

The Composite CFO Optimism Index increased by 8.0% (y-o-y) to 105.9

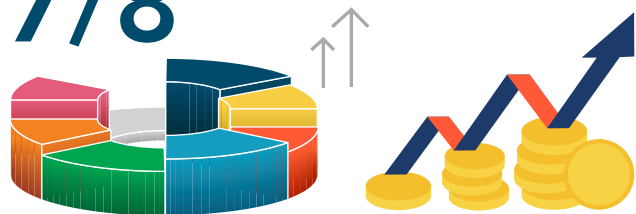


Optimism levels for **financial performance** of the company and **macroeconomic scenario** increased by **13.5%** (y-o-y) and **0.3%** (y-o-y), respectively



Seven of the eight parameters under the **financial performance sub index** improved in Q4 2021 on a y-o-y basis

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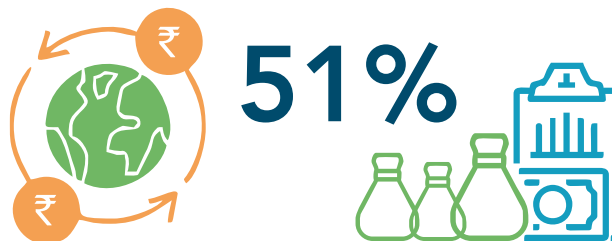
Percentage of CFO's expecting an **increase in the liquidity position** of their companies (52%) is the highest in three quarters



66% of CFOs in the **services sector** expect an **increase in the operating margin** of their companies in Q4 2021, highest since Q2 2019



51% of CFOs expect **domestic macro-economic scenario** to be favourable during Q4 2021, highest in three quarters



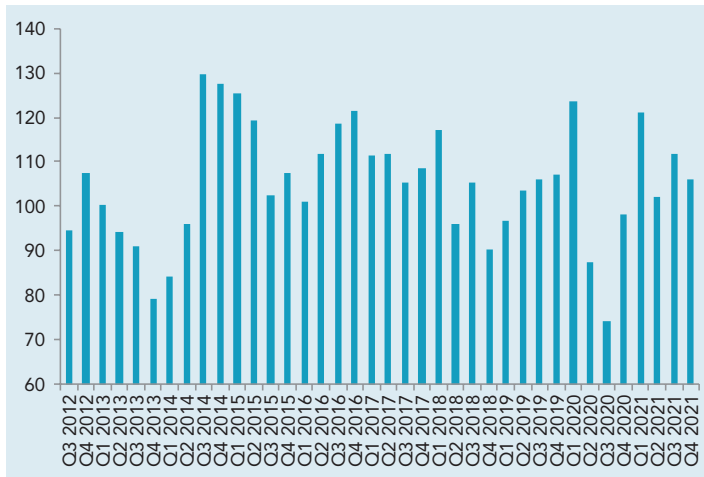
49% of CFOs expect the overall scenario for **mergers & acquisitions** to be favourable during Q4 2021 compared to 33% during Q4 2020



49%



CFO Optimism Index

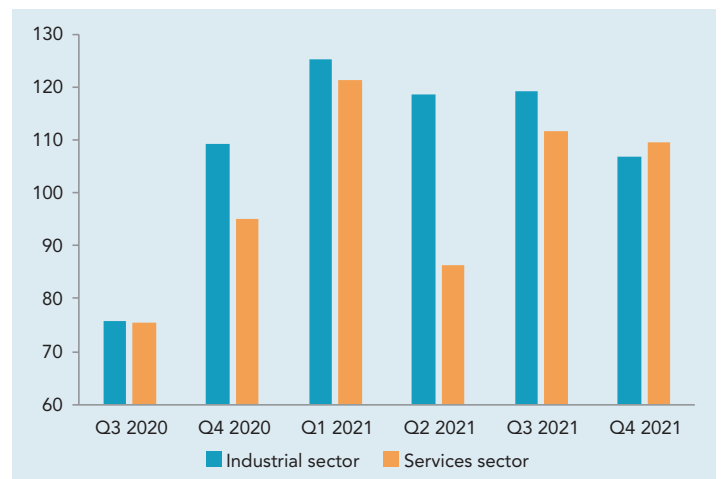


Note: Values represent index level

- The Composite CFO Optimism Index increased by 8.0%, on a y-o-y basis, to 105.9 during Q4 2021
- Optimism level for financial performance of the company increased by 13.5% (y-o-y)
- Optimism level for macroeconomic scenario increased by 0.3% (y-o-y)

