ICICI Lombard
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CORPORATE INDIA RISK INDEX

2022

Intelligence partner FROST & SULLIVAN

SECTOR REPORT 2022
TRANSPORTATION & LOGISTICS


RISK

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Preface

Corporate India Risk Index is primarily an academic exercise to understand the level of risk that companies are facing and also assist in developing a successful risk aversion plan, CIRI is a first-of-its-kind risk measurement tool to gauge the level of a company's risk exposure and preparedness.

This Corporate risk comprises of various aspects of the business–spanning customer, competition, regulatory environment, business operations, technology finances, environmental factors etc. The impact of unprecedented events is significantly higher now.

This Index is a comprehensive framework that draws upon global risk management best practices and comprises of 32 risk elements across 6 broad dimensions. The Risk Index is based on the principles of Lean and Six Sigma that qualify business processes by measuring effectiveness and efficiency.

ICICI Lombard's Corporate India Risk Index provides a crucial tool for assessing and addressing risks, fostering resilience and adaptability in the ever-evolving global landscape. In the current climate of increasing macroeconomic uncertainties, it is essential for corporates to prioritize robust risk management. We believe that a proactive approach to risk management not only fortifies individual businesses but also contributes significantly to India's overall economic growth and stability.

Executive Summary

The transportation and logistics sector in India is a critical component of the country's economy, contributing significantly to its growth and development. The sector includes a range of transportation modes, such as roadways, railways, airways, and waterways, and encompasses various services, including freight forwarding, customs clearance, warehousing, and distribution.

The Indian transportation and logistics industry has been growing rapidly in recent years, with the government undertaking various initiatives to enhance infrastruc
sector is expected to continue growing at a robust pace in the co
increasing demand for goods and services, rising e-commerce act
policies.

However, the sector faces some significant challenges, including inadequate infrastructure, complex regulations, and a shortage of skilled labor. Addressing these challenges will be critical to unlocking the full potential of the sector and supporting India's continued economic growth.

Introduction

ICICI Lombard Corporate India Risk Index is a one of its kind, unified, credible, standardized corporate Risk Index that spans over the country level, the industry level, and the company level. The index has a comprehensive sector coverage.

Aerospace and Defense, Agriculture and Food Processing, Automotive and Ancillary, BFSI, Biotech & Life sciences, Chemicals and Petrochemicals, Education Skill Development, Energy, FMCG, Healthcare Delivery, Infra and Realty, IT/ITES, Manufacturing, Media and Gaming, Metals and Mining, New Age & Startup, Pharmaceuticals, Telecom and Communication Technology, Tourism and Hospitality, Transportation and Logistics.

The impact is identified across key business risk (internal and external) under the following 'Strategic Risk Areas', The ICICI Lombard Corporate India Risk Index Framework comprises of 32 risk elements across 6 broad dimensions.

Market and Economic Risk

Corporate Risks arising due to market and economy related factors, such as internal or external political uncertainty, global slowdown, taxation-regulatory changes etc. Market and economy related risks are also identified as 'Systematic Risks', we have further classified the risks into below mentioned categories.

- **Inflation:** Inflation is the general increase in prices within the economy. The rising prices for businesses could result in bigger production spending and a fall in profitability. The companies should be attentive, acute, and responsive to changes in inflation to efficiently manage the prices of final products.

- **Taxation:** In a large democracy like India, complexity of multiple taxes (multiple taxes like GST, custom duties, central excise duty, etc.) is a major concern. The changing legislations, increased scrutiny by tax authorities and increasing public attention are together resulting in tax risks for organizations. There is, thus an increasing urgency for firms to manage their tax affairs efficiently to minimize tax risks.

- **Regulatory Risks:** Regulatory risk is the risk of changes in regulations and laws that might affect an industry or businesses. The regulatory changes can pertain to tariffs and trade policies, business laws pertaining to employment, minimum wage laws, financial regulation, Foreign Direct Investment etc.

- **Foreign Exchange Risk:** The exchange rate plays an important role for firms who export goods and import raw materials. The fluctuations in foreign exchange will have great impacts on the prices of traded goods. For example, if the currency depreciates (devaluation), the exporting firms will benefit. However, the firms importing raw materials will face higher costs on imports. The firms need to hedge their exposure to foreign exchange risks to insulate themselves from the impact from forex changes.

- **Geo-political Tension:** Geopolitical risk means the political and economic risks that are a potential threat to the financial and operational stability of companies.

- **Competitive risk:** Competitive risk is the risk associated with the fact that there are multiple companies competing in the market, each seeking to obtain the highest position and consumer ratings, to gain maximum benefits for themselves. The companies devise different strategies to garner a higher market share and acquire customers from competitors. Any failure in managing the competitive stand could lead to losses in business, thereby making marketing and competition a major risk in market.

Technology Risk

Technology risks are also identified as information technology related risks which may arise due to failure of any installed hardware or software system, spam, viruses or any malicious attack. Also delay/over/under adoption of trending disruptive technologies can lead to technology related risks. We have classified the risks in below mentioned categories.

- **Innovation Risk / Obsolete Technology:** Innovation is the key to success in all the industries. Risk of redundancy and losing out to competition on account of poor R&D is a major concern.

- **Intellectual Property risk:** Dependence on trade secrets and unpatented proprietary know-how.

- **Disruptive Technologies:** These will fundamentally alter the financial prospects of the industry.

Data Compromise: Hardware failure refers to malfunctions within the electronic circuits or electromechanical components (disks, tapes) of a computer system; Software failure refers to an operating system crash. Such failures lead to stoppage of entire computer or operating systems creating substantial losses to business.

Operational and Physical Risk

Risk of losses caused due to faulty or failed processes, systems or human resource related inefficiencies are classified as operational and physical risks. We have classified Operational & Physical risks in below mentioned categories.

- **Critical Infrastructure Failure / Machine Breakdown:** Industries with a heavy dependence on machinery consider any rise in machinery breakdowns a hindrance to their businesses operations. An untimely equipment breakdown can bring businesses to a standstill or be the root cause for fires and explosions. Mostly, human errors and deferred maintenances are the major reasons for such breakdowns. The companies should actively invest in timely maintenance of all machineries.

- **Business Continuity / Sustainability:** Non adoption of Business Continuity/ Sustainability Plans and Lack of Internal Control tools would result in: Failure of businesses, Brand Equity / Loss of reputation, Financial Loss, Business model Failure, Ineffective engagement/communication with stakeholders, Losses in productivity, Lack of opportunity monitoring.

- **Supply chain risk:** Raw Material unavailability and Heavy Dependence on Global Supply Chains / Supplier concentration risk. Unavailability of raw materials owing to disruption in the supply chain or heavy dependency on one source (company/country) which is unable to supply owing to some geo-political tensions, fires, or any other incidents. Transportation is one of the key activities for companies making it an important risk to mitigate. The loss of goods in transit and spillage is one of the major concerns as it accounts for a sizeable loss of revenue to companies.

- **Commodity Price Risk - Volatility in prices of raw materials:** The fluctuations in raw material prices creating a margin pressure / top-line pressure in the scenario of rising input costs.

- **Portfolio Risk:** Loss of key customers, Customer concentration - Key customers accounting for a larger share of revenue, Over-dependence on suppliers, Business Model Risk: Transformative changes in business model, Tail Risks: Ability to overcome or manage extreme worst-case scenarios.

- **Environmental Hazard Risk:** Any environmental hazard having the potential to affect the surrounding environment.

- **Workplace Accident:** Fire and Explosion Hazards, Containment Incidents, Workplace Injuries

- **Human Resource: Key person risk:** This risk occurs when a business or business unit becomes heavily reliant on a key individual. Talent acquisition and retention - The companies require a highly skilled labor force for R&D as well as continuous production. Accessing skilled resources and expertise on an on-going basis is one of the major challenges; moreover, retention of trained staff is imperative. Labor shortages, Union Strikes & Industrial Actions, Employee health, safety, and security (SHE/Sustainability risk).

