

INDIA FINANCIAL AND INVESTMENT CONFIDENCE

Indices Report - Q3 2025



Dun & Bradstreet India Financial and Investment Confidence Indices Report - Q3 2025

The Dun & Bradstreet India Financial and Investment Confidence Indices (IFICI) Report offers a comprehensive quarterly assessment of business sentiment in India through two distinct indices - the Investment Confidence Index (ICI) and the Financial Confidence Index (FCI).

The ICI and the FCI are based on a quarterly survey of 300 businesses in India, conducted alongside similar surveys in 32 major economies across the world as part of Dun & Bradstreet's Global Business Optimism Insights report.

While the FCI serves as an early warning signal for financial distress and potential bankruptcies, helping stakeholders anticipate risks across sectors, the ICI offers insights into business sentiment around investment activity, reflecting the willingness of firms to launch new projects, expand operations, and pursue growth.

Both indices track optimism across 17 sectors - grouped under industry and services - and span three business sizes, providing a comprehensive view of business confidence in the economy.



India macro-economic highlights

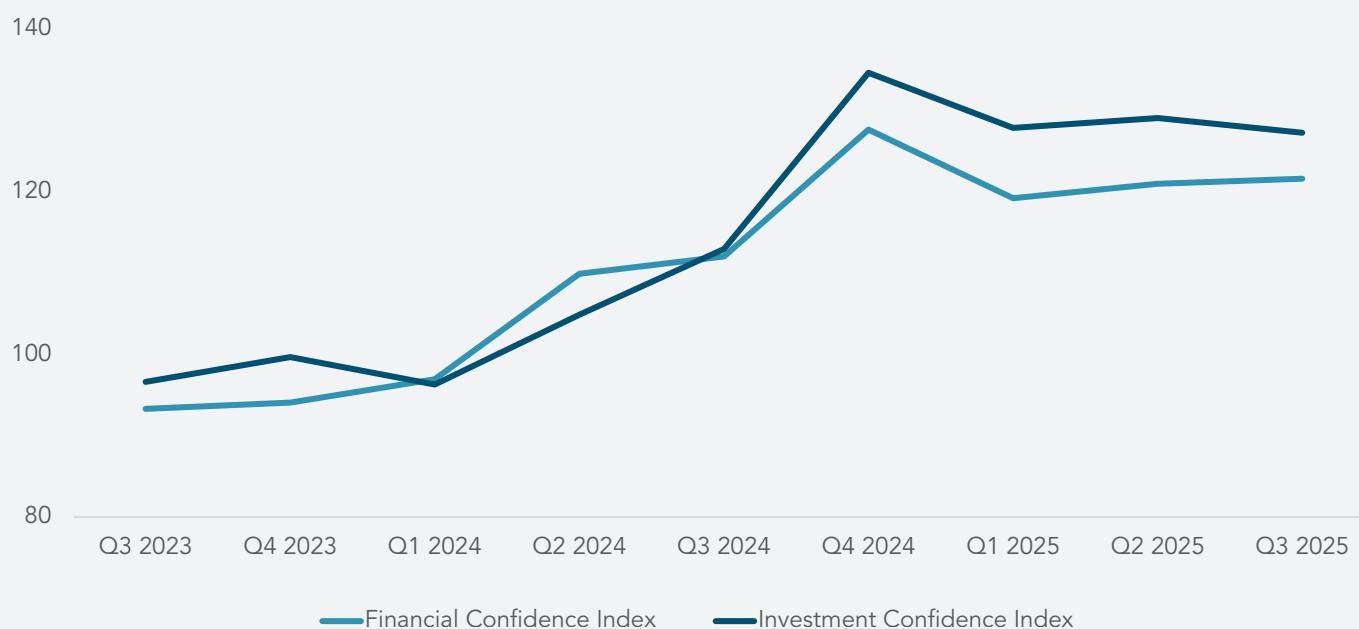
- The Reserve bank of India announced a 50-basis points rate cut in June 2025, bringing the policy interest rate down to 5.50%.
- Gross Fixed Capital Formation grew by 9% in Q4 FY25 - the highest in the past fiscal year - indicating sustained investment optimism.
- Total payroll increased by 31% MoM and 77% YoY in April 2025, reflecting growing business confidence to invest and expand further.
- Gross non-performing assets stood at 2.3% in March 2025, the lowest level in a decade.
- Small businesses witnessed the highest growth in bank credit deployment within the manufacturing sector, with gross credit rising 13% YoY in May 2025.
- The services sector saw a higher growth in gross credit, with an 8.7% YoY increase in May 2025, compared to 4.9% in the manufacturing sector.
- As of July 2025, 92 IPOs have been issued, with 80% issued on the SME platforms of BSE and NSE.



