

CARE Ratings Debt Quality Index (CDQI) – September 2016

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.

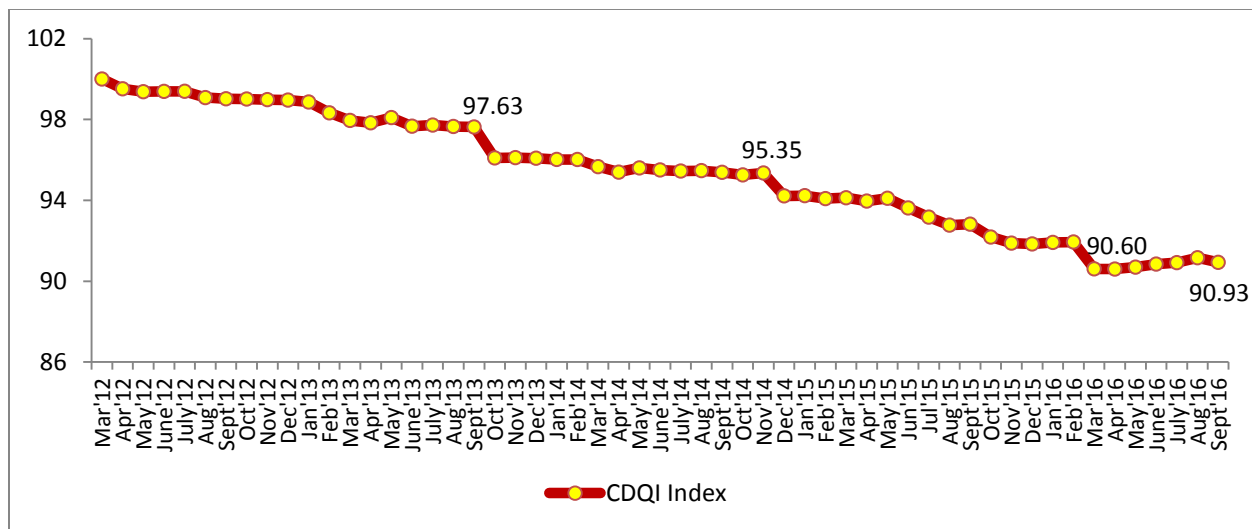
The dataset comprises of 1,581 companies from the CARE’s portfolio of 2,980 companies as of March 2012. The dataset is revisited at regular intervals and is replaced suitably with a new set of companies with a similar rating and an approximate volume of outstanding debt rated in case if an entity ceases to have a rating coverage. Currently, the volume of debt of the sample companies stands at Rs.30.26 lakh crore in September 2016.

Movement in index:

The CDQI had shown a continuous decline from May’15 (when it was first announced by CARE) to Dec’15. After improving marginally in Jan’16 and Feb’16, the index declined considerably in Mar’16, and further marginally in Apr’16. The index has shown stability, though with an upward bias in the subsequent months up to August 2016. However, the month of September’16 saw the index decline by 0.23 to 90.93.

Table :Movement in CDQI

Month	CDQI- Index	Change
Feb’16	91.94	0.02 ↑
Mar’16	90.61	-1.33 ↓
Apr’16	90.60	-0.01 ↓
May’16	90.69	0.10 ↑
June’16	90.84	0.15 ↑
July’16	90.92	0.07 ↑
Aug’16	91.16	0.24 ↑
Sept’16	90.93	-0.23 ↓



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