- **Financial Risk:** Financial Reporting Risk: Material misstatement of Financial Statements, whether due to fraud or error. Interest rates and equity prices: Interest rate risk arising out of working capital borrowings at variable rates. Equity price fluctuations affect the Company's income or the value of its holdings of financial instruments. Liquidity Risk (Credit Risk / Receivables).

- **Breaches of law (local/ international):** Voluntary/ involuntary breaches of law can lead to costly lawsuits.

Crime & Security Risk

Cybersecurity risks relate to the loss of confidentiality, integrity, or availability of information, data, or information (or control) systems and reflect the potential adverse impacts to organizational operations. These attacks can cause major financial losses, reputational harm, and a loss of client trust. Regarding cybersecurity, the BFSI industry in India has several difficulties, including difficult-to-secure legacy systems, a shortage of qualified cybersecurity personnel, and the requirement for ongoing system and network monitoring. There is a significant investment in cybersecurity tools like network monitoring, endpoint security, access control, and threat intelligence. Many organizations are also implementing cutting-edge technology like artificial intelligence and machine learning to strengthen their security posture. Around 7.4% of the attacks in the Asian region were targeted at India in 2022.

We have classified Crime & Security risks in below mentioned categories.

- **Cyber Crimes:** Data Theft, Spam, scams and phishing, Hacking, Malwares and Viruses, Piracy, Fraud, Corruption, Malicious attacks

- **Counterfeiting:** Counterfeiting of goods/services leads to loss of revenues, profits and ultimately affects the brand equity

- Threat to Women Security

- **Terrorism:** Un-lawful use of violence and intimidation, especially against civilians, in the pursuit of political aims.

Natural Hazard Risk

A natural hazard is the threat of an event that will likely have a negative impact. A natural disaster is the negative impact following an actual occurrence of natural hazard if it significantly harms a community. Due to India's geographical structure, it is one of the most disaster-prone countries in the world. Natural hazards like floods, earthquakes, landslides, and cyclones are common risks faced by India. The situation has worsened due to rise in GHG emissions, loss of biodiversity, deforestation, and degradation of environment. From Surat Gas leak to landslides in the north and cyclones in Bay of Bengal, the year 2022 was no exception. Such natural disasters hamper the day-to-day operations of corporates, and it is important for them to understand that such risks cannot go unheeded. Over the years, Indian corporates have learnt to mitigate such risks by diversifying their supply chains, having multiple logistics partners, diversified geographical presence and multiple vendors.

- **Pandemic and other global epidemic diseases:** Risk to business owing to disruptions caused by COVID-19 pandemic and similar another global epidemic.

Strategic risk

- Strategic risk is the risk that failed business decisions may pose to a company. Strategic risk is often a major factor in determining a company's worth, particularly observable if the company experiences a sharp decline in a short period of time. Several factors, such as unethical or unlawful activities, poor customer service, product recalls, data breaches, or unfavorable media coverage, can lead to strategic risk. An organization's reputation can be severely harmed by a single negative incident, such as a high-profile data breach or fraud scandal, resulting in a loss of clients, income, and market share.

- **Resource scarcity / Misutilization / Overall Utilization:** Difficulties in acquisition of land, water, fuel, or other resources for operations of business.

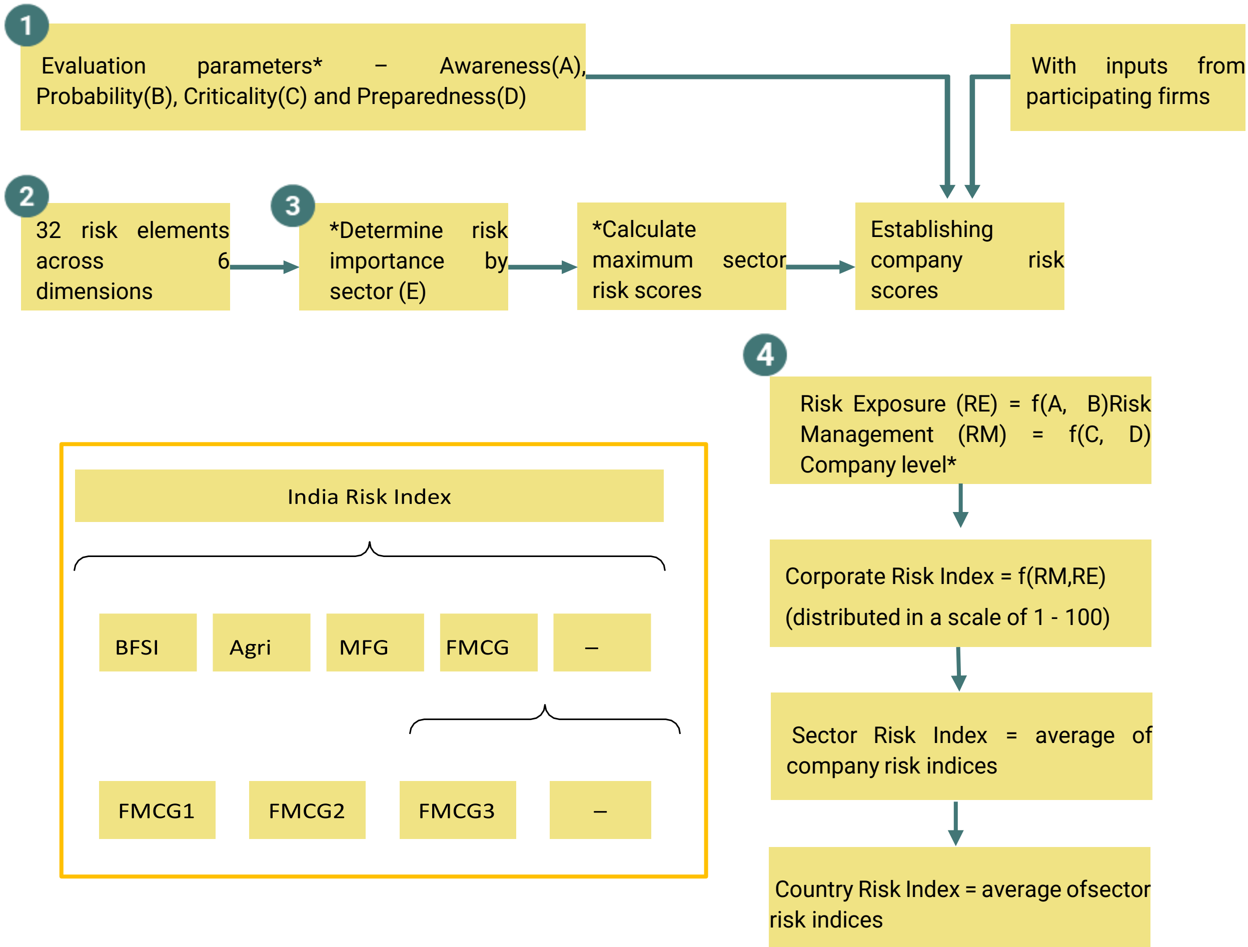
- **Public Sentiment:** Current events playing out in the public scene can change the public sentiment.

- **Delay in execution of projects:** Delays in execution of projects can surge in the capex.

- **Increased number of recalls and quality audits:** Impacts both the brand equity and increased operational expenses.

- Failed / Hostile Mergers & Acquisitions: High dependence on inorganic growth.

Bottom-Up Risk Assessment Approach



1. **Evaluation Parameters*:** The index maps the risks faced by any enterprise basis of Awareness, Probability, Criticality and Preparedness against the defined Risk elements. The evaluation Parametersare defined as: Awareness - Level of awareness of potential risk affecting the firm. - Likelihood of riskto affect the business goals of the firm adversely. Criticality - Level of impact of the identified risk on the success of business goals. Preparedness - Risk handling practices/ mechanisms already in place tohandle the risk.

2. **Determining Risk Importance*:** Importance/Impact of individual risk element is established against individual sector based on the published corporate risk reports, in depth sector understanding by F&Steam and SMEs.

