

48% of CFOs stated increase in demand for short term funds, highest since Q2 2012 (since the index was instituted)



Optimism amongst CFOs for the long term funds stands at **51%** in Q2 2023, highest since Q2 2021



52% of CFOs are optimistic for mergers and acquisitions, highest in five quarters

The Composite CFO Optimism Index remained unchanged on a q-o-q basis to **96.1**

Only **12%** of CFOs expect level of financial risk on their balance sheet to decrease in Q2 2023, lowest since Q2 2012 (since the index was instituted)

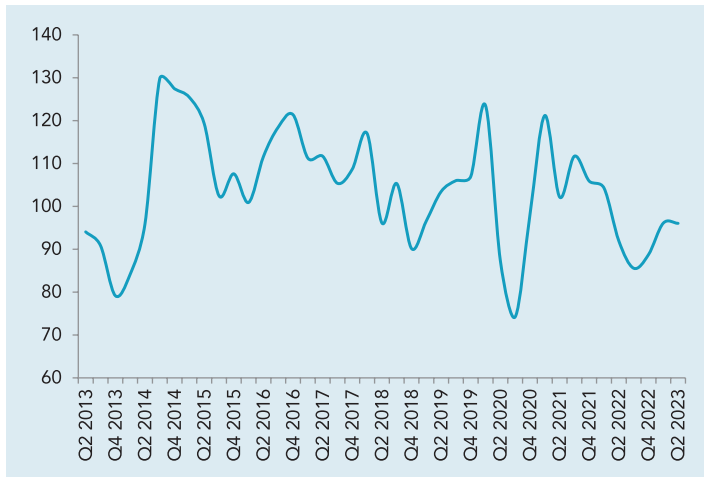


The CFO Optimism Index for services sector surged to five quarters high to **101.8** in Q2 2023



Optimism for level of financial risks for corporate sector as a whole stands at **9%** in Q2 2023 lowest since Q2 2018

CFO Optimism Index



Note: Values represent index level

- The Composite CFO Optimism Index increased by 4.5%, on a y-o-y basis, to 96.1 for Q2 2023
- Optimism level for financial performance of the companies increased by 8.2% (y-o-y)
- Optimism level for macroeconomic scenario declined by 0.9% (y-o-y)

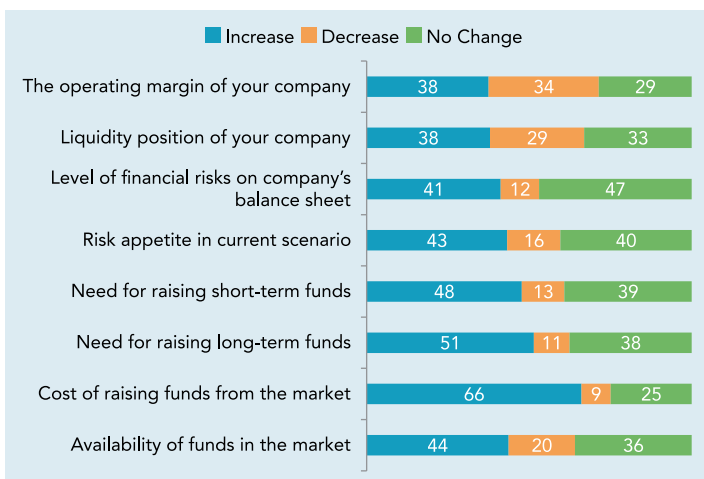
CFO optimism on a sectoral basis

- Optimism level of CFOs increased by 6.8% (y-o-y) in the services and by 4.2% (y-o-y) in the industrial sector
- Optimism level for macroeconomic scenario increased 3.5% (y-o-y) in the industrial sector and declined by 0.6% (y-o-y) in the services sector
- Optimism level for financial performance increased by 4.7% (y-o-y) industrial sector and 12.1% (y-o-y) for services sector, respectively



Note: Values represent index level

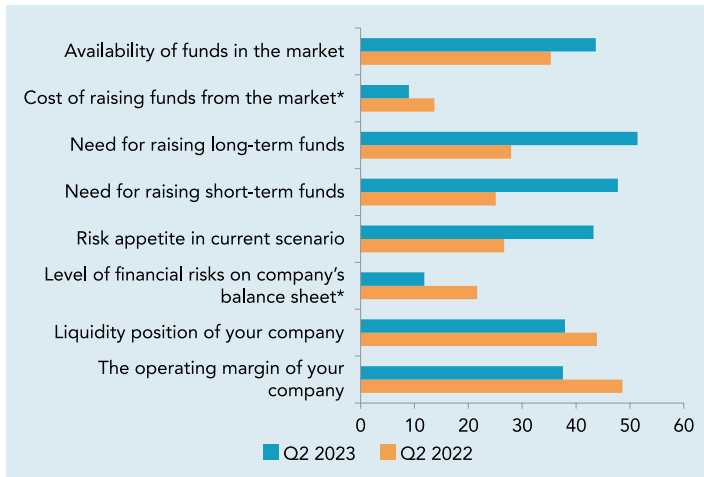
Optimism at the company level



Note: Values represent % of total responses

- 51% of CFOs expect the need for raising long term funds to increase in Q2 2023 compared to 30% in Q2 2022.
- Optimism for the liquidity position of the company within the service sector has declined to 35% in Q2 2023, lowest in 8 quarters.
- Optimism for cost of raising funds in the market for industrial sector declined to 6% in Q2 2023 from 18% in Q2 2022.

