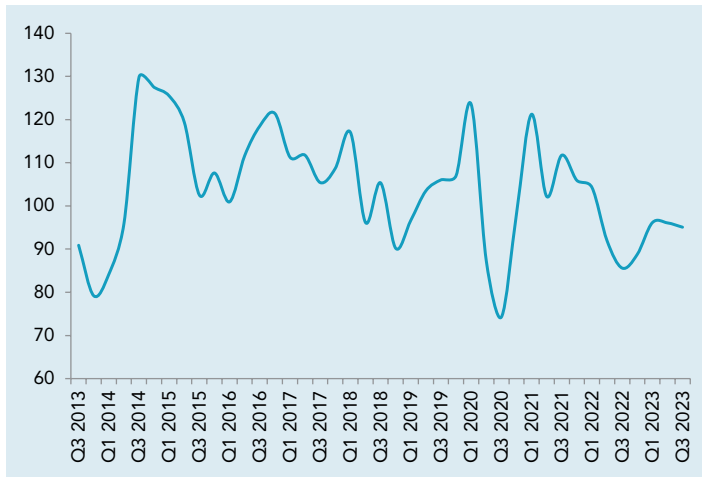




CFO Optimism Index

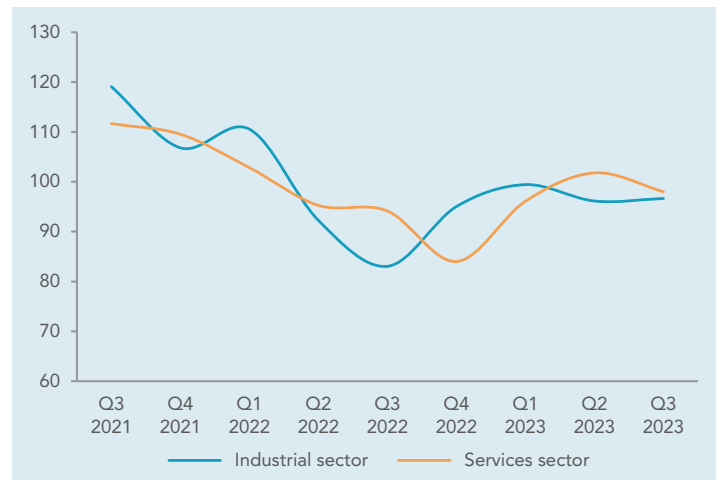


Note: Values represent index level

- The Composite CFO Optimism Index increased by 11.1%, on a y-o-y basis, to 95.1 for Q3 2023
- Optimism level for financial performance of the companies increased by 7.5% (y-o-y)
- Optimism level for macroeconomic scenario increased by 16.5% (y-o-y)

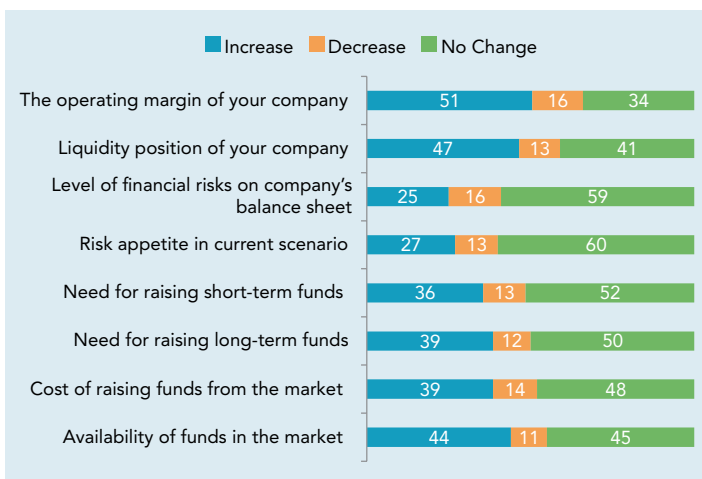
CFO optimism on a sectoral basis

- Optimism level of CFOs increased by 4.1% (y-o-y) in the services and by 16.4% (y-o-y) in the industrial sector
- Optimism level for macroeconomic scenario increased 26.7% (y-o-y) in the industrial sector and increased by 7.2% (y-o-y) in the services sector
- Optimism level for financial performance increased by 9.1% (y-o-y) industrial sector and 2.1% (y-o-y) for services sector, respectively



