

### CARE Ratings Debt Quality Index (CDQI) - December 2015

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.

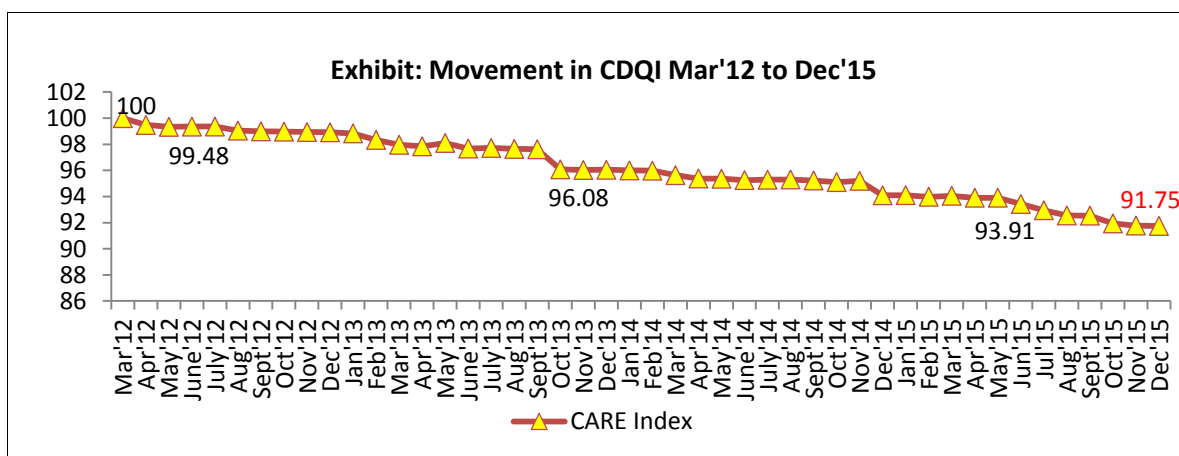
The dataset comprises of 1,582 companies from the CARE’s portfolio of 2,980 companies as of March 2012. The dataset is revisited at regular intervals and is replaced suitably with a new set of companies with a similar rating and an approximate volume of outstanding debt rated in case if the rating has been withdrawn or suspended. Currently, the volume of debt of the sample companies stands at Rs.26.97 lakh crore during December 2015.

**Movement in index -**

The CDQI has been witnessing a downward movement since June’15. The index had exhibited some stability with a moderation of merely 0.01 point during Sept’15 at 92.54. However, the index once again declined steeply by 0.60 points to 91.94 in Oct’15 and 91.78 in Nov’15. It has further continued to register a contraction in Dec’15 (albeit to a lower extent, by 0.03 points) and stood at 91.75. This downward trend of the index is indicative of the deteriorating quality of debt over the last seven months.

**Table :Movement in CDQI**

Month	CDQI- Index	Change
Apr’15	93.91	-
May’15	93.91	-
Jun’15	93.43	-0.48 ↓
Jul’15	92.95	-0.48 ↓
Aug’15	92.55	-0.40 ↓
Sept’15	92.54	-0.01 ↓
Oct’15	91.94	-0.60 ↓
Nov’15	91.78	-0.16 ↓
Dec’15	91.75	-0.03 ↓



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