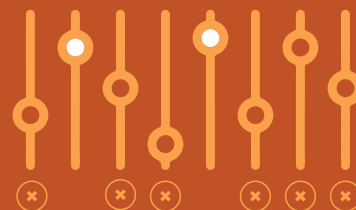


The Composite CFO Optimism Index decreased by around 12% (q-o-q) to 91.9

Two of the eight parameters under the financial performance sub-index improved in Q2 2022 on a q-o-q basis, the remaining six declined



Only 10% of CFOs expect level of financial risks for corporate sector as a whole to decrease - lowest since Q3 2018



Percentage of CFO's expecting an increase in risk appetite in the current scenario (28%) is the lowest since Q2 2021



Percentage of CFOs expecting an increase in the liquidity position of their companies (46%) is the lowest in three quarters



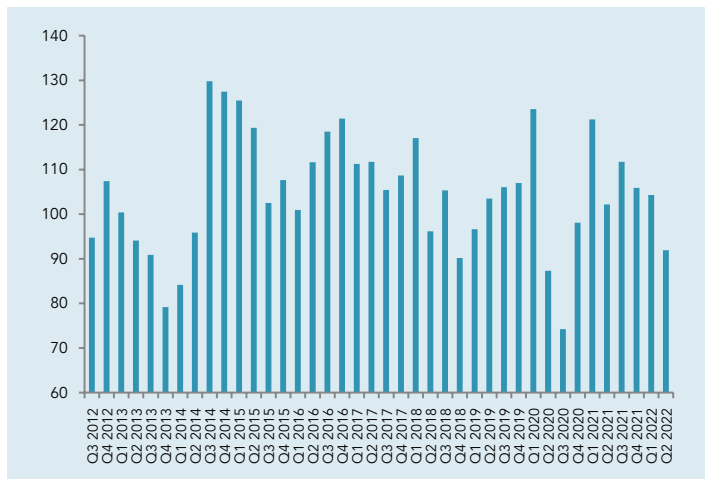
Percentage of CFOs who expect cost of raising funds from the market to decrease is the lowest since Q1 2020



Percentage of CFOs who expect global macro-economic (36%) and mergers & acquisitions (45%) scenario to be favourable during Q2 2022 is the lowest since Q1 2021



CFO Optimism Index

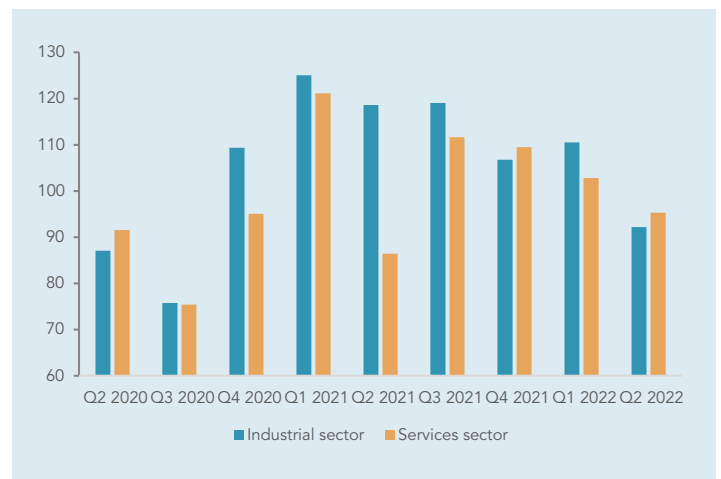


Note: Values represent index level

- The Composite CFO Optimism Index decreased by around 12%, on a q-o-q basis, to 91.9 during Q2 2022
- Optimism level for financial performance of the companies decreased by 9.7% (q-o-q)
- Optimism level for macroeconomic scenario decreased by 14.8% (q-o-q)