Optimism at the company level

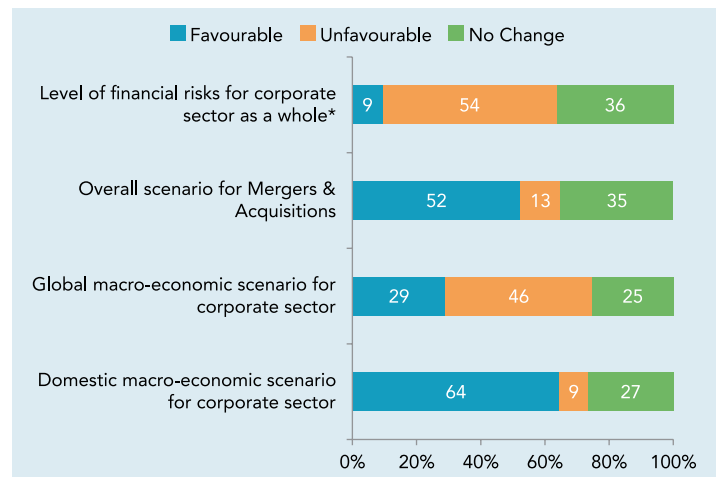


Note: % of CFOs indicating increase for the parameters
 *Values for the parameter represent % of CFOs indicating decrease for the respective quarters

- Only 12% of CFOs expect level of financial risks on company's balance sheet to decrease in Q2 2023, lowest since institution of index.
- 51% of CFOs expect an increase in the need for raising long term funds, highest in 9 Quarters.
- Optimism for raising short term funds increased to 48% in Q2 2023, highest since inception of index.

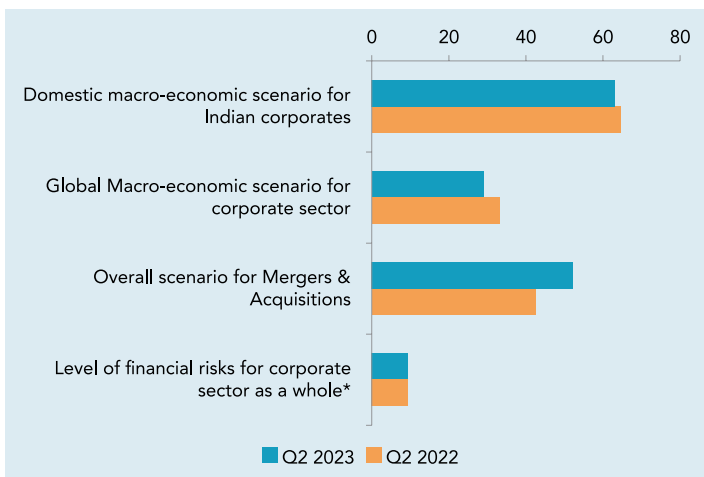
Optimism at the macro level

- Optimism for global macro-economic scenario for service stands at 31% in Q2 2023 compared to 45% in Q2 2022 while the same for Industrial remained flat y-o-y.
- Optimism level for domestic macroeconomic scenario for service sector declined to 63% in Q2 2023 from 74% in Q2 2022.
- However, optimism level for domestic macroeconomic scenario for industrial sector improved to 66% in Q2 2023 from 47% in Q2 2022.
- Only 7% CFOs in Industrial sector anticipate decrease in the level of financial risks on company's balance sheet in Q2 2023, lowest since this index was instituted.



Note: Values represent % of total responses.
 *For level of financial risks for the corporate sector as a whole, unfavourable means increase

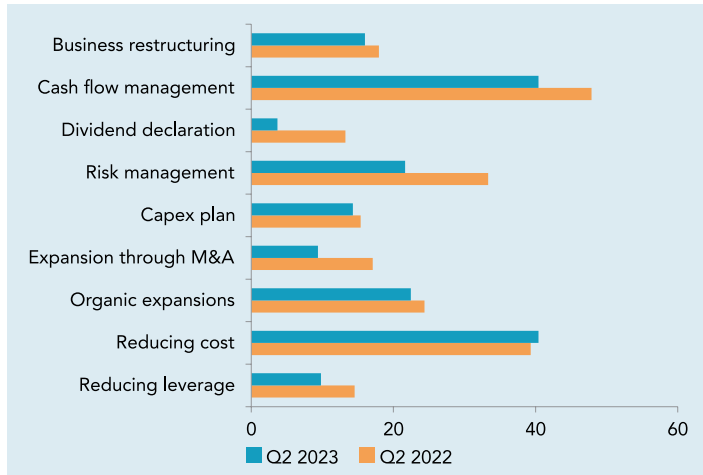
Optimism at the macro level



Note: % of CFOs indicating favourable for the parameters
 *Values for the parameter represent % of CFOs indicating decrease for the respective quarters

