

CARE Ratings Debt Quality Index (CDQI) – February 2017

CARE Ratings 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.

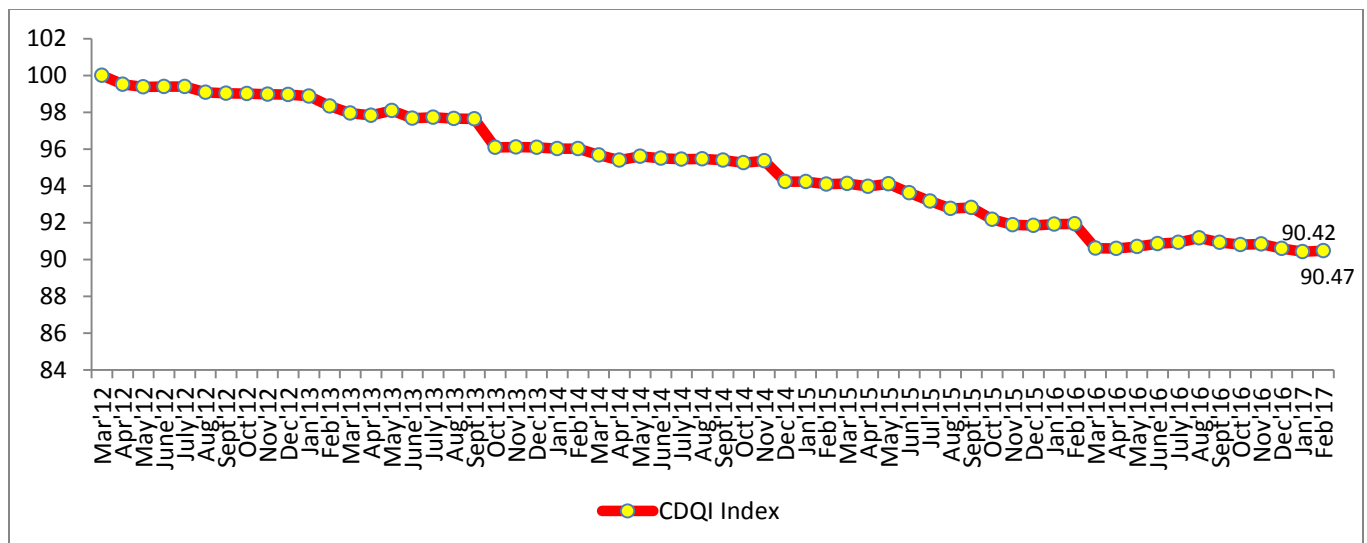
The dataset comprises of 1,579 companies from the CARE’s portfolio of 2,980 companies as of March 2012. The dataset is revisited at regular intervals and is replaced suitably with a new set of companies with a similar rating and an approximate volume of outstanding debt rated in case if an entity ceases to have a rating coverage. Currently, the volume of debt of the sample companies stands at Rs.29.60 lakh crore in February 2017.

Movement in index:

Observing the trend of CDQI over the last one year, we see that after improving marginally in Feb’16, the index declined in Mar’16. The index has shown stability, though with an upward bias in the subsequent months up to Aug’16, while it declined in Sept’16 and Oct’16. The decline continued in the month of Jan’17, mainly on account of few large issuers being downgraded. However, Feb’17 saw a marginally rise to 90.47 influenced by increase in fresh AAA-rated debt.

Table: Movement in CDQI

Month	CDQI- Index	Change
July’16	90.92	0.07 ↑
Aug’16	91.16	0.24 ↑
Sept’16	90.93	-0.23 ↓
Oct’16	90.80	-0.13 ↓
Nov’16	90.83	0.03 ↑
Dec’16	90.59	-0.24 ↓
Jan’17	90.42	-0.17 ↓
Feb’17	90.47	0.05 ↑



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