternative fee structure for bulk deals, PSU tenders, etc.
- CARE reserves the right to make changes in the fee structure at any time.
- CARE does not charge any fee to its clients or to the investors for disseminating / publishing ratings and Press Releases on its website www.careratings.com.

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