3. **Calculating Maximum Sector Risk Score**: Weighted Sum of all risk elements based on their importanceto the respective sector.

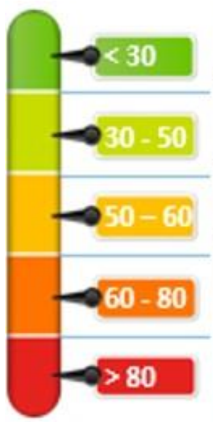
4. **Company Level*:** All the Risk Index scores for companies in a sector are averaged to represent the sector; and sectors average to India. Risk Exposure is defined as the function of corporate's Risk Awareness and Probability of risk occurrence. Risk Management is defined as the function of an enterprise risk preparedness and criticality risk impact assessment.

Defining the Risk Scale

We have selected 20 sectors to understand the current stand of our country today in terms of risk. Risk for various sectors is measured on the risk exposure scale and risk management scale.

A. ICICI Lombard Corporate Risk Exposure – Scale

Risk Exposure: The impact of any internal, external or strategic occurrence on the financial performance of an organization is defined as the corporate risk exposure. Risk has traditionally been seen as something to be avoided – with the belief that if behavior is risky, it's not something a business should pursue. But the very nature of business is to take risks to attain growth. Risk can be a creator of value and can play a unique role in driving business performance. Let's look at the risk exposure scale.



Score, if **less than 30** means there is very low risk exposure, and the sector has minimal exposure to overall risk.

Score between **30 to 50** indicates low risk exposure and its risk exposure is within acceptable or tolerable limits.

Score between **50 to 60** indicates moderate exposure, indicating corporate can balance the impact of overall risks up to a certain extent.

Score between **60 to 80** indicates High risk exposure, and its impact is very high in the industry in which the corporate operates.

Score greater than 80 indicates very high-risk exposure. The corporate is unable to foresee risk incidents & probability of occurrence of these incidents may be extremely high.

B. ICICI Lombard Corporate Risk Management – Scale

Risk Management: Identification, Evaluation and Prioritization of corporate risks followed by well-coordinated steps to minimize the occurrence of uncertainties in the foreseeable future is defined as the Corporate Risk Management. The risk management scale works in the opposite to that of the risk exposure scale. Let's look at the risk management scale.

Score less than 40, means poor risk management The enterprise is unable to understand the concept of Risk management.

Score between 40 and 50 indicates the risk management is below par so there are inefficient risk management practices which is reactive to newer or unknown risks.

Score between 50 to 70 indicates acceptable risk management. The corporate is prepared to handle known risk and the criticality of its risks are not severe.

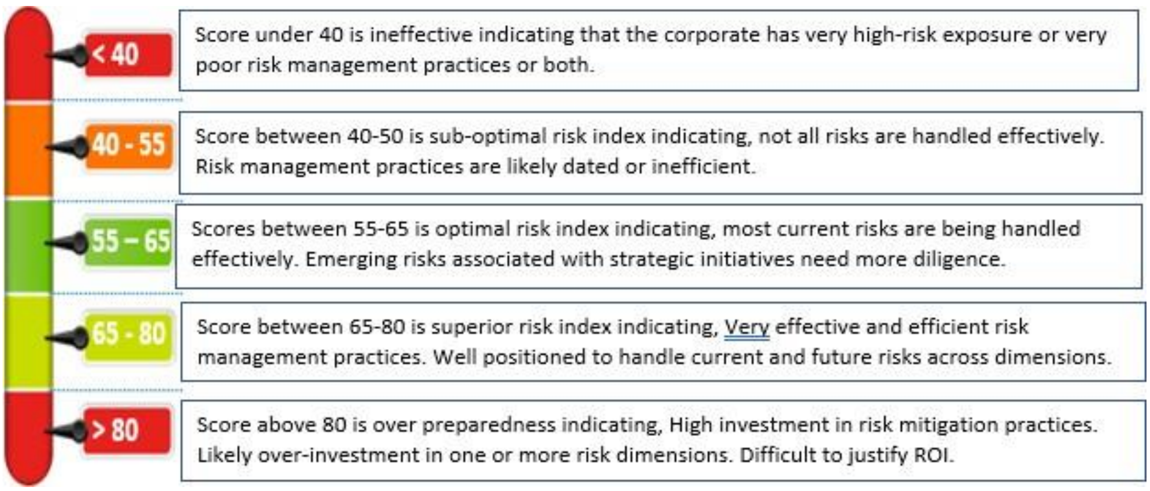
Score between 70 to 80 indicates superior risk management. Top class risk management practices have been employed to manage dynamic & Unknown risk.

Scores above 80 indicate Exemplary risk management. The companies are overprepared in risk management practices and are proactive to emerging risks.

C. ICICI Lombard Corporate Risk Index – Scale

Risk Index: Risk Index is a measurement tool to gauge the level of Risk Exposure against Risk Preparedness. The score intends to give companies/Sector/Country access to an extensive and quantifiable metrics of risk management.

Let’s look at the risk Index scale.



India - Emerging Superpower with Optimized Corporate Risk Handling

Manufacturing sector contribution to India's GDP in 2022 stands at 17% and is expected to grow to 25% by 2025, the expected growth is attributed to various favorable schemes initiated by Government of India like 'Make in India', 'Digital India', Improved Road Infrastructure, implementation of modern technologies of manufacturing resulting in optimized and effective production, Also the pandemic has made business realize that they cannot just rely on a single manufacturing hub; hence notion of "China+1" is making the world realize the significance of India. China is in a trade war with the USA, which is positively shaping the role India will play in the global arena.

The below chart showcases the gradual increase in India's manufacturing exports.

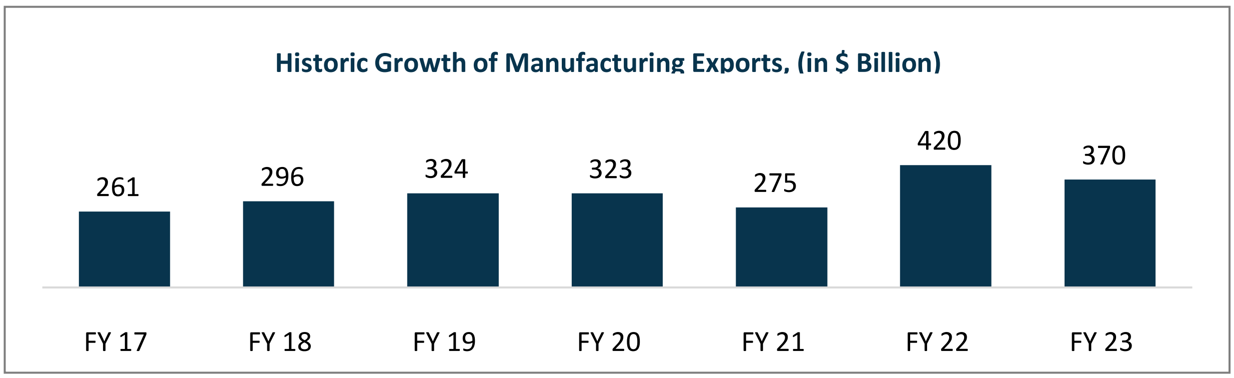


Figure 1: India's Growth of manufacturing exports. (Source: Redseer)

Indian manufacturing sector is also focusing on electronics manufacturing like mobile phones, industrial electronics consumer electronics, etc. due to government initiatives the production has doubled since 2015.

Aerospace and defense sector in India have evolved significantly, Govt. of India have identified A&D as area of focus due to the belligerent neighborhood, steps like Make in India(Atmanirbhar Bharat) is helping the overall defense sector, however India still remains the largest importer of arms and ammunition, favorable policies and ease in regulations is helping the drone industry in India and many new start-ups and big players are entering in this space.

Urbanization is another phenomenon evolving in India and it is estimated that by 2030 more than 400 million people will be living in cities, due to this megatrend huge push towards realty and infra sector is observed which is also the growth of ancillary industries like metals, cement, water availability, sanitation, mobility etc., the government along with the private sector is working on multiple initiatives to manage the huge inflow.