Note: Values represent index level

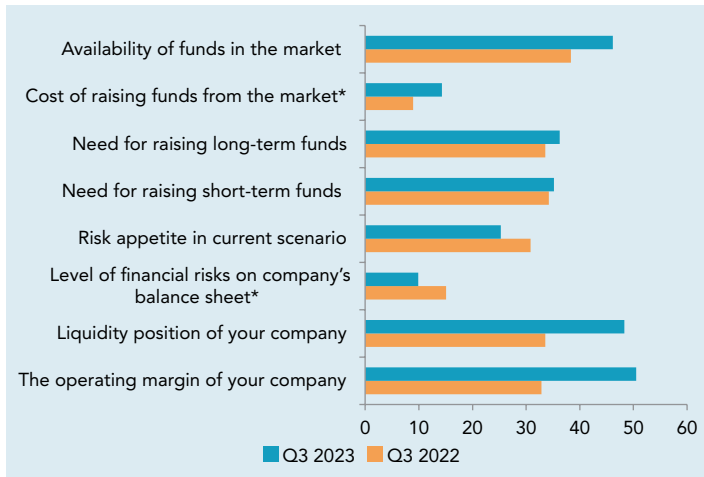
Optimism at the company level



Note: Values represent % of total responses

- 51% of CFOs expect the operating margin of the company to increase in Q3 2023 compared to 40% in Q3 2022
- Optimism for the availability of funds in the market within industrial sector has come down to 46% in Q3 2023, 8 percentage points lower than Q3 2022
- Optimism for liquidity position of the company for industrial sector increased to 51% in Q3 2023 from 33% in Q3 2022
- Only 36% of CFOs within service sector are optimistic about need for raising short term funds, compared to 46% in Q3 2023.

Optimism at the company level

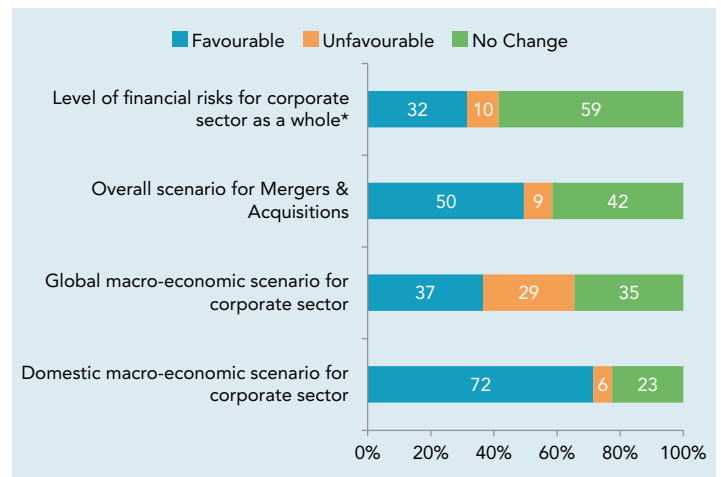


Note: % of CFOs indicating increase for the parameters
 *Values for the parameter represent % of CFOs indicating decrease for the respective quarters

- Only 27% of CFOs are optimistic about the risk appetite of the firms in the current scenario, lowest in 10 Quarters
- 14% of CFOs expect the cost of raising funds from the market to reduce, reflecting improved optimism over five quarters.
- Only 10% of CFOs in the industrial sector expect the level of financial risks to reduce on company's balance sheet, marking one of the lowest values since institution of Index

Optimism at the macro level

- Optimism level for domestic macroeconomic scenario for industrial sector stands at 73% in Q3 2023, 25 percentage points higher than Q3 2022.
- Optimism for global macro-economic scenario for industrial sector stands at 37% in Q3 2023, 10 percentage points higher than Q3 2022.
- 50% of CFOs expect optimistic scenario for overall mergers & acquisitions in Q3 2023, compared to 44% in Q3 2022.



