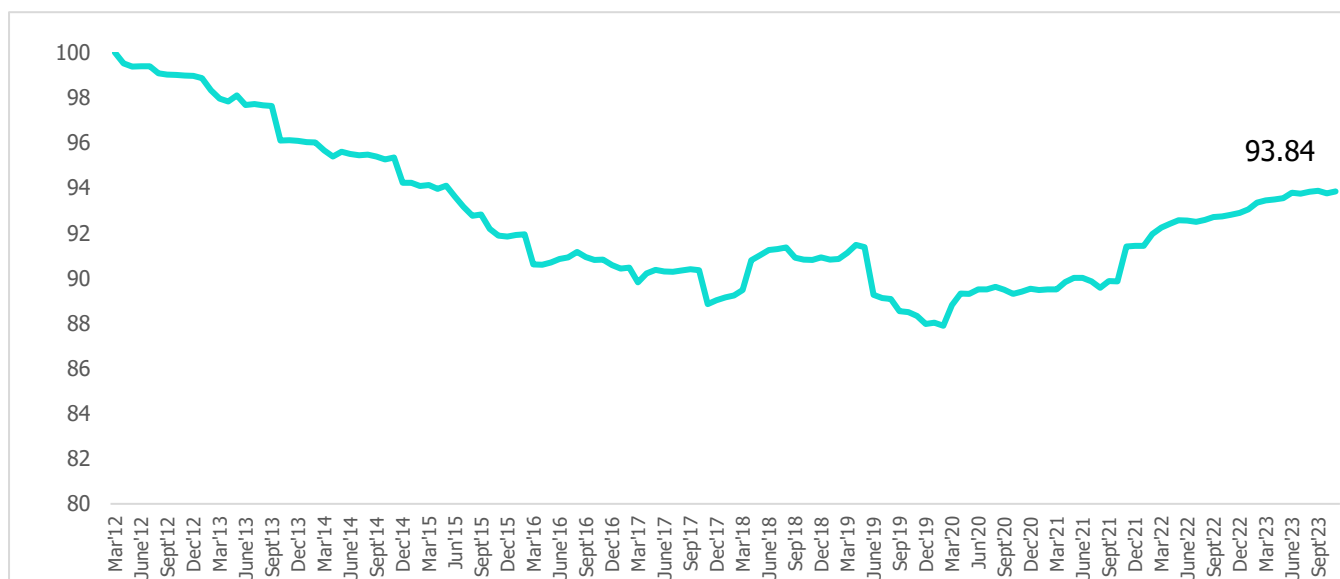


The CareEdge Debt Quality Index (CDQI) has witnessed upward trend since November 2021. The index which registered a dip in October 2023; has risen thereafter to the level 93.84 in November 2023 which stood at 93.76 in October 2023 on account of increase in rated debt in the investment grade rating categories.

**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 1,682 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 49.7 lakh crore in November 2023.

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
Dec-21	91.43	+0.02	Dec-22	92.90	+0.10
Jan-22	91.43	0.00	Jan-23	93.05	+0.15
Feb-22	91.96	+0.53	Feb-23	93.35	+0.30
Mar-22	92.24	+0.28	Mar-23	93.45	+0.10
Apr-22	92.41	+0.18	Apr-23	93.48	+0.03
May-22	92.56	+0.15	May-23	93.54	+0.06
Jun-22	92.56	0.00	Jun-23	93.79	+0.25
Jul-22	92.50	-0.06	Jul-23	93.75	-0.04
Aug-22	92.58	+0.08	Aug-23	93.83	+0.08
Sep-22	92.70	+0.12	Sep-23	93.87	+0.04
Oct-22	92.74	+0.04	Oct-23	93.76	-0.11
Nov-22	92.80	+0.06	Nov-23	93.84	+0.08

Source: CareEdge calculations

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## About Us:

CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's second-largest rating agency, with a credible track record of rating companies across diverse sectors and holding leadership positions in high-growth sectors such as BFSI and Infra. The wholly-owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory Private Ltd previously known as CARE Risk Solutions Pvt Ltd, and (II) CARE ESG Ratings Ltd, previously known as CARE Advisory Research and Training Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings Africa (Private) Limited in Mauritius, CARE Ratings South Africa (Pvt) Ltd, and CARE Ratings Nepal Limited.

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