

CARE Ratings Debt Quality Index (CDQI) – April'18

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.

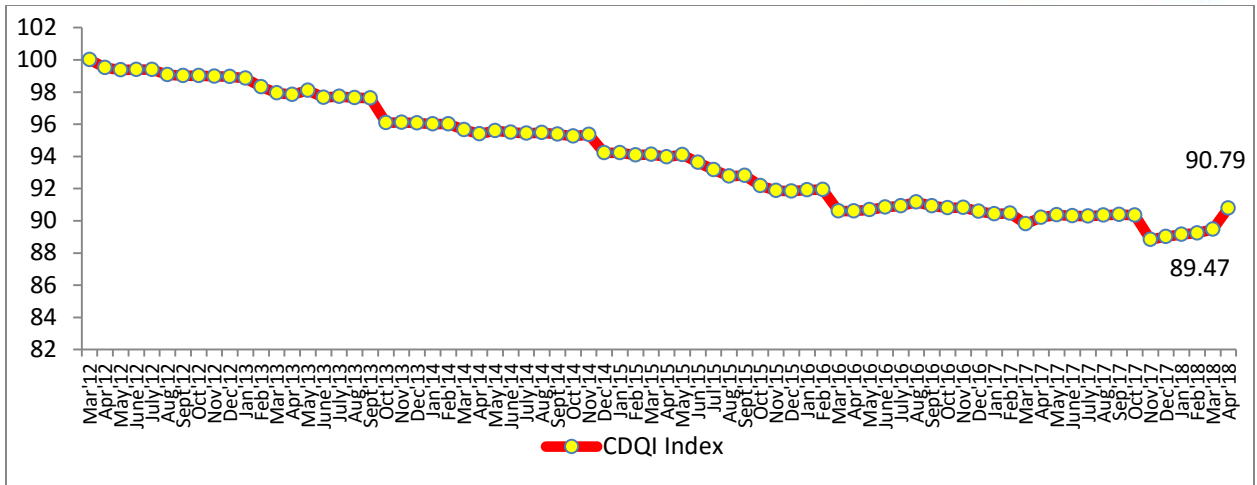
The dataset comprises of 1,595 companies from CARE Ratings' portfolio of 2,980 companies as of March 2012. The dataset is revisited at regular intervals and is replaced suitably with a new set of companies with a similar rating and an approximate volume of outstanding debt rated in case if an entity ceases to have a rating coverage. Currently, the volume of debt of the sample companies stands at Rs.32.89 lakh crore in April 2018.

Movement in index:

CDQI largely followed an improving trend in the first half of FY18. CDQI, thereafter, witnessed a marginal decline in the month of October 2017. The index further declined in November 2017 on account of rating downgrades in telecom sector. However, it has been improving since the last 5 months i.e., December 2017-April 2018. The rise in index in April'18 can be essentially attributed to large borrowing programmes rated for various Public Sector Undertakings (PSUs), against which these PSUs would be borrowing in FY19 (refers to period April 1 to March 31) for implementing infrastructure projects in roads, power, rural electrification, etc.

Table: Movement in CDQI

Month	CDQI- Index	Change
Mar'17	89.81	-0.66 ↓
Apr'17	90.21	0.40 ↑
May'17	90.36	0.16 ↑
June'17	90.30	-0.07 ↓
July'17	90.28	-0.02 ↓
Aug'17	90.34	0.06 ↑
Sep'17	90.40	0.06 ↑
Oct'17	90.35	-0.05 ↓
Nov'17	88.85	-1.54 ↓
Dec'17	89.02	0.17 ↑
Jan'18	89.15	0.13 ↑
Feb'18	89.23	0.07 ↑
Mar'18	89.47	0.25 ↑
Apr'18	90.79	1.32 ↑



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