

General Nature of Compensation Arrangements with rated entities

[In supersession of “General Nature of Compensation Arrangements with rated entities” issued in [December 2016](#)]

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 fee structure for different products is given below:

- **For Bank Loans/Facilities**

The minimum fee structure for unrated Bank loan/facilities ratings is given as under:

- Initial fee - 0.04% of the debt/facility amount to be rated
(subject to a flat fees of Rs. 40,000/- up to debt size of Rs 15 crore)
- Surveillance fee - 0.025% of the debt/facility amount being be rated
(subject to a minimum fees of Rs. 35000/-)

- **Fixed Deposits**

0.10% of the outstanding amount of Fixed Deposits subject to a minimum of Rs.200,000.

- **Debentures**

0.10% of the issue amount subject to a minimum of Rs.200,000.

- **Commercial Paper**

0.10% of the issue amount subject to a minimum of Rs.200,000.

- **Issuer Rating**

0.05% of all the outstanding debts as on last balance sheet date subject to minimum of Rs.300,000.

General Nature of Compensation Arrangement with rated entities

- Annual Surveillance Fees on Fixed Deposits/Debentures/Commercial Paper: 0.03% of the amount outstanding under the rated instrument subject to a minimum of Rs.100,000.
- In case of roll-over of CPs, no rating fee would be charged for any roll-over within one year of the original rating. For any increase in the amount of issue, additional fee at normal rate will be charged. For any roll-over after a year from the original rating, additional fee at the rate applicable for annual surveillance will be levied.
- Annual Surveillance Fees on Issuer Rating: 0.05% of the amount outstanding under the rated instrument subject to a minimum of Rs.200,000.
- Credit Reports: Fees applicable will depend on the scope and coverage of each report and can be obtained on specific request.

Service tax is charged over and above the fee quoted. Out-of-pocket expenses, if any, will be charged to the client on actual basis. CARE will not be obliged to disclose details of such expenses.

Notes:

- Rating fees are 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. The fees also depend on variety of factors including the industry type, facility break up and complexity of the rating exercise. CARE Ratings also reserves the right to change the above fee structure for bulk deals, PSU tenders, etc.
- CARE reserves the right to make changes in the fee structure at any time.

[Last updated on June 21, 2017]

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable.

CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.