India has observed a steady adoption towards EVs in recent years, though India adoption still remains very low in comparison to Europe, Canada, China, however all big auto players are coming with new lines of EVs, and significant strategic investment have been made. The adoption is primarily due to lower running costs, lower maintenance, zero tailpipe emissions, tax and financial benefits by the government, convenience of charging.

BFSI sector in India is showcasing a significant robustness in the time of global crisis, there is a growing demand for financial services as there is a gradual rise in income across income brackets, with a rapid increase in mobile penetration and internet availability more than 2100 fintech companies have emerged in India, the traditional banks are also adopting the digital technologies at a required pace, investment on making the systems secured from cyber threats is utmost priority. Policy support by the government in the union budget 2021-22 is taking up shape and is helping the BFSI sector in 2022 and coming years, like government approval of 100% FDI for insurance intermediaries have increased the FDI limit to 74% from 49%.

Healthcare sector is also continuously growing healthcare has become the one of the India's largest employers, employing around 4.7 million people, though in 2021-22 India only spends 2.1% of its GDP in healthcare, in the union budget 2022-23, US$ 11.28 billion was allocated to the Ministry of Health and Family Welfare (MoHFW). there is still huge room for improvement in the overall healthcare system in India. Efforts towards having well trained medical professionals in India is top priority. There were exemplary development in the vaccine manufacturing by India, Bharat Biotech Covaxin and Oxford AstraZeneca's Covishield manufactured by SII, helped India get a protection shield against Covid. There is a plan by the government of India to infuse US $ 6 billion to boost the healthcare infrastructure in India.

The IT/ITes sector is a key engine for fueling India's economic growth and contributing to 7.5% of India's GDP in 2021-22, the Big four IT firms in India have recruited over 1 million employees, As the world is moving towards era of digital economy Indian IT-sector will be contributing significantly towards this journey, the rollout of 5G communication technologies and adoption of new age technologies across industries; like AI, Robotics, Internet of Things will further increase the size of Indian IT sector.

Indian enterprises are also concerned about the risks emerging out of the growing economy and the globalization India is heading towards, its observed that Indian enterprises are taking significant steps towards risk management and keeping budget allocated to implement best in class risk mitigation practices.

India Showcasing an Optimized Risk Handling

Figure 2: Corporate India Risk Index 2022

Corporate Risk Index Score of 63 implies that Indian enterprises are handling the risk in an optimal way but still there is scope of improvement to get into superior risk handling territory, Indian enterprises have a well-defined risk management practice in place for inherent risks, however risk management can be improved further as a potential buffer against potential risk events arising from market & economy, operational and technology related Risk events, openness towards adoption of technology and having a well-defined risk management team was observed across enterprises in India.

Sectorial categorization across above stated five categories, it was found that risk management is getting a paramount importance in the growth strategy of every organization and all the organization fell either into 'Superior Risk Management' or 'Optimal Risk Management' category.

From a risk exposure front the intensity of impact due to market and economy related risks increased due to the heightened inflation, global recession, and geopolitical tensions though from a regulation point the sector specific policies by the government helped the industries. Some of the inherent risks exposure due to the operational aspect did not see a significant change as compared to previous year, however companies are adopting diversification, technologically enabling the supply chain, and creating better hedging against financial related risks, whose results will be seen in coming years.

Below is a broader categorization of sectors in terms of risk index:

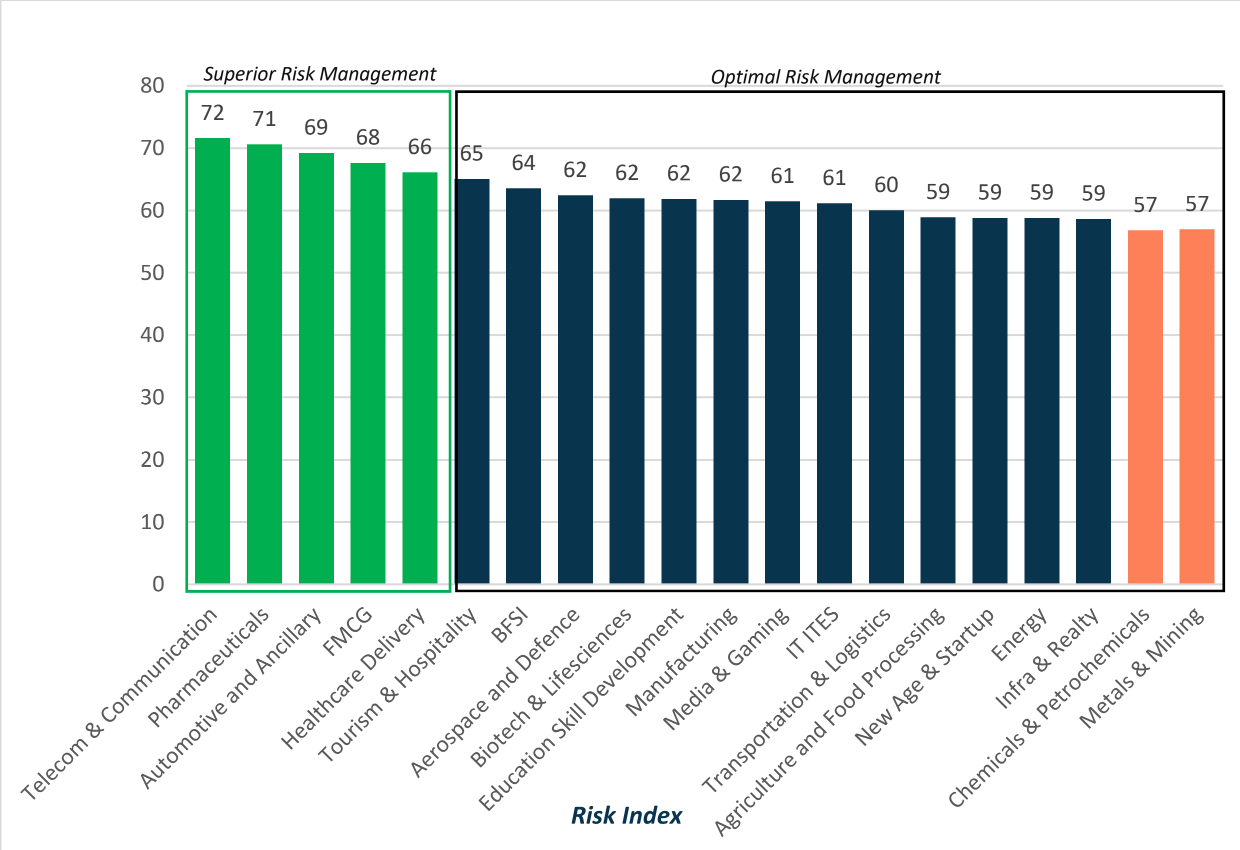


Figure 3: Corporate India Risk Index 2022 Sector Score

Superior Risk Index

Superior risk handling was found in five industrial sectors: Telecom & Communication, Pharmaceuticals, Automotive & Ancillary, FMCG, Healthcare Delivery.

Optimal Risk Index

Optimal risk handling was found in 15 industrial sectors: Tourism & Hospitality, BFSI, Aerospace & Defence, Biotech & Lifesciences, Education Skill Development, Manufacturing, Media and Gaming, IT & ITES, Transportation & Logistics, Agriculture and Food Processing, New Age & Startup, Energy, Infrastructure & Realty, Chemicals & Petrochemicals, Metals & Mining.

Transportation & Logistics Sector Insights 2022

Transport and logistics is a collection of processes involved in the production, storage, inventory, delivery, and distribution of specific goods or services. Sometimes referred to as transportation and logistics, it is an integral element of the whole supply chain and it involves proactive procedures to safely and efficiently move products from the manufacturers, to the sellers, and up to the end users or the consumers.

