

ANNEXURE A

(Year ending March 2020)

ANNEXURE A.1. – Long-run average default rates for long term instruments

Rating Category	1 -Year Default Rate	2-year Cumulative Default Rate	3-year Cumulative Default Rate
AAA	0.21%	0.45%	0.63%
AA	0.17%	0.47%	0.93%
A	0.98%	2.72%	4.88%
BBB	2.54%	5.90%	9.25%
BB	4.44%	8.60%	12.63%
B	6.24%	12.69%	20.24%
C	25.03%	36.64%	41.37%

ANNEXURE A.2. – Long-run average default rates for short term instruments

Rating Category	1 -Year Default Rate
A1+	0.40%
A1	1.14%
A2	1.93%
A3	2.06%
A4	3.52%

ANNEXURE A.3. – Short-run average default rates for long term instruments

Rating Category	1 -Year Default Rate	2-year Cumulative Default Rate	3-year Cumulative Default Rate
AAA	0.77%	1.39%	1.76%
AA	0.46%	1.03%	1.78%
A	1.05%	3.09%	5.66%
BBB	3.07%	6.56%	9.88%
BB	4.50%	7.79%	11.21%
B	5.94%	11.81%	20.50%
C	45.26%	43.15%	48.53%

ANNEXURE A.4. – Short-run average default rates for short term instruments

Rating Category	1 -Year Default Rate
A1+	0.70%
A1	1.35%
A2	2.10%
A3	3.11%
A4	4.80%

APPENDIX. – List of rated entities, where default on an unrated instrument is recognized as default for default rate computation as per the Standard Operating Procedure framed in consultation with SEBI.

Sl.No	Name of the rated entity	Date of rating action	Rating prior to Revision	Rating Post Revision
1.	SGR Exim Private Limited	22 nd Jul 2019	IND B-/IND A4 (ISSUER NOT COOPERATING)	IND C/IND A4 (ISSUER NOT COOPERATING)
2.	Everon Castings Private Limited	12 th Mar 2020	IND BB+/IND A4+ (ISSUER NOT COOPERATING)	IND C/IND A4 (ISSUER NOT COOPERATING)
3.	Ved Cellulose Limited	20 th Mar 2020	IND BB/IND A4+ (ISSUER NOT COOPERATING)	IND C/IND A4 (ISSUER NOT COOPERATING)

- Notes:**
1. Disclosures made are as per methodology prescribed in SEBI circular “SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 201 9/ 70”, dated June 13, 2019 and may not be comparable with all the earlier disclosures made as per methodology prescribed in SEBI circular “SEBI Circular CIR/MIRSD/CRA/6/2010”, dated 3rd May 2010.
 2. All AAA defaults are on account of defaults by IL&FS related group entities. Without these, and without other defaults by IL&FS related group entities, default rates would have been as below:

Long-run average default rates

Rating Category	1 -Year DR	2-year CDR	3-year CDR
AAA	0.00%	0.00%	0.00%
AA	0.07%	0.19%	0.46%
A	0.88%	2.46%	4.41%
BBB	2.52%	5.79%	8.97%

Short-run average default rates

Rating Category	1 -Year DR	2-year CDR	3-year CDR
AAA	0.00%	0.00%	0.00%
AA	0.18%	0.39%	0.84%
A	0.76%	2.44%	4.66%
BBB	3.00%	6.25%	9.24%

3. Ind-Ra has not recognized default on “Yes Bank Ltd.” as in Ind-Ra’s opinion Yes bank technically was not in default due to immediate moratorium imposed. In Ind-Ra’s opinion, Yes Bank had enough liquidity to honor its obligations. Further w.r.t AT1 instruments under BASEL III, principal write-down is a part of terms and conditions of issuance, hence a writedown of the same, in Ind-Ra’s opinion, does not constitute a default. If Yes Bank’s Issuer Rating were to be included in default statistics, default rates would have been as below:

Long-run average default rates

Rating Category	1 -Year DR	2-year CDR	3-year CDR
AAA	0.21%	0.45%	0.63%
AA	0.18%	0.48%	0.95%
A	0.98%	2.72%	4.88%
BBB	2.54%	5.90%	9.25%
BB	4.44%	8.60%	12.63%
B	6.24%	12.69%	20.24%
C	25.03%	36.64%	41.37%

Short-run average default rates

Rating Category	1 -Year DR	2-year CDR	3-year CDR
AAA	0.77%	1.39%	1.76%
AA	0.48%	1.06%	1.82%
A	1.05%	3.09%	5.66%
BBB	3.07%	6.56%	9.88%
BB	4.50%	7.79%	11.21%
B	5.94%	11.81%	20.50%
C	45.26%	43.15%	48.53%

DR: Default Rate CDR: Cumulative Default Rate

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