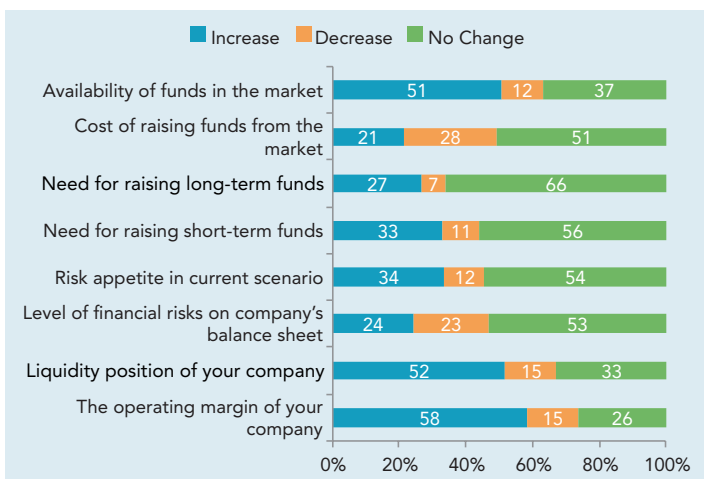
CFO optimism on a sectoral basis

- Optimism level declined by 2.4% (y-o-y) in the industrial sector but increased by 15.2% (y-o-y) in the services sector
- Optimism level for macroeconomic scenario declined by 6.1% (y-o-y) in the industrial sector but increased by 6.7% (y-o-y) in the services sector
- Optimism level for financial performance increased by 0.3% (y-o-y) in the industrial sector and by 21.6% (y-o-y) in the services sector



Note: Values represent index level

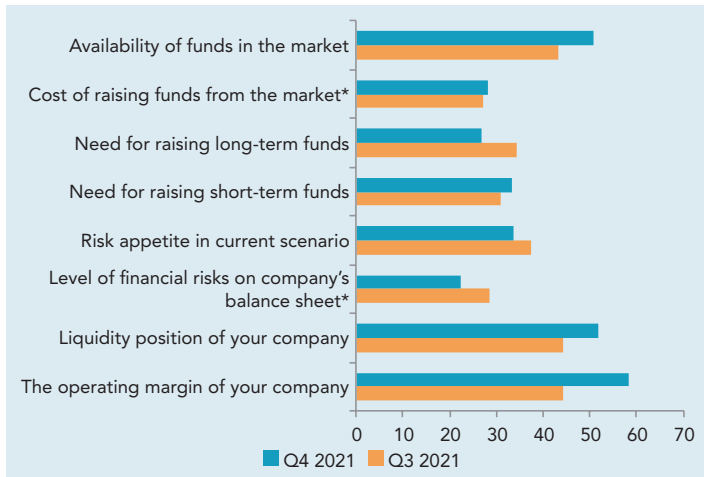
Optimism at the company level



Note: Values represent % of total responses

- Seven of the eight parameters under the financial performance sub index improved in Q4 2021 on a y-o-y basis
- Percentage of CFO's expecting an increase in the liquidity position of their companies (52%) is the highest in three quarters
- Percentage of CFO's expecting an increase in the operating margin of their companies (58%) and availability of funds in the market (51%) is the highest in three quarters

Optimism at the company level

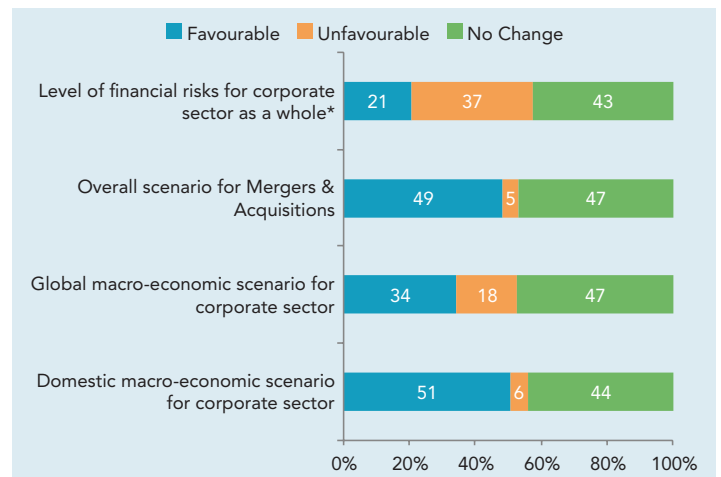


Note: % of CFOs indicating increase for the parameters  
 \*Values for the parameter represent % of CFOs indicating decrease for the respective quarters

- 66% of CFOs in the services sector expect an increase in the operating margin of their companies in Q4 2021, highest since Q2 2019
- 59% of CFOs in the services sector expect the liquidity of their companies to increase in Q4 2021 compared to 46% of CFOs in the industrial sector
- 58% of CFOs in the services sector expect an increase in the availability of funds in the market in Q4 2021 compared to 45% of CFOs in the industrial sector

