

CareEdge Debt Quality Index (CDQI) denotes the quality of debt that can be interpreted over time and juxtaposed with other developments in the financial sector. The CDQI captures, on a scale of 100 (index value for the base year FY12), whether the quality of debt is improving or declining. Intuitively an upward movement indicates improvement in quality of debt benchmarked against the base year. As it is contemporary with minimum time lags, the health of the debt and credit markets is encapsulated on a near-real-time basis.

The dataset comprises 1,613 companies from our portfolio of 2,980 companies as of March 2012. The dataset is revisited at regular intervals and is replaced suitably with a new set of companies with a similar rating and an approximate volume of outstanding debt rated in case if an entity ceases to have a rating coverage. Currently, the volume of debt of the sample companies stands at Rs. 43.2 lakh crore in December 2021.

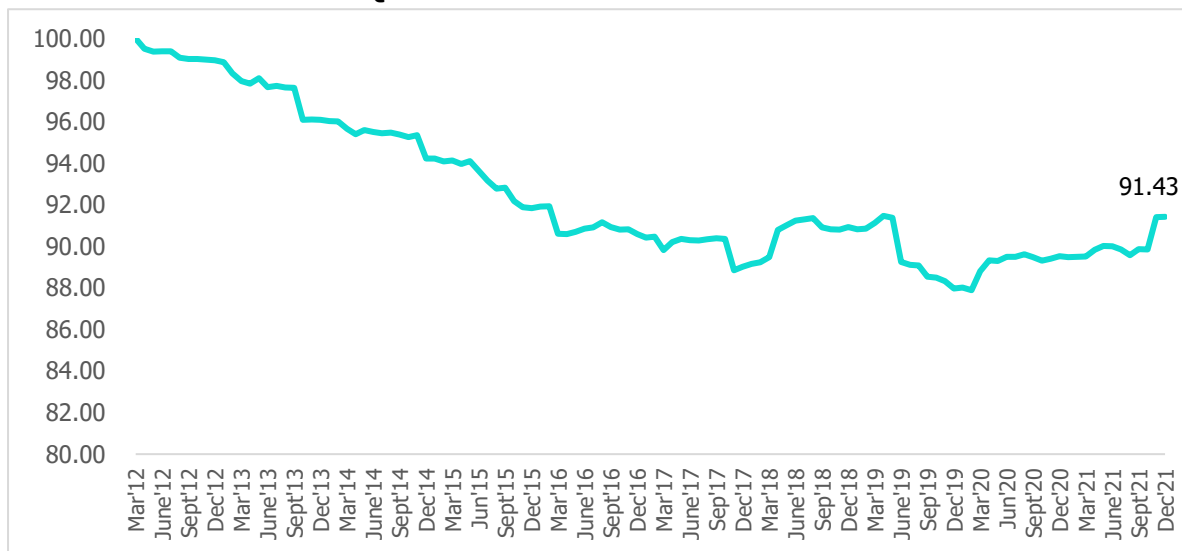
**Table 1: Movement in CDQI**

Month	CDQI - Index	Change
Apr-20	89.32	+0.51
May-20	89.30	-0.02
Jun-20	89.50	+0.20
Jul-20	89.50	0.00
Aug-20	89.62	+0.12
Sep-20	89.48	-0.14
Oct-20	89.30	-0.18
Nov-20	89.40	+0.10
Dec-20	89.53	+0.13
Jan-21	89.48	-0.05
Feb-21	89.50	+0.02
Mar-21	89.51	+0.01
April-21	89.84	+0.33
May-21	90.02	+0.19
June-21	90.01	-0.01
July-21	89.85	-0.16
Aug-21	89.57	-0.28
Sep-21	89.87	+0.30
Oct-21	89.86	-0.01
Nov-21	91.41	+1.55
Dec-21	91.43	+0.02

Source: CareEdge calculations

The CDQI rose to 89.51 in March 2021, 0.70 points more than March 2020 with a notable uptick witnessed in April 2020 on account of enhancements in rated debt of higher rated entities. During the last quarter of FY21, the index was largely range-bound. FY22 started with a notable uptick witnessed in April and May 2021, followed by a three-month consecutive fall till August 2021. In September 2021, index inched higher on account of upgrades in rated debt of some entities as well as enhancements in rated debt of higher rated entities. After rising sharply to 91.41 in November 2021 due to reduction in debt of a large defaulting NBFC on restructuring, the Index remained almost stable at 91.43 in December 2021.

**Exhibit 1: Movement in CDQI**



For detailed methodology see:

<http://www.careratings.com/pdf/Banner/CDQI%20PR%20&%20Report%20%20for%20website.pdf>

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## About:

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