Executive Summary

- The Financial Confidence Index (FCI) increased by 0.5% QoQ, while the Investment Confidence Index (ICI) declined by 1% QoQ.
- The decline in ICI was primarily driven by reduced optimism around wage growth and a diminished need for raising long-term funds.
- Investment optimism among medium businesses rose by 12% QoQ, supported by favorable policy measures and expectations of interest rate cuts, which are likely to boost demand.
- Financial confidence among large businesses remained strong at 4% QoQ, whereas small and medium-sized businesses showed more cautious sentiment.
- Investment confidence for medium-sized businesses increased by 12% QoQ, while it declined for both small and large businesses.
- India's FCI grew by 0.5%, in contrast to a 3% decline in the global FCI – signaling a trend of cautious optimism.
- ICI and FCI increased by 3% and 2% QoQ, respectively, for India's services sector, compared to a decline of 11% in ICI and 2% in FCI globally.
- Employment confidence fell by 18% QoQ, marking the lowest level across all quarters.

Index Analysis

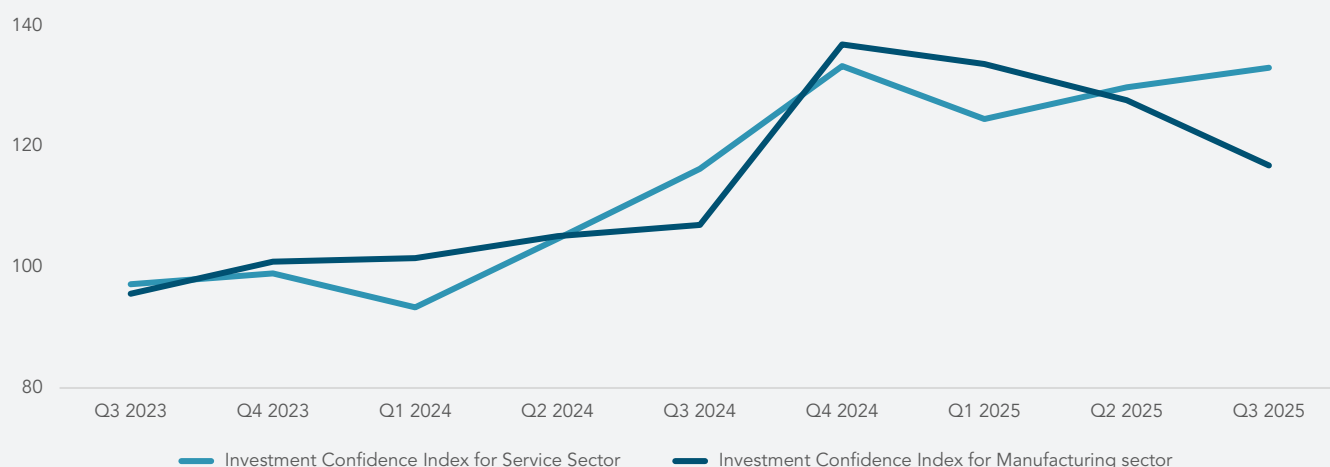


Source - Dun & Bradstreet Global Business Optimism Insights Q3 2025

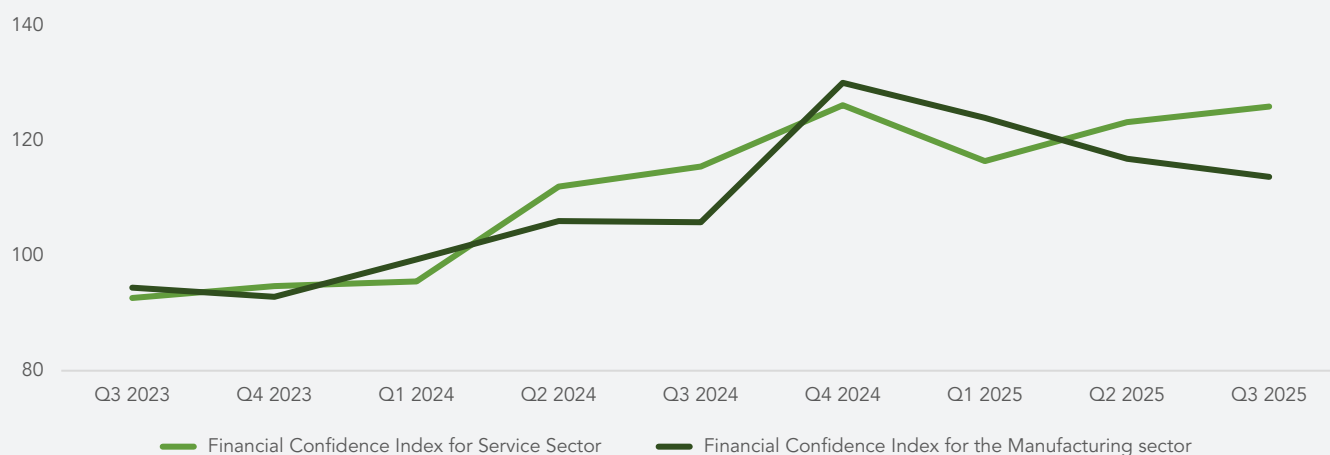