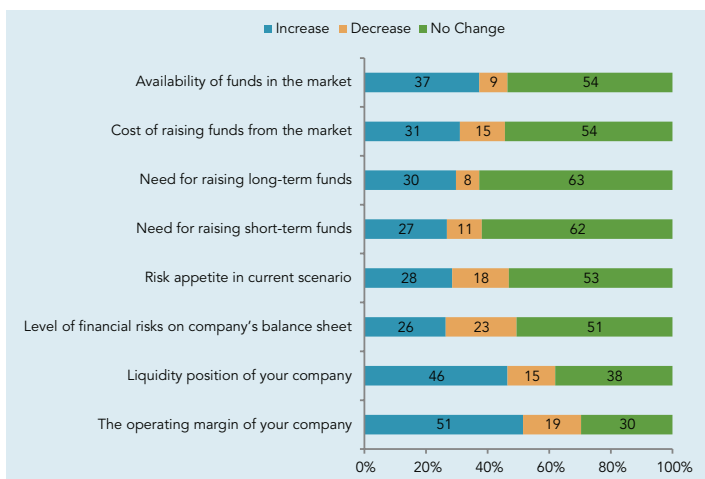
CFO optimism on a sectoral basis

- Optimism level decreased by 16.6% (q-o-q) in the industrial sector and decreased by 7.4% (q-o-q) in the services sector
- Optimism level for macroeconomic scenario decreased by 21.6% (q-o-q) in the industrial sector and decreased by 9.5% (q-o-q) in the services sector
- Optimism level for financial performance declined by 12.7% (q-o-q) in the industrial sector. It also declined by 5.7% (q-o-q) in the services sector



Note: Values represent index level

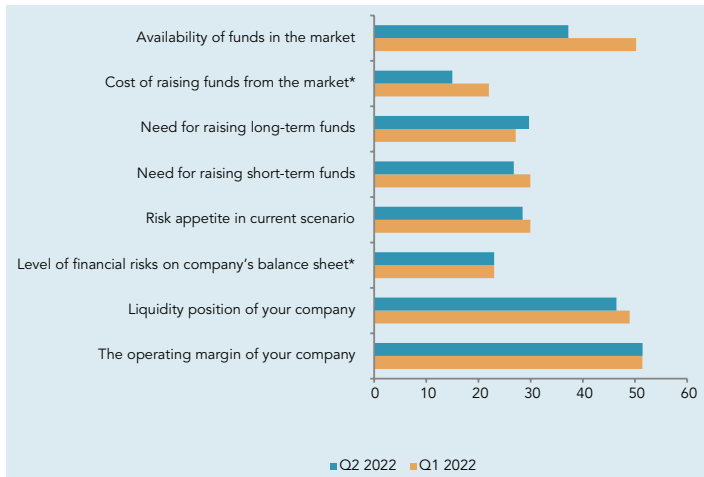
Optimism at the company level



Note: Values represent % of total responses

- Two of the eight parameters under the financial performance sub-index improved in Q2 2022 on a q-o-q basis, the remaining six declined
- Percentage of CFOs expecting an increase in the liquidity position of their companies (46%) is the lowest in three quarters
- Percentage of CFO's expecting an increase in risk appetite in the current scenario (28%) is the lowest since Q2 2021
- Percentage of CFO's expecting an increase in availability of funds in the market (37%) is the lowest since Q3 2020
- Percentage of CFOs who expect cost of raising funds from the market to decrease is the lowest since Q1 2020

Optimism at the company level

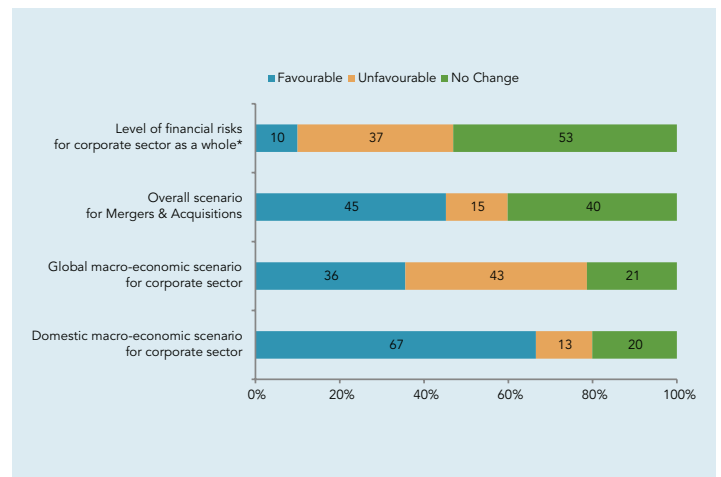


Note: % of CFOs indicating increase for the parameters  
 \*Values for the parameter represent % of CFOs indicating decrease for the respective quarters

