Default Study:

NCR Ltd., has also conducted default study for the clients rated from the year 2015 to year 2020. Default study is carried out to see whether any issuer has defaulted i.e. has gone down to the level of 'D' category. While conducting the default study, NCR Ltd., has used Cohort method to calculate the performance of entities rated across various rating categories. Cumulative Default Rate (CDR) is calculated for each cohort within the period of study. The CDR is calculated over one-year, two-years and three-years time horizons to evaluate the performance of ratings over the varying periods. Then, the issuers' weighted average for one-year, two-year and three-year CDR is computed to arrive at long term CDR for each category. As rating is a measure of probability of default, a higher rating given to an entity implies a lower credit risk.

	Year-1		Year-2		Year-3	
Rating Category	**Avg. No. of Issuer**	**CDR (%)**	**Avg. No. of Issuer**	**CDR (%)**	**Avg. No. of Issuer**	**CDR (%)**
AAA	0	0.00	0	0.00	0.00	0.00
AA	41	0.00	40	0.00	39.67	0.00
A	336	0.29	322	0.31	321.67	0.31
BBB	720	0.55	729.25	1.23	736.00	0.12
BB	30	3.40	0	0.00	32.33	0.00
B	0	0.00	0.5	0.00	0.00	0.00
C	0	0.00	0.25	0.00	0.00	0.00
Total	1128		1092		1129.67	

The categories of AA, A, BBB, BB, B and C include ratings with the suffix '+' or '-' within the respective rating categories. From the above table it can be stated that in 'A' category rating, NCR Ltd. has recorded CDR of 0.29% in Year-1, 0.31% in Year-2 and 0.31% in Year-3. In 'BBB' category rating it has been recoded CDR of 0.55% in Year-1, 1.23% in Year-2 and 0.12% in Year-3. Moreover, in 'BB' category CDR was 3.40% in Year-1.

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