Dun and Bradstreet Business Optimism Indices, Q3 2025

- The Financial Confidence Index (FCI) increased by 0.5%, marking the slowest growth since Q2 2023, and reflecting growing caution among businesses regarding financing for the upcoming quarter.
- Investment optimism in the services sector rose by 2% QoQ, indicating a continued recovery and a shift towards increased investment in operations and long-term expansion
- Optimism for raising long-term funds in India declined by 10% QoQ in Q3 2025, pointing to growing hesitancy among businesses.
- Optimism about the capital-raising environment improved by 6% QoQ in Q3 2025, though slower than the 12% increase seen in Q2 2025. In contrast, the global average fell by 9% QoQ, highlighting India's relatively strong capital market sentiment and regulatory confidence.
- The improvement in capital-raising optimism is likely driven by the RBI's recent rate cut, along with expectations of further easing, as suggested by recent policy signals.

Investment Confidence Index



Financial confidence Index

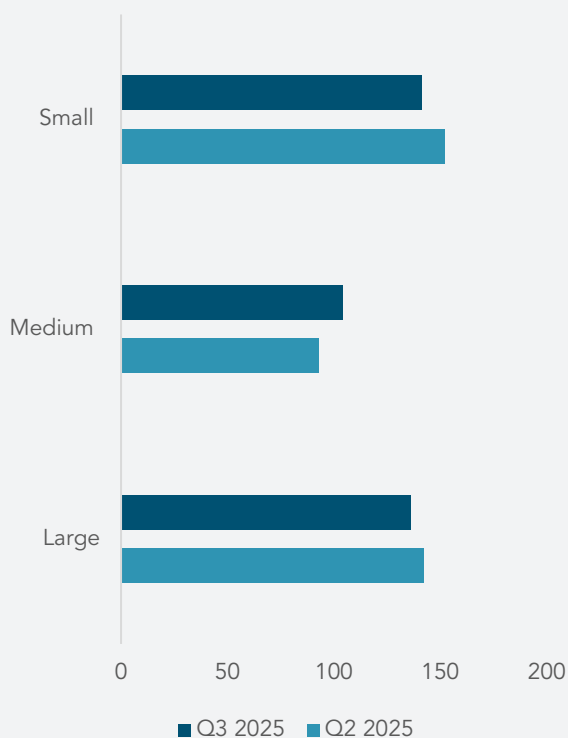


Source - Dun & Bradstreet Global Business Optimism Insights Q3 2025

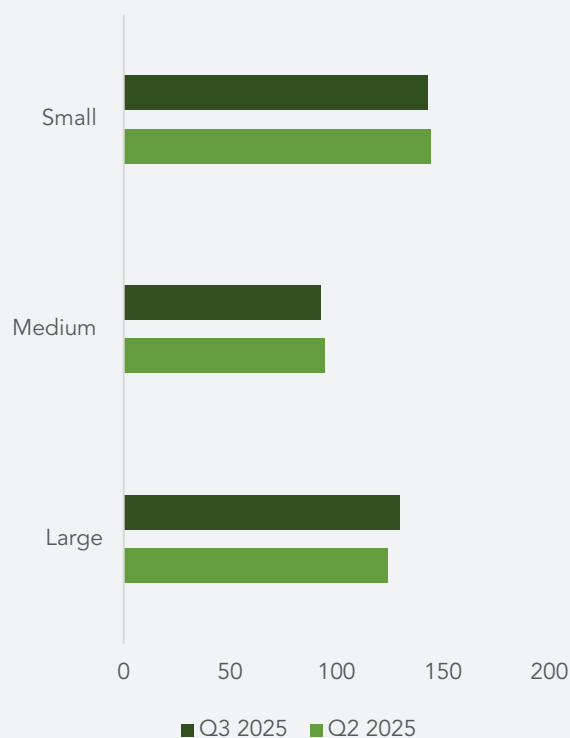
Dun and Bradstreet Business Optimism Indices, Q3 2025