- 55% of CFOs in the services sector expect an increase in the operating margin of their companies in Q2 2022, lower from 59% in the last quarter
- 53% of CFOs in the services sector expect the liquidity of their companies to increase in Q2 2022 compared to 41% of CFOs in the industrial sector
- 36% of CFOs in the services sector expect an increase in the availability of funds in the market in Q2 2022 compared to 39% of CFOs in the industrial sector

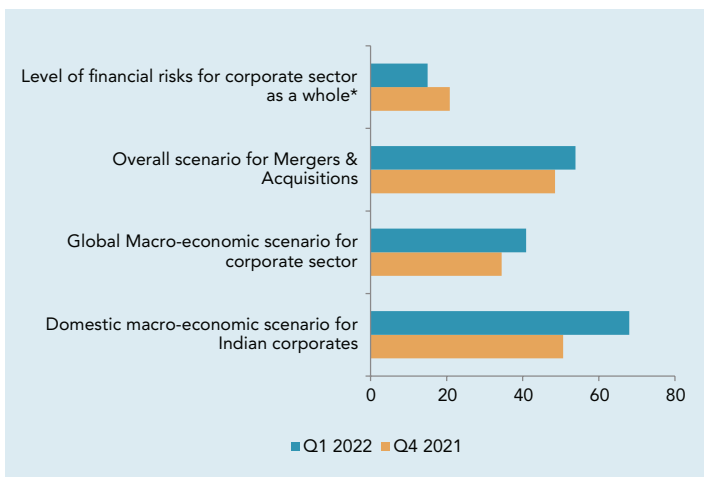
Optimism at the macro level

- 67% of CFOs expect domestic macro-economic scenario to be favourable during Q2 2022, lower than 68% in the last quarter
- Only 36% of CFOs expect global macro-economic scenario to be favourable during Q2 2022, lowest since Q4 2021
- 45% of CFOs expect the overall scenario for mergers & acquisitions to be favourable during Q2 2022 compared to 54% during Q1 2022
- Only 10% of CFOs expect level of financial risks for corporate sector as a whole to decrease - lowest since Q3 2018



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

- 53% of CFOs in the services sector expect the overall scenario for mergers & acquisitions to be favourable during Q2 2022 compared to 39% of CFOs in the industrial sector
- Percentage of CFOs in the services sector who expect the domestic macro-economic scenario to be favourable (74%) is higher than 66% in the last quarter
- Only 7% of CFOs in the services sector and 12% of CFOs in the industrial sector expect the level of financial risks for corporate sector as a whole to be favorable during Q2 2022

**CFO Priority during the next six months**

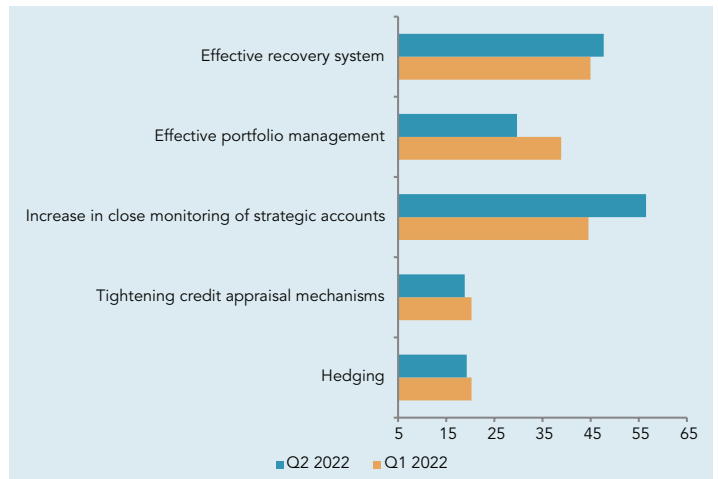


Note: % of CFOs who rated each of the parameters as their strong priority

- 47% of CFOs have stated cash flow management to be their priority in the next six months
- 39% of CFOs have stated reducing cost be their priority in the next six months
- Only 14% of CFOs in the industrial sector have stated dividend declaration to be their priority in the next six months

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

- 50% of CFOs have stated increase in close monitoring of strategic accounts to be their risk management tool in the next six months
- 47% of CFOs have stated increase in effective recovery system to be their risk management tool in the next six months
- 32% 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

**Research Team: Dr. Arun Singh | Dipshikha Biswas | Raj Kiran**

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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