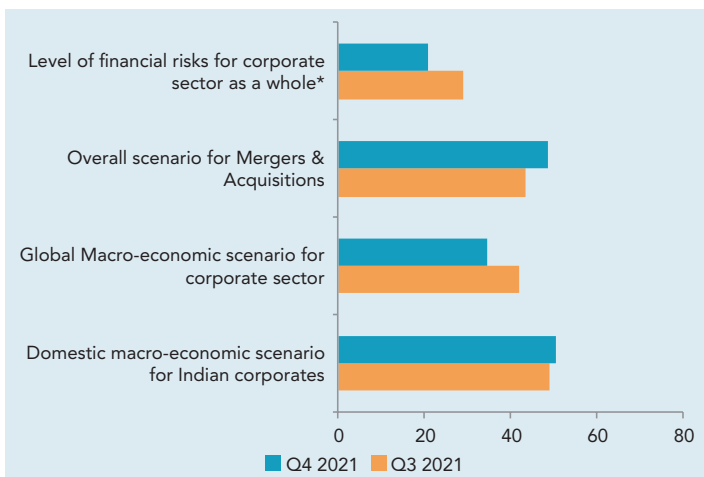
Optimism at the macro level

- 51% of CFOs expect domestic macro-economic scenario to be favourable during Q4 2021, highest in three quarters
- Only 34% of CFOs expect global macro-economic scenario to be favourable during Q4 2021, lowest in a year
- 49% of CFOs expect the overall scenario for mergers & acquisitions to be favourable during Q4 2021 compared to 33% during Q4 2020
- 21% of CFOs expect the level of financial risk for the corporate sector as whole to be favourable during Q4 2021



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

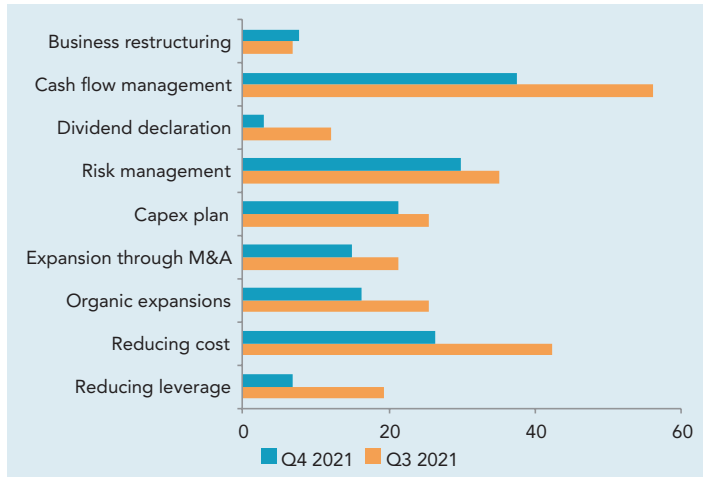
Optimism at the macro level



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

- 54% of CFOs in the services sector expect the overall scenario for mergers & acquisitions to be favourable during Q4 2021 compared to 44% of CFOs in the industrial sector
- Percentage of CFOs in the industrial sector who expect the domestic macro-economic scenario (52%) and global macro-economic scenario (34%) to be favorable during Q4 2021 is the lowest in five quarters
- 21% of CFOs in the services sector and 20% of CFOs in the industrial sector expect the level of financial risks for corporate sector as a whole to be favorable during Q4 2021

**CFO Priority during the next six months**

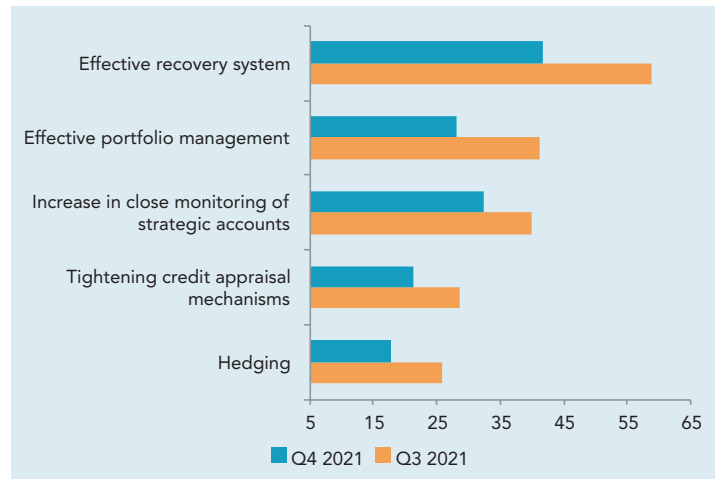


- 37% of CFOs have stated cash flow management to be their priority in the next six months
- 26% of CFOs have stated reducing cost be their priority in the next six months
- Only 1% of CFOs in the industrial sector have stated dividend declaration to be their priority in the next six months

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

**Risk management tool to be adopted during the next six months**

- 42% of CFOs have stated effective recovery system to be their risk management tool in the next six months
- 32% of CFOs have stated increase in close monitoring of strategic accounts to be their risk management tool in the next six months
- 28% of CFOs have stated effective portfolio management to be their risk management tool in the next six months



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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