- Investment and Financial Optimism in the services sector continued to increase, outpacing that in the manufacturing sector
- Investment confidence in the services sector grew by 3% QoQ, while globally it declined by 11% QoQ. Expectations of increased capital spending are reflected in an 11% QoQ rise in optimism around raising capital.
- The increase in investment confidence within the services sector was led by the construction industry, where both the ICI and FCI increased by 10% and 11%, respectively.
- Financial optimism in the manufacturing sector decreased by 2% QoQ, with six out of eight industries showing a drop in sentiment.
- Investment confidence in the manufacturing sector declined by 8% in Q3 2025, marking an all-quarter low. The decline was led by the metals industry, with optimism decreasing by 23% QoQ.
- Reduced optimism around securing long-term funding appears to be weighing on confidence in full-time employment growth, indicating manufacturers may scale back on job additions in the near term - potentially also due to increased spending on technology upgrades.





Source - Dun & Bradstreet Global Business Optimism Insights Q3 2025

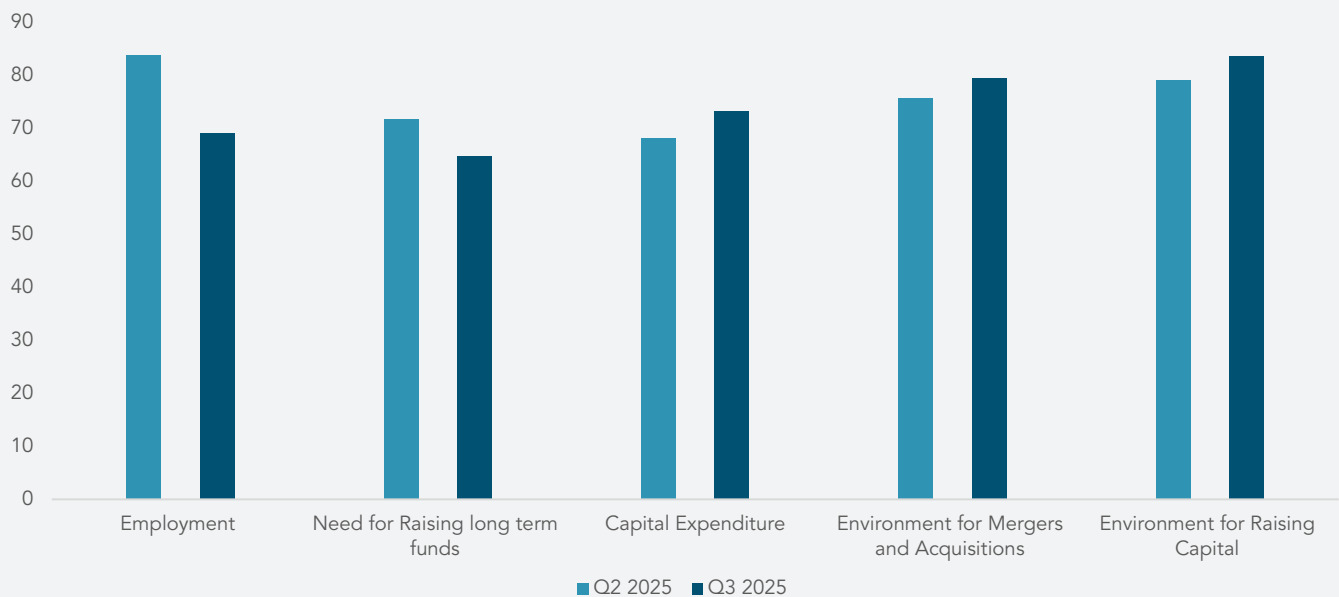


Source - Dun & Bradstreet Global Business Optimism Insights Q3 2025

