

### CARE Ratings Debt Quality Index (CDQI) – June 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.

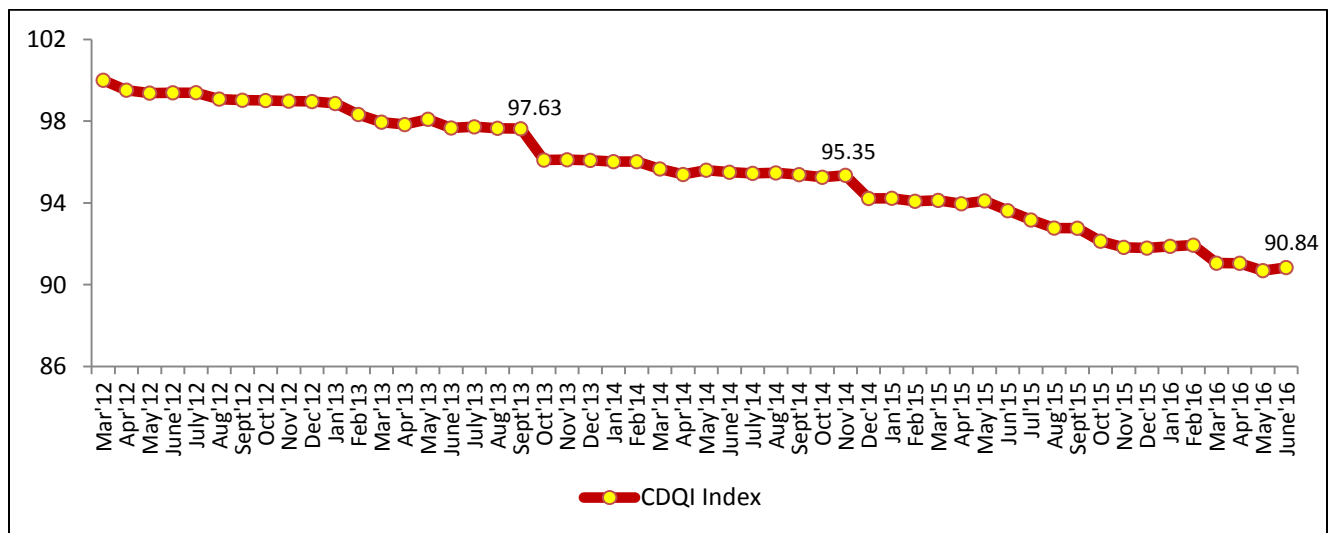
The dataset comprises of 1,581 companies from the CARE’s portfolio of 2,980 companies as of March 2012. The dataset is revisited at regular intervals and is replaced suitably with a new set of companies with a similar rating and an approximate volume of outstanding debt rated in case if an entity ceases to have a rating coverage. Currently, the volume of debt of the sample companies stands at Rs.29.54 lakh crore in June 2016.

**Movement in index:**

The CDQI has been witnessing a downward movement since June’15. The index exhibited some stability with moderation during Sept’15, followed by a significant decline in Oct’15 and Nov’15. The index witnessed marginal recovery in the month of Jan’16 and Feb’16 and declined by 0.88 points in Mar’16. The month of May also witnessed a downward movement with the index declining to 90.69. However, the month of June saw some improvement with the index improving to 90.84.

**Table :Movement in CDQI**

Month	CDQI- Index	Change
Nov’15	91.83	-0.30 ↓
Dec’15	91.79	-0.04 ↓
Jan’16	91.88	0.09 ↑
Feb’16	91.93	0.05 ↑
Mar’16	91.05	-0.88 ↓
Apr’16	91.05	0.00 ↔
May’16	90.69	-0.36 ↓
June’16	90.84	0.15 ↑



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