

Annexure VII

Cumulative Default Rate

CARE's average Default Rates for last five financial year period
(FY2012 - FY2016) - Non Structured Instrument

	Weighted Average Default rate for the last five financial year period	
Rating Category	One year Default rate (%)	Three year Cumulative default rate (%)
AAA	0.00%	0.00%
AA	0.12%	1.05%
A	0.29%	4.05%
BBB	1.36%	5.08%
BB	4.14%	10.40%
B	7.48%	16.33%
C	22.34%	33.00%

CARE's average Default Rates for the last five financial year period
(FY2012 - FY2016) - Structured Instrument

	Weighted Average Default rate for the last five financial year period	
Rating Category	One year Default rate (%)	Three year Cumulative default rate (%)
AAA	0.00%#	0.00%
AA	0.00%	0.00%
A	0.89%	3.84%
BBB	1.08%	3.52%
BB	8.24%	29.92%
B	36.07%	58.54%
C	28.57%	0%

#This excludes delay in yearly interest payment by 13 days on bond instrument of Hindustan Organic Chemicals Ltd. This bond was backed by unconditional and irrevocable guarantee from the Government of India for timely payment of interest and repayment of principal. Guarantees were invoked in time but due to operational issues, the debt servicing was delayed. Including this, the CDR for 'AAA' category would be 0.23%.