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

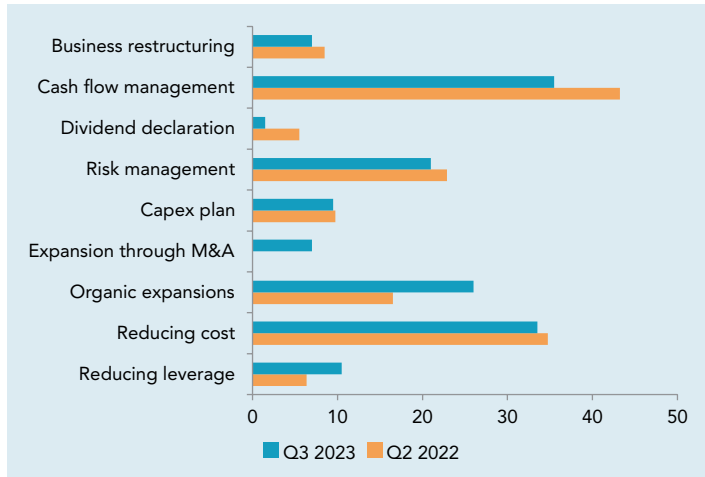
Optimism at the macro level



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 stands at 37% in Q3 2023, highest in 6 quarters.
- Optimism for the domestic macro-economic scenario has improved significantly to 72% in Q3 2023, highest in 10 quarters.
- Only 9% CFOs in Industrial sector anticipate decrease in the level of financial risks to the corporate sector in Q3 2023, marking one of the lowest values since institution of index.

CFO Priority during the next six months

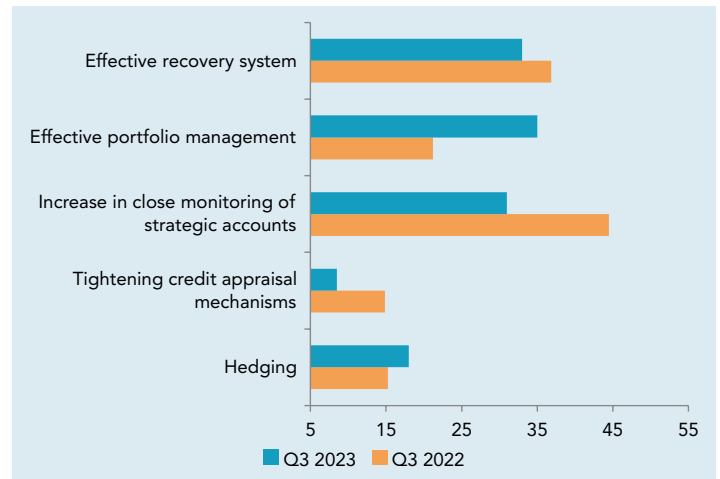


Note: % of CFOs who rated each of the parameters as their strong priority

- 26% of CFOs have stated organic expansions to be their priority in the next six months, compared to 17% in Q3 2022.
- 42% of CFOs in industrial sector have stated reducing cost to be their priority in the next six months in Q3 2023, compared to 34% in Q3 2022.
- 11% of CFOs have stated reducing the leverage to be their priority in the next six months, compared to 6% in Q3 2022.

Risk management tool to be adopted during the next six months

- 35% of CFOs have stated increase in effective portfolio management to be their risk management tool in the next six months compared to 21% in Q3 2022.
- 18% of CFOs have stated that hedging is likely to another leading risk management tool to be adopted during the next six months.
- Only 31% of CFOs have stated increase in close monitoring of strategic accounts to be their risk management tool in the next six months compared to 44% in Q3 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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