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Press Release: CARE Ratings releases Debt Quality Index (CDQI)

CARE Ratings today released its Debt Quality Index called CDQI in a function held in Mumbai.

‘This is probably the first of its type and we are happy to provide an important number on the quality of debt in the country. As we do have a fair presence in the market and are tracking the movement in ratings on a continuous basis, we did think that it will be useful if we can track a representative part of the portfolio on a regular basis through this index,’ said D R Dogra, Managing Director and CEO, CARE Ratings.

The CDQI is based on the debt quality of 1,589 companies tracked with a base year of 2011-12. The ‘idealized default curve’ formulated by CARE Ratings serves as the weights for various ratings in the methodology. The CDQI will be updated every month to get a flavour of how the quality of debt is changing.

Speaking on the occasion, Mr Rajesh Mokashi, Deputy Managing Director said, “With the financial system being afflicted by quality of assets, this debt index provides a different perspective. Rather than look at how quality has fared as against last year, we are doing the same with a base year. We have aligned the base year to 2011-12 which is being used by the Government of India for all their indices”.

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