

CareEdge Debt Quality Index – March 2022



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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 an improvement in the 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 1,639 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 an entity ceases to have a rating coverage. Currently, the volume of debt of the sample companies stands at Rs 45.2 lakh crore in March 2022.

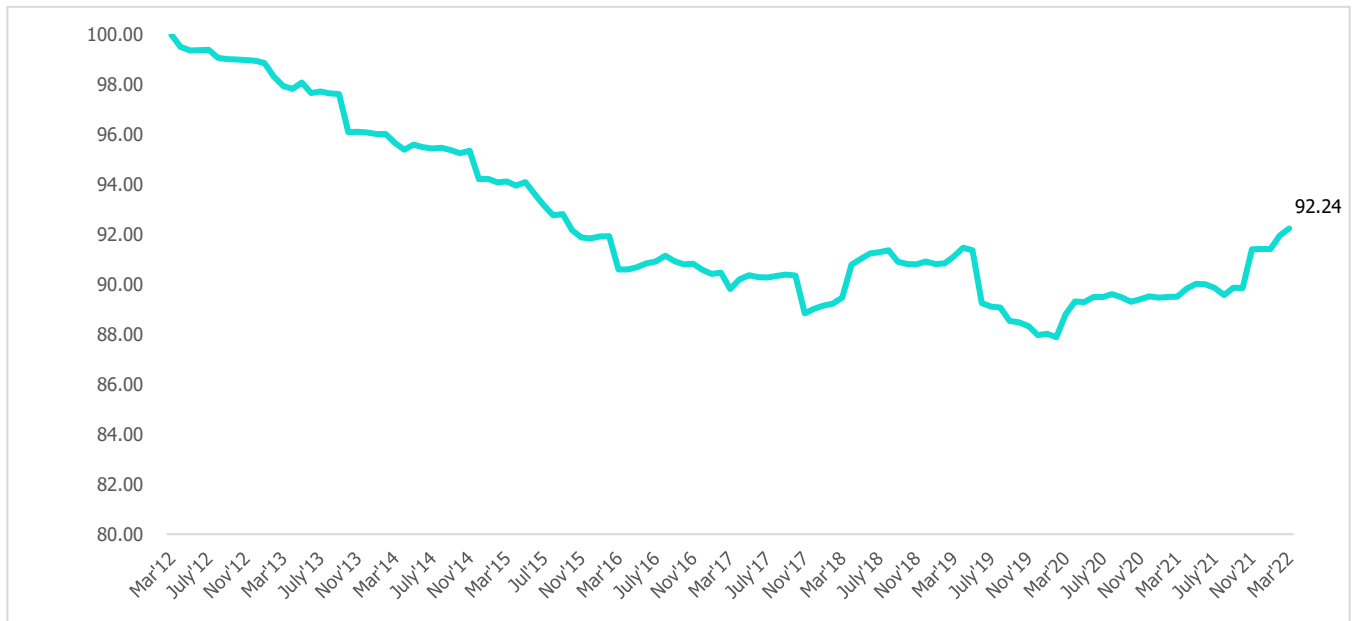
Table 1: Movement in CDQI

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
Jan-22	91.43	0.00
Feb-22	91.96	+0.53
Mar-22	92.24	+0.28

Source: CareEdge calculations

CareEdge Debt Quality Index (CDQI) witnessed a notable uptick in FY22 from 89.51 in March 2021 to 92.24 in March 2022 largely driven by upgrades in rated debt, enhancements in rated debt of higher-rated entities and reduction in debt of a large defaulting NBFC on restructuring. The CDQI saw an improvement in all the last five months of FY22. The March 2022 index rose to 92.24 from 91.96 in February 2022, due to the rating of the market borrowing programme of a large power finance company and enhancements in rated debt of other highly rated entities.

Exhibit 1: Movement in CDQI



For detailed methodology see:

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

Contact

Milind A. Gadkari	Senior Director	milind.gadkari@careedge.in	+91-22-6754 3466
Smita Rajpurkar	Director	smita.rajpurkar@careedge.in	+91-22-6837 4416
Shambhavi Priya	Associate Economist	shambhavi.priya@careedge.in	+91-22-6837 4400
Mradul Mishra	Media Relations	mradul.mishra@careedge.in	+91-22-6754 3596

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East),
Mumbai - 400 022
Phone : +91 - 22 - 6754 3456 | CIN: L67190MH1993PLC071691

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