The primary goal of managing transport and logistics—especially for businesses and those in cargo consolidation—is to properly oversee the flow of supply from point A to point B, and for customers to receive products on time, damage-free, and according to expectations.The logistics industry is responsible for moving products domestically and internationally and is therefore a huge contributor to economic development. According to a report released by Allied Market Research, the transport and logistics market is projected to grow at $12,975.64 billion by the year of 2027.

India's logistics are estimated to account for about 14.4% of GDP. More than 22 million people rely on it for their income. Overall, India's logistics sector consists of 37 export promotion councils, 40 Participating Government Agencies (PGAs), 20 government agencies, 10,000 commodities and 500 certifications. India has about 5.9 million km of roadways with $10.2 trillion having been invested in development from FY16-20

India's auto sector accounts for about 18% of the total CO_2 emissions whereas road transport is the largest contributor. India now stands committed to reducing the emissions caused by activities for the nation's economic growth by 45% by the year 2030 from 2005 levels, according to the new targets. The nation will also aim to achieve about 50% of its energy requirements from non-fossil fuel-based energy sources by the year 2030. To achieve these objectives the government has placed a ban on medium and heavy diesel vehicles in Delhi, which has caused a significant disruption to the industry since it primarily relies on diesel vehicles due to its lower costs.

The biggest problems faced by transportation and logistics include rising costs of fuel, unpredictable routes, unpredictable weather conditions, lack of proper roads in certain areas and cost of fleet maintenance. On September 17,2022 the Indian government introduced the new logistics policy to integrate processes for seamless coordination, and reduction in overall logistics cost, besides pushing employment generation and skilling of the workforce. The aim of the policy is to reduce the cost of logistics from 13%-14% of GDP to 8%.

The government also launched the Unified Logistics Interface Platform ULIP which will bring all the digital services related to the transportation sector into a single portal, freeing the exporters from a host of very long and cumbersome processes. The initiatives taken by the government will lead to the progress of the logistics sector. The integration in the form of a multi modal network of transport and warehousing will lead to increased efficiency in the transportation and storage of goods throughout the country. By focusing on the digital aspect, the government's aim is to upgrade the existing system that will lead to faster, better communication with fewer errors that will benefit the sector significantly.

Transportation & Logistics Sector Risk Index 2022 Vs 2021

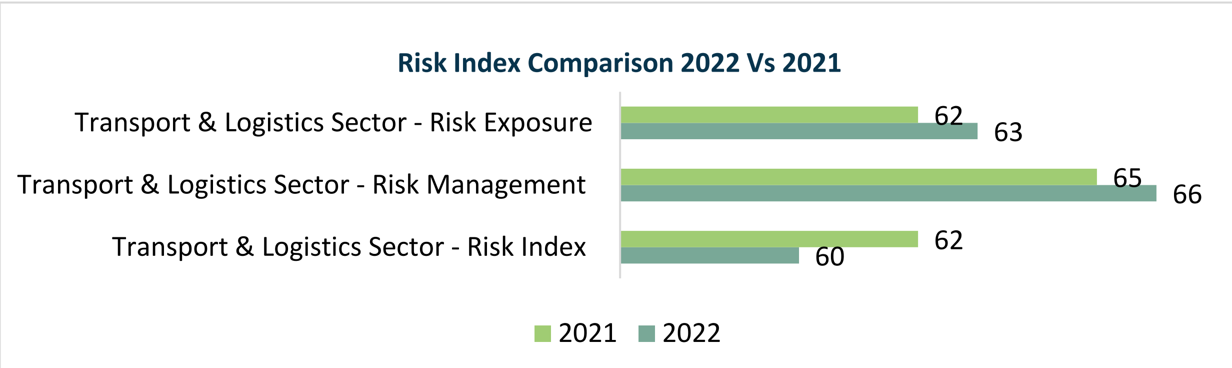


Figure 4: Detailed Comparative Analysis 2021 Vs. 2022

Transportation & Logistics Sector Risk Index 2022 Vs 2021

India Risk Index (Optimal Risk Handling): The overall Risk Index for transportation and logistics improved from 62 to 60 in 2022, this was driven by significant improvement in natural hazard and event risk, crime and security risk and technology risk. The most significant reduction in risk happened due to the reduction in natural hazard risk as 2022 saw the revitalization of business operation in the logistics sector as the economy began recovering from the effects of COVID-19.

There was no significant change in the market and economy risk, operational and physical risk and other risks. This was due to the rising inflation primarily led by the increase in fuel prices and the change in regulations due to the launch of the New Logistics Policy. Operation risk reduced only slightly due to the continued shortage of infrastructure facilities and high risk of worker accidents.

Transportation & Logistics sector Risk Management 2022 Vs 2021

There was no significant improvement in the India Risk Management, however it slightly improved to 66 from 65 in 2021. Sectors like Tourism & Hospitality and Transportation & Transportation and Logistics completely came out of the Covid-era disruption and to some extent efficiently contain the major disruption caused due to the fuel price hike, reduced terrorism related cases and improved roadways assisted the sectors. Metals & Mining and Chemical & Petrochemical sectors showed the maximum dip in the risk management as they were impacted significantly due to external macro-economic factors like geopolitical tensions, global rise in inflation and reduced industrial activities.

Transportation & Logistics sector Risk Exposure 2022 Vs 2021

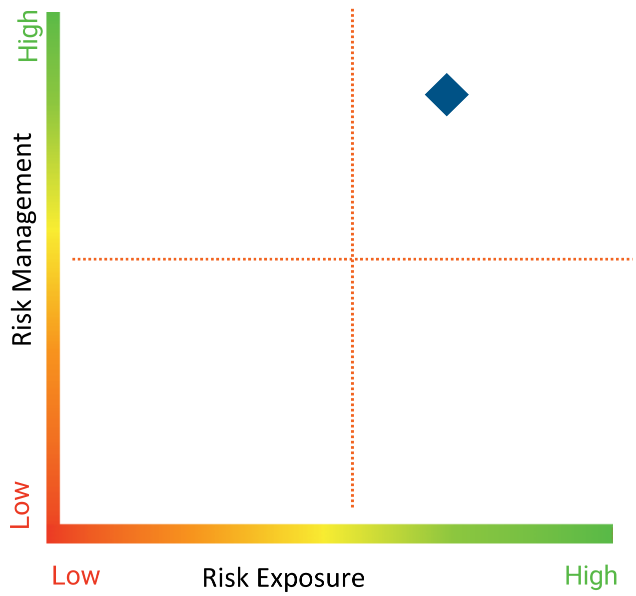
India Risk Exposure went up due to geopolitical tensions, global fear of recession and slow growth in GDP and employment, all-time low rupee valuation and high CPI inflation. The Risk exposure for India went up to 62 to 63 in 2022. Market and economic risk showed the highest increase in risk exposure due to high inflation rates whereas risk exposure due to natural hazards decreased due reduced threat of COVID.

Key Highlights

Risk Dimension Analysis: Market and Economy

Risk Exposure Score: 64

Risk Management Score: 67



Inflation

- The annual consumer price inflation in India slowed slightly to 6.44% in February of 2023 from 6.52% in January, compared to market forecasts of 6.35%.?
- The inflation stayed above the Reserve Bank of India target of 6% for a second consecutive month, after a slowdown in the last three months of 2022, due to the rupee depreciation.
- A slowdown was seen in cost for fuel and light as inflation decreased from 10.84% to 9.9%?.
- The transportation sub-index of the CPI basket in India increased to 163.90 points in February of 2023 from 163.60 points in January of 2023.
- Inflation can lead to higher costs for logistics and transportation companies, which can impact their revenue and profitability.?
- Inflation can also impact demand for transportation services, leading to reduced demand and further impacting the revenue and profitability of companies in the industry.?
- To mitigate the impact of inflation, companies in the industry need to manage costs and pricing strategies effectively while remaining competitive?

