

Annexure VII

Cumulative Default Rate

CARE's average Default Rates for the last five financial year period
(FY2013- FY2017) - 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 | 0.11% | 0.99% |
| A | 0.40% | 3.42% |
| BBB | 1.50% | 5.27% |
| BB | 4.01% | 8.54% |
| B | 6.91% | 14.41% |
| C | 20.85% | 32.64% |

CARE's average Default Rates for the last five financial year period
(FY2013 - FY2017) - 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 | 0.71% | 2.47% |
| BBB | 0.92% | 3.14% |
| BB | 8.70% | 20.22% |
| B | 30.67% | 53.85% |
| C | 22.22% | NM@ |

This excludes delay in yearly interest payment 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 default rate for 'AAA' category would be 0.19% for one year and three year cumulative default rate would be 0.32%.

@ Out of the 3 cohorts in the period, only 1 cohort had 2 issuers which were downgraded to D; whereas the other 2 cohorts had no issuers. Hence, not meaningful.