Dun and Bradstreet Business Optimism Indices, Q3 2025

- FCI for large businesses increased by 4% QoQ, compared to a fall of 2% for medium businesses and a 1% fall in the small businesses.
- Investment optimism among medium-sized businesses rose by 12% QoQ, led by an increase in the requirement for long term funds – indicating a strong intent to expand.
- In contrast, investment optimism among small businesses declined by 7% QoQ, primarily due to concerns over rising employment costs and a challenging environment for raising capital.
- Capital expenditure optimism among small businesses rose by 4% QoQ, reflecting a strong willingness to expand and growing confidence in the resilience of the domestic economy
- Financial optimism for large businesses was led by a 66% increase in optimism regarding days payable outstanding(DPO).
- A 105% QoQ increase in optimism regarding Days Sales Outstanding, along with positive sentiment around Days Payables Outstanding, appears to have contributed to a 7% QoQ rise in firms' confidence in their liquidity position.

Investment Confidence Index : Sub- Indices



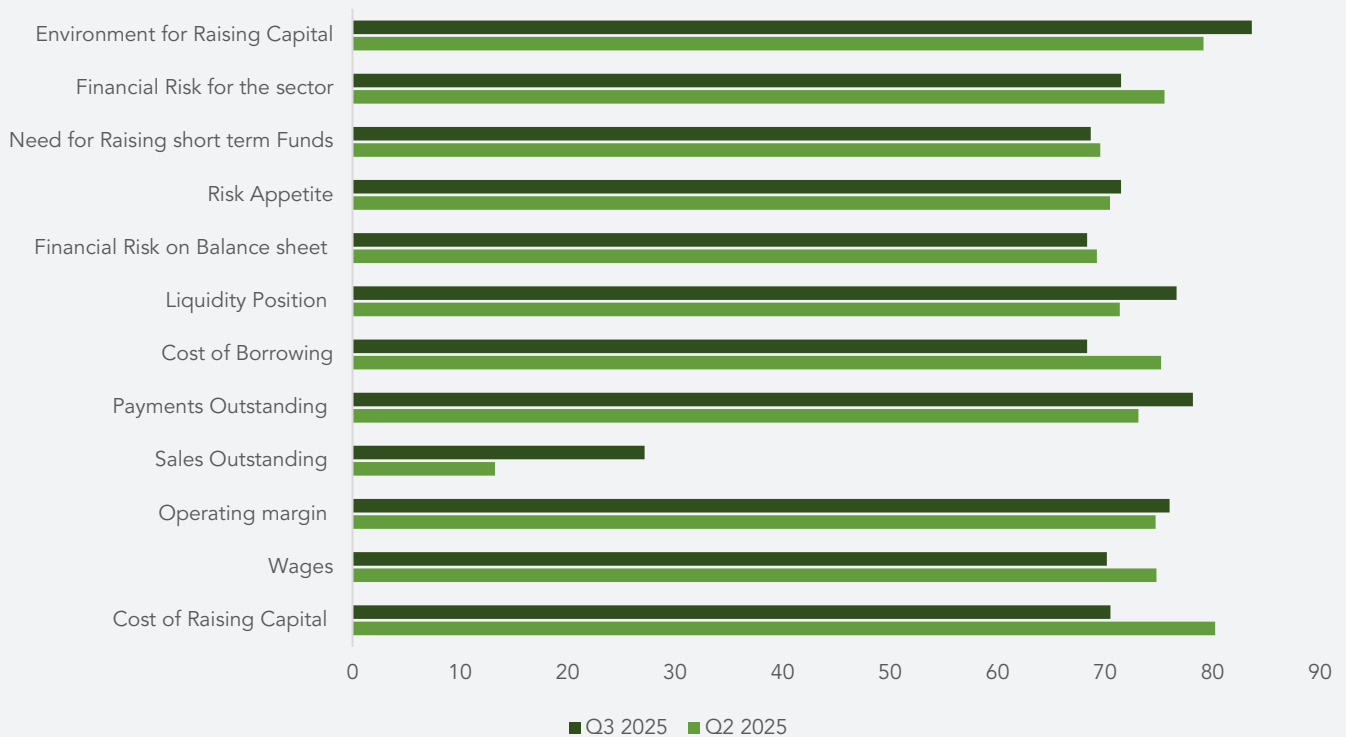
Source - Dun & Bradstreet Global Business Optimism Insights Q3 2025