Taxation:

- The government has decided to cut the windfall tax or the special additional excise duty (SAED) on domestically produced crude oil and diesel exports starting Thursday, February 16.?
- The windfall tax on crude petroleum produced by firms such as state-owned Oil and Natural Gas Corporation (ONGC) has been reduced to Rs 4,350 from Rs 5,050/tonne as per the previous revision.?
- The additional duty on diesel has been brought down to Rs 3 from Rs 7.5/litre earlier and the levy on aviation turbine fuel (ATF) or jet fuel has been cut to Rs 1 from Rs 6/litre, according to the latest notification issued by the Ministry of Finance.?
- The customs duty will increase by 15% on certain auto parts. The move will be an advantage for domestic manufacturers and a disadvantage for vehicles that are assembled as a Completely Knocked Down Unit (CKD). Customs duty has been reduced by 7.5% on steel products. The move will benefit both customers and automobile manufacturers.
- The earlier exemption for GST on air and ocean export freight granted by the CBIC until 30th September 2022 has now lapsed. Ocean freight attracts 5% GST whereas air freight attracts an 18% GST.?
- National Logistics Policy (NLP), which will be implemented this year aims to lessen the logistics cost to a global average of 8% by 2030?.

Regulatory Risks

- To boost the ease of doing business and enhance the liveability quotient, Prime Minister Narendra Modi launched the National Logistics Policy (NLP) on 17th September 2022?
- The policy aims to lower the cost of logistics from the existing 13-14% to 8% and lead it to par with other developed countries.??
    - The four significant steps to be undertaken for NLP include:?
    - Integration of Digital System (IDS): There will be digital integration of different systems of seven various departments (like road transport, railways, aviation, commerce ministries and foreign trade)?
    - Unified Logistics Interface Platform (ULIP): This ensures shorter and smoother cargo movement and enables the exchange of information confidentially on a real-time basis. This National Industrial Corridor Development Corporation (NICDC) Logistics Data Bank Project has been leveraged.?
    - Ease of Logistics (ELOG): will enable and ensure the ease of logistics business through transparency and accessibility??
    - System Improvement Group: will monitor all logistics-related projects regularly??
- India aims to become $ 5 Tn economy by 2024-25. For this, connectivity and robust infrastructure will become crucial points, and the NLP provides the required boost for the sector to this effect.?

Foreign Exchange Rates

- Price of 1 Dollar increased from 74.4 INR in 2022 to 82.3 INR in 2023. This was caused by increase in prices of petrol from 2021-23?
- The industry depends heavily on imported fuel, with India importing about 84% of its crude oil needs.
- The government's decision to reduce customs duty on raw materials for manufacturing auto components could impact the logistics industry, which is closely linked to the automotive sector.?
- The reduction of custom duties in Budget 2023 and national logistics policy is expected to make Indian manufacturing more competitive and reduce the industry's dependence on imports.?

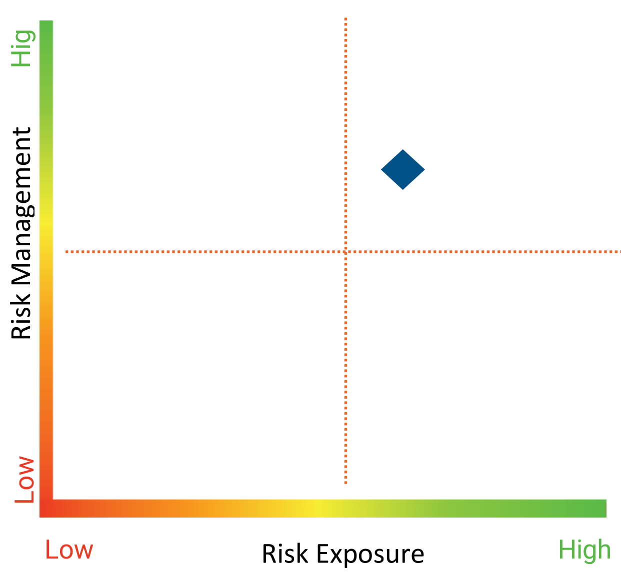
Competitive Risk

- Increasing competition from new entrants and start-ups, leading to pressure on margins.?
- The presence of unorganized players who offer lower prices, which can impact the growth and profitability of organized players in the industry.?
- With the rise of ecommerce and government initiatives like make in India the logistics sector is expected to grow at a rate of 15.5%. New age start-ups are also emerging with new cutting-edge technology like AI, ML, big data and blockchain.?
- The need for innovation and adoption of new technologies will be necessary for existing players to compete with foreign competition and new players.

Risk Dimension Analysis: Technology

Risk Exposure Score: 59

Risk Management Score: 64



Disruptive Technology

- The Logistics Tech has over 20K+ start-ups that comprise of companies which providing storage of goods, offering software solutions for managing logistics operations.
- With the rise of ecommerce and government initiatives like make in India the logistics sector is expected to grow at a rate of 15.5%. New age start-ups are also emerging with new cutting-edge technology like AI, ML, big data and blockchain.

- Logistics Tech sector is one of the most active sectors for investors, with an overall funding of USD 118B in 3.74K companies. It is also interesting to note that around half of the funding has been raised in the last 3 years.

- Cybersecurity is critical to protecting networks from cyberattacks, which be a dominant threat to future and current supply chain trends, worldwide. The explosion of information and data-driven organizations is creating more areas of vulnerability.

- India witnessed 13.91 Lakh cyber security incidents in 2022, as per the Electronics and Information and Technology.

- When we compare the logistics and supply-chains of more efficient countries like Japan, their work models, and strategies revolve around adapting to the latest technologies to achieve maximum productivity.

- Indian companies need to increase their investment in technology in order to compete with international players as well as new and emerging start-ups.

Data Compromise

- A total of 2.29 billion records were exposed globally in 2022. India accounted for 20 percent of all records exposed as a result of data breaches in 2022. India suffered from the second-most tech exposure breaches in 2022.

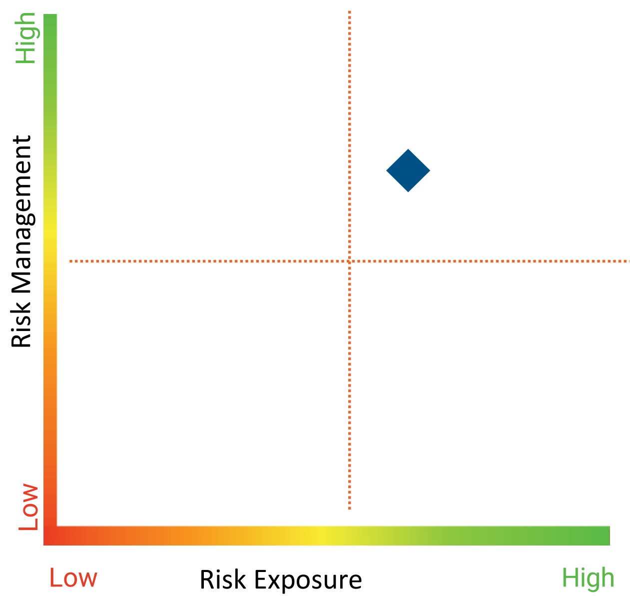
- Significant revenue loss as a result of a security breach is common. Studies show that 29% of businesses that face a data breach end up losing revenue. Of those that lost revenue, 38% experienced a loss of 20% or more.

- A security breach can impact much more than just your short-term revenue. The long-term reputation of your brand is at stake as well.

Risk Dimension Analysis: Operational and Physical

Risk Exposure Score: 66

Risk Management Score: 68



Critical Infrastructure Failure / Machine Breakdown

- India's logistics sector suffers from poor infrastructure, including inadequate road and rail networks, inefficient ports, and limited cold storage facilities.?
- According to The Economic Times, India incurred a huge annual loss of $21.3 billion based on delays and extra fuel consumption due to pathetic road conditions and frequent stops?
- According to a report by McKinsey, India needs to invest $500 billion in infrastructure by 2030 to support the growth of its logistics sector.?
- The lack of infrastructure in the logistics sector is estimated to cost India $45 billion each year, or around 4% of its GDP.?
- Inadequate infrastructure also leads to longer transit times, higher transportation costs, and increased supply chain risks, which can all impact the competitiveness of Indian companies.?
- Steps taken by the government to improve transportation infrastructure?
- National Highway network to be expanded by 25000kms in 2022-23?
- 400 new-generation Vande Bharat trains to be developed in next 3 years?
- 100 cargo terminals to be developed?
- 1576 charging stations across 9 Expressways and 16 Highways under phase-II of FAME India Scheme has also been sanctioned.?