- Optimism for the global macro-economic scenario has remained same for four consecutive quarters at 29% compared to 36% in Q2 2022.
- Optimism for the domestic macro-economic scenario has improved by 6 percentage points (q-o-q) and declined by 2 percentage points (y-o-y) basis to 64% in Q2 2023.
- Optimism for overall mergers & acquisitions increased to 52% in Q2 2023, highest since Q1 2022.
- Optimism for level of financial risks for corporate sector as a whole stands at 9% in Q2 2023 lowest since Q2 2018.

CFO Priority during the next six months

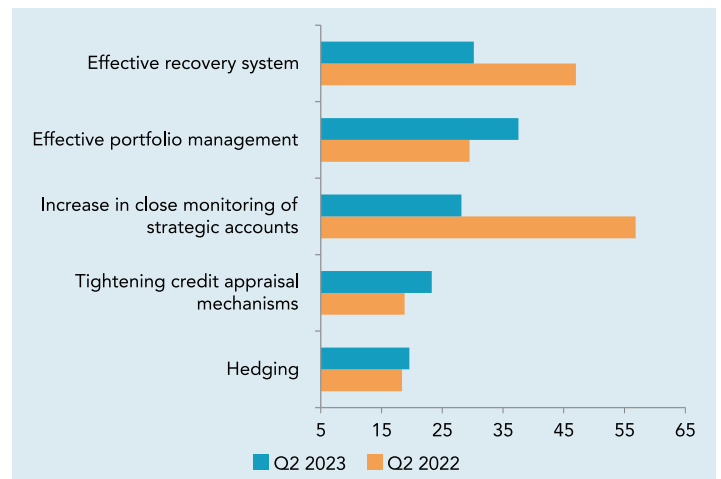


Note: % of CFOs who rated each of the parameters as their strong priority

- 40% of CFOs have stated reducing cost to be their priority in the next six months, compared to 39% in Q2 2022.
- 40% of CFOs have stated cash-flow management to be their priority in the next six months in Q2 2023, compared to 48% in Q2 2022.
- Only 9% of CFOs have stated expansion through M&A to be their priority in the next six months, compared to 17% in Q2 2022.

Risk management tool to be adopted during the next six months

- 38% of CFOs have stated increase in effective portfolio management to be their risk management tool in the next six months compared to 29% in Q2 2022.
- 23% of CFOs have stated tightening in credit appraisal mechanisms to be their risk management tool in the next six months highest in 7 quarters.
- 28% of CFOs have stated increase in close monitoring of strategic accounts to be their risk management tool in the next six months compared to 57% in Q2 2022.



Note: % of CFOs who stated each of the risk management tools to be adopted

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The D&B CFO Optimism Index is arrived at on the basis of a quarterly survey of CFO expectations regarding the financial state of their company as well as overall macroeconomic scenario.

Methodology

For the purpose of conducting the survey, a sample of companies belonging to basic goods, capital goods, intermediate goods, consumer durables, consumer non-durables and the services sector is selected randomly from Dun & Bradstreet's commercial credit information file. The sample selected is a microcosmic representation of India's business community. All the respondents in the survey are asked a set of questions regarding the financial performance of their companies and the overall macroeconomic scenario for the forthcoming period. The CFOs are asked to state their expectations as to whether the specified parameters pertaining to their respective companies and the overall macroeconomic scenario will register an increase, decrease or show no change in the ensuing quarter as compared to the same quarter in the previous year. Two broad indices, optimism at the company level and optimism at the macroeconomic level, each consisting of 8 and 4 sub-parameters respectively, are then designed.

CFO Optimism Index

Dun & Bradstreet introduced the Composite CFO Optimism Index from Q3 2013. The purpose of the Composite CFO Optimism Index is to capture the aggregate behaviour of the two broad indices. Each of the 12 parameters under the two broad indices has a weight assigned to it. For calculating the Composite CFO Optimism Index, the positive responses for each of these parameters for the period under review are expressed as a proportion of positive responses in the base period (Q2 2012). The parameter weights are then applied to these ratios and the results aggregated to arrive at the Composite CFO Optimism Index. For the purpose of the survey, Q1 is the period between January and March, Q2 is the period between April and June, Q3 is the period between July and September and Q4 is the period between October and December each year. We trust that you will find the D&B CFO Optimism Index as a useful tool in your day-to-day decision making.

Please send your feedback to Dr. Arun Singh, Global Chief Economist, Dun & Bradstreet
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