Dun and Bradstreet Business Optimism Indices, Q3 2025

- Capital expenditure optimism in India rose by 5% QoQ, in contrast to a 9% decline globally, highlighting the strength of the domestic market.
- Optimism around the capital-raising environment increased by 6% QoQ, while global sentiment declined by 21%, indicating stronger investor confidence in India.
- The 6% rise in capital-raising optimism has translated into greater investment appetite, reflected in a 7% QoQ increase in capital expenditure. This momentum also contributed to a 5% rise in mergers and acquisitions activity.
- Employment optimism fell to an all time low ,recent quarters, declining by 18% QoQ. The decline may be driven by increased automation and rising labor costs. Notably, 50% of respondents cited labor cost as a key factor influencing investment decisions for the upcoming quarter.
- Long-term borrowing optimism declined by 10% QoQ, potentially due to the RBI's rate cuts, which have made short-term borrowing more attractive. SEBI's easing of norms for short-term fundraising has further supported this shift. So far, 92 IPOs have been listed, with more expected in the coming months.



Financial Confidence Index: Sub-Indices



Source - Dun & Bradstreet Global Business Optimism Insights Q3 2025

Dun and Bradstreet Business Optimism Indices, Q3 2025

- Optimism regarding risk appetite increased by 1% QoQ, indicating a cautiously optimistic outlook due to increased optimism on liquidity position, operating margins and environment for raising capital.
- Operating margin optimism rose by 2% QoQ, reflecting improving sentiment around profitability expectations for Q3 2025.
- Liquidity position optimism improved by 7% QoQ, suggesting firms are increasingly confident in their ability to meet short-term financial obligations. This is further supported by easier access to short-term funding.
- Optimism regarding financial risk rose by 8% QoQ, although this is tempered by growing concerns over the cost of funding, where optimism declined by 12% QoQ – suggesting a more cautious approach to financial exposure.



Methodology

Dun & Bradstreet conducted a stratified random survey of around 300 businesses in India, covering 17 sectors and three business size segments. A diffusion index is calculated for each parameter and normalized against base year values (Q3 2023 to Q2 2024). An index reading above 100 indicates an improvement in optimism

relative to the base year, while an index reading below 100 signifies a deterioration. The composite index at size and sector level is calculated using factor-weighted averages of the parameter-level indices. Economy-level indices are weighted averages of sector-level indices by their contribution to GDP.





Disclaimer

Dun & Bradstreet makes no representations or warranties, express or implied, with respect to information provided and the results of the use of such information, including but not limited to implied warranty of merchantability and fitness for a particular purpose, warranties of accuracy, completeness, or currency. Neither Dun & Bradstreet nor any of its parents, subsidiaries, affiliates or their respective partners, officers, directors, employees or agents shall be held liable for any damages, whether direct, indirect, incidental, special or consequential, including but not limited to lost revenues or lost profits, arising from or in connection with use or reliance on the information provided in this report. Recipients of these reports are responsible for determining whether the information contained herein is sufficient for use and shall use their own skill and judgement when choosing to rely upon the reports.

Dun & Bradstreet, the leading global provider of B2B data, insights and Al-driven platforms, helps organizations around the world grow and thrive. Dun & Bradstreet's Data Cloud, which comprises of 500M+ records, fuels solutions and delivers insights that empower customers to grow revenue, increase margins, build stronger relationships, and help stay compliant – even in changing times. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity. Dun & Bradstreet is publicly traded on the New York Stock Exchange (NYSE: DNB).

Dun & Bradstreet Information Services India Private Limited is headquartered in Mumbai and provides clients with data-driven products and technology-driven platforms to help them take faster and more accurate decisions in domains of finance, risk, compliance, information technology and marketing. Working towards Government of India's vision of creating an Atmanirbhar Bharat (Self-Reliant India) by supporting the Make In India initiative, Dun & Bradstreet India has a special focus on helping entrepreneurs enhance their visibility, increase their credibility, expand access to global markets, and identify potential customers & suppliers, while managing risk and opportunity.

India is also the home to **Dun & Bradstreet Technology & Corporate Services LLP**, which is the Global Capabilities Center (GCC) of Dun & Bradstreet supporting global technology delivery using cutting-edge technology. Located at Hyderabad, the GCC has a highly-skilled workforce of over 500 employees, and focuses on enhanced productivity, economies of scale, consistent delivery processes and lower operating expenses.

Visit www.dnb.co.in for more information.