Business continuity/ Sustainability

- Transport predominantly relies on the fossil resource, petroleum that supplies 95% of the total energy used by transport in the world.?

- Transport sector is responsible for 23% energy-related GHG emissions with about three quarter coming from road vehicles.?
- India's auto sector accounts for about 18% of the total CO2 emissions whereas road transport is the largest contributor.?
- This sector consumes about 16.9% fossil fuel-based energy sources and produces the toxic pollutants those vary state to state in India.?
- India now stands committed to reducing the emissions caused by activities for the nation's economic growth by 45% by the year 2030 from 2005 levels, according to the new targets.?
- The nation will also aim to achieve about 50% of its energy requirements from non-fossil fuel-based energy sources by the year 2030.?
- The government has launched hydrogen buses and banned medium and heavy diesel-based vehicles in Delhi. This significantly affects transportation sector since they run on diesel due to its low costs.?

Commodity Price Risk

- One of the biggest issues with transportation in the country is the fuel prices. The price of petrol and diesel in India has been soaring and keeps getting higher with every passing month.???
- Many companies are facing losses in the transfer of their commodities from one part of the country to the other. To make up for these losses, they would have to begin increasing the price of goods or they would be at a complete loss.??
- Almost 50% of the total cost of transporting goods across the country is based on the price of diesel. With the margins of most of these good being as tiny as they are, any further increase in the prices of fuel would risk shooting up the prices of the commodities??
- From January to June 2022, the price of regular motor gasoline rose 49% and the price of diesel fuel rose slightly more at 55%. Fuel prices declined from June to July 2022 but remain more than twice as much as their level in early 2020.

Portfolio Risk

- The transportation and logistics sectoral funds are subject to market risks and are suitable for investors with high-risk appetites.??
- The logistics domain has witnessed a substantial upswing of 10-15% in recent times, and it is poised to sustain a promising Compound Annual Growth Rate (CAGR) of 10.5% until the year 2025, thereby substantiating the positive growth trajectory of this sector.?
- The sectoral funds have outperformed the broader market in recent years, with returns ranging from 8% to 40% over the past year.?

- However, the sector is also vulnerable to economic and political risks, such as changes in government policies and global trade tensions.
- Investors should diversify their portfolios and not rely solely on transportation and logistics sectoral funds for long-term wealth creation.??

Workplace accident

- In 2022, there were 1,55,622 deaths due to road accidents were registered in India and 59.7 per cent of fatalities occurred due to over-speeding.
- 62 per cent of these accidents were recorded on just 5 per cent stretch of the highways, hinting that preventive measures need to be taken to reduce accidents on these stretches.
- The authorities need to identify more such stretches across the country and take preventive measures like revising speed limits, fixing blind spots and even out extreme undulations on these roads which are few of the major reasons of road accidents.
- In addition to fatalities, workplace accidents can also result in injuries, property damage, and loss of productivity.
- Some of the common causes of workplace accidents in logistics include driver fatigue, lack of proper training, poor maintenance of vehicles and equipment, and inadequate safety protocols.
- It is important for companies in the industry to prioritize safety and implement measures to prevent accidents and protect their employees.? The logistics domain has witnessed a substantial upswing of 10-15% in recent times, and it is poised to sustain a promising Compound Annual Growth Rate (CAGR) of 10.5% until the year 2025, thereby substantiating the positive growth trajectory of this sector.

Human Resource Risk

- The logistics sector is a labour-intensive sector that employs nearly 22 million people. Of these, only 4.7% are formally skilled, while a majority of the manpower remains unskilled or partially skilled. Given the recent developments in this sector, there is an urgent demand for skilled personnel to meet the burgeoning demand.
- Logistical costs account for 14% of India's GDP, significantly higher than that for developed countries. Investing in skilling and training interventions for current and prospective workers are therefore essential for bringing down costs and enhancing efficiency in the logistics sector.?
- The Indian logistics industry has a high employee turnover rate of around 30-35%, which can lead to increased recruitment and training costs.
- The logistics industry is currently facing a scarcity of proficient workforce, especially in domains such as last-mile delivery and warehouse management.

- Only 10-15% of the workforce in the logistics industry has received formal training, leading to a lack of standardization and inconsistency in performance.

- The logistics industry often suffers from a poor image and low job satisfaction levels due to the nature of work, working conditions, and low salaries.

Financial Risk

- Cash Flow Management - The transportation industry has historically been a very high-volume business with very low gross margin and profit margins. This results in very large accounts receivable and account payable balances on an ongoing basis. If customers are slow to pay their invoices (i.e., >30 days), this can quickly present challenges from a cash flow perspective. If the documentation supporting each shipment gets lost or delayed this can also delay collection. If a shipment gets damaged and there is a claim regarding the shipment, collection can be delayed. Transportation business owners need maintain aggressive accounts receivable collection processes to ensure clients receive invoices and supporting documentation quickly, clients acknowledge receipt of outstanding invoices with supporting documentation, and payments are received within payments terms.

- Profit Management - The transportation industry works on very low gross margins and bottom-line profit margins. As a result, it is critical that businesses in this industry operate as efficiently as possible. This includes effectively managing capital equipment such as trucks, ensuring they are being utilized 95%+ of the time, they are well maintained and utilize the most effective routes to deliver product from origin to destination. Maintaining the optimum number of trucks will also help to keep equipment license expense at a minimum.

- Financing - The transportation industry is challenged is several areas. Many participants a small sole-proprietors that are thinly capitalized. Many of its assets (i.e., trucks) are constantly moving all over the United States. The industry has a higher-than-average occurrence of bad debt and theft. There is a high turnover in truck drivers. There is a high turnover in transportation businesses. All of these characteristics make it challenging for industry participants to obtain low cost working capital financing. In many cases, the financing used in this industry is factoring, factoring can be a useful financing solution in the right situation (i.e., a new rapidly growing business). However, it can be a very expensive solution when compared to tradition bank financing. For example, a traditional bank revolving line of credit may range from 5% - 7% APR while a factoring solution may range from 12% - 36% APR. This expensive financing can really take a bite out of business profits.

- Bad Debt - The transportation industry is also characterized by many small sole proprietors such as truck drivers, owner operators and freight brokers. These sole proprietors can be very thinly capitalized. One or two loads that do not go as planned (i.e., damaged in shipment) can be devastating to these sole proprietors even sending them into bankruptcy or out of business. Transportation business owners need to recognize this risk and take measures to limit their exposure in this area. Collection and legal actions can be expensive and time consuming and even if you are successful in a getting a judgement, it still has to be collected. If the sole proprietor does not have the funds to pay or declares bankruptcy, the business owner is still not going to receive payment.

- Reporting - Reporting and record keeping can be a challenge in the transportation industry. Especially with the large number of small owner operators and trucking companies. Many of these small owner operators and trucking companies don't have the systems and processes in place to provide accurate, timely, electronic, information regarding their business or their shipments. This can present challenges for the transportation companies they do business with. It is critical that companies proactively manage their exposure in these areas by maintaining a good accounting system with a record of all sales by state and detailed information on customers and vendors including business name, address, tax ID and license information. These issues can be time consuming to address and result in significant fines and penalties to the transportation company.

Breach of International law

- In 2022, Competition Commission of India (CCI) ordered three maritime transport companies Nippon Yusen Kabushiki Kaisha (NYK Line), Kawasaki Kisen Kaisha Ltd. (K-Line), Mitsui O.S.K. Lines Ltd. (MOL) and Nissan Motor Car Carrier Company (NMCC) to pay penalty for alleged cartelisation. The case involved allegedly cartelising in offering transport services to automobile manufacturers for various trade routes.

Overall Operational & Physical Risk

- Increased fuel prices impose an additional surcharge on customers, effectively increasing the total shipping cost or freight charge for products and affecting revenue and earnings when fuel prices fall. Failure to cut costs results in an increase in expenses and, ultimately, losses for the business.??

- Keeping up with new advances in business procedures is another challenge for the logistics company. As new opportunities arise, it is in the best interest to adapt and adopt these changes to improve service and operational efficiency. According to a study, 36% of firms surveyed strongly agreed that they relied on their logistics partners to deliver cost savings and process improvements. This requires logistics partners to have the knowledge and experience to look beyond supply chain and operations to effect change throughout the framework of the entire procedure. Moreover, they should be financially stable, adaptable, and willing to take appropriate risks for long-term gain.?

- Markets are dynamic and competitive nowadays; supply chains have grown complex and customer expectations have shifted. When clients place an order with the business today, they have higher expectations of delivery times and service quality. Customers demand tracking information and real-time updates on the status of their order throughout the shipment and delivery process. Additionally, they want the option of paying for expedited freight, such as two-day or same-day delivery.??

- Any logistics company's success depends upon its relationship with its suppliers. Businesses should continuously strengthen their relationship with their supplier, keeping them informed of their development and ensuring that the supplier is satisfied with their success. It is critical to develop, comprehend, and adhere to mutually agreed upon standards in order to gain a greater understanding of not only present performance but also areas for development.

- Every e-commerce business requires reverse logistics. Customers return products they have purchased if they are unsatisfied, and the process should be seamless. Without an effective reverse logistics platform, you risk alienating customers and preventing them from making another purchase from you. However, implementing a reverse logistics plan can be difficult and costly without the proper support.

- Driver shortages continue to be a major problem for logistics companies across the globe. Dealing with drivers and transporters are critical necessities that should be addressed with proper supply and demand management.

- Numerous logistics sectors suffer from an increasing shortage of competent labour and specialized experts. With the advancement of modern technology, there is an increased demand for technically trained manpower. However, most labourers are underqualified, overworked, and lack the necessary skill sets to ensure the process is efficient. As a result, these businesses confront significant workforce turnover, increasing training expenditures, and underperforming human resource departments.

- Logistics companies should adhere to stringent laws set by federal, state, and local governments. Transportation legislation, norms, and security measures differ by region, and educating all company staff about these restrictions can be a significant burden. Additionally, these laws constrain the scope and autonomy of logistics firms and their ability to seek alternative viable options and prospects.

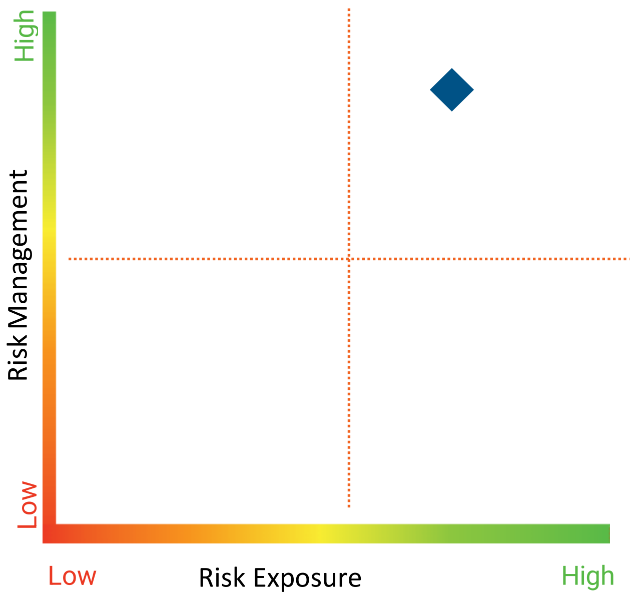
- The growth of transportation and logistics infrastructure requires a significant amount of space. As a result, carbon emission increases and the environment suffer. Reduced greenhouse gas emissions is a top priority for many logistics businesses, particularly in light of several studies demonstrating the negative impact of large industrial supply chains on the environment.?

- While technology is critical to a logistics company's success and primarily benefits the industry, most businesses are faced with problems of raising large funds to undertake large operations. Additionally, the cost of logistics technology is relatively high, with only the largest logistics organizations able to afford top-notch technology.

Risk Dimension Analysis: Crime and Security

Risk Exposure Score: 56

Risk Management Score: 59



Cyber-crimes

- The number of data breaches resulting from supply chain attacks exceeded compromises linked to malware in 2022.??
- Malware is often viewed as the core of most cyberattacks. However, in 2022, supply chain attacks surpassed the number of malware-based attacks by 40%.?
- According to the report, more than 10 million people were impacted by supply chain attacks targeting 1,743 entities?
- Logistics and shipping companies are increasingly being targeted by phishing attacks. Phishing involves cybercriminals contacting target organizations by email, telephone, or text message, and posing as a legitimate person or organization. The aim of the attack is to lure the recipient into giving up sensitive data and passwords to illicitly access data for financial gain.?

Counterfeiting

- Studies show that more than 25% of consumers have unknowingly purchased counterfeit products online.
- Counterfeit products aren't just limited to high-end designer brands, electronics and fashion. Some of the most common counterfeit goods on the marketplace include makeup, skincare, supplements and medication.?
- The creation and sale of counterfeit products may impact a business in many ways - from an initial loss in sales to reputational harm to the legitimate brand and damaged relationships with business partners.?

Threat to Women's security

- Nearly 31,000 complaints of crimes committed against women were received by the National Commission for Women (NCW) in 2022, the highest since 2014.
- About 54.5 per cent (16,872) of the complaints were received from the most populous state?of Uttar Pradesh.
- As per a report by Gartner, women made up around 41% of the supply chain workforce in 2021. Out of this 41%, around 15% of women were in the top echelons of the companies.
- Since 2008 the participation of women in the logistics sector has grown immensely. Therefore, it is imperative to ensure their safety through strict measure to ensure a healthy working environment.
- Other recommendations include the use of technology such as panic buttons, CCTV cameras, and GPS tracking to improve safety, and the provision of women-only spaces in transport and public spaces.

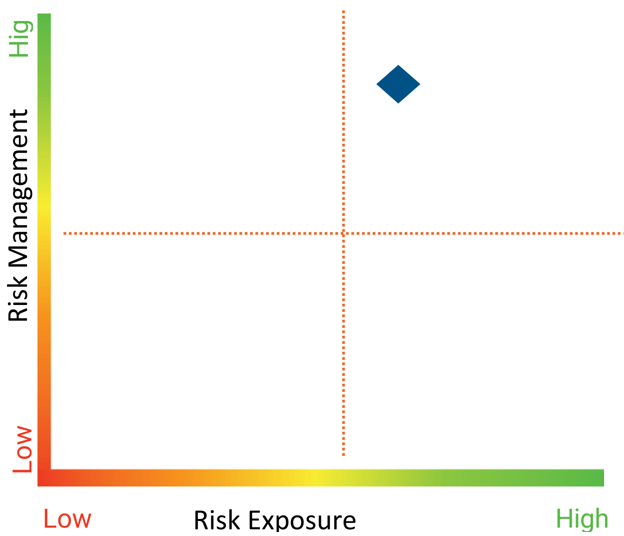
Terrorism

- Narco-terrorism is a rising threat in regions like Jammu and Kashmir, where insurgent groups may use drugs to fund their activities. This can lead to an increased risk of violence and unrest, which can impact the safety and security of transportation and logistics operations in the area.
- Maoist violence in regions like Jharkhand can also pose a threat to transportation and logistics operations. Companies may face roadblocks, arson, and attacks on their personnel and vehicles, leading to disruptions in supply chains and increased costs.
- With the increasing risk of terrorism and security threats, transportation and logistics companies may need to invest in physical security solutions to protect their assets, goods, and personnel. This can include access control, surveillance systems, and security personnel to ensure the safety and security of their operations.?

Risk Dimension Analysis: Natural Hