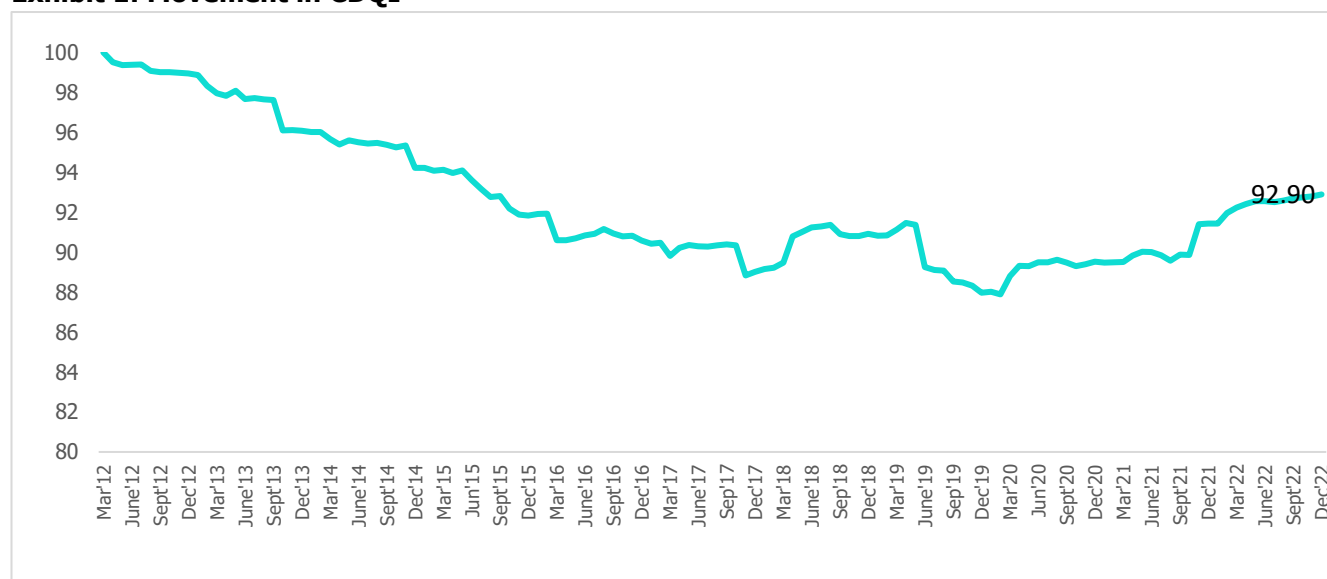


The CareEdge Debt Quality Index (CDQI) has witnessed an upward journey since November 2021. An improvement in the index was also witnessed in December 2022 as it rose to 92.90 against 92.80 in November 2022 on the back of upgrades mainly in the investment grade rating categories.

**Exhibit 1: Movement in CDQI**



Source: CareEdge calculations

**About the CDQI Index**

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 1,656 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 46.4 lakh crore in December 2022.

For detailed methodology see:

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

**Annexure 1: Movement in CDQI**

Month	CDQI - Index	Change	Month	CDQI - Index	Change
Apr-21	89.83	+0.33	Apr-22	92.41	+0.18
May-21	90.02	+0.19	May-22	92.56	+0.15
Jun-21	90.01	-0.01	Jun-22	92.56	0.00
Jul-21	89.85	-0.16	Jul-22	92.50	-0.06
Aug-21	89.57	-0.29	Aug-22	92.58	+0.08
Sep-21	89.87	+0.30	Sep-22	92.70	+0.12
Oct-21	89.86	-0.01	Oct-22	92.74	+0.04
Nov-21	91.41	+1.55	Nov-22	92.80	+0.06
Dec-21	91.43	+0.02	Dec-22	92.90	+0.10
Jan-22	91.43	0.00			
Feb-22	91.96	+0.53			
Mar-22	92.24	+0.28			

Source: CareEdge calculations

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## About:

CareEdge is a knowledge-based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE Ratings Ltd, the parent company in the group, is one of the leading credit rating agencies in India. Established in 1993, it has a credible track record of rating companies across multiple sectors and has played a pivotal role in developing the corporate debt market in India. The wholly-owned subsidiaries of CARE Ratings are (I) CARE Advisory, Research & Training Ltd, which offers customised advisory services, credible business research and analytical services (II) CARE Risk Solutions Private Ltd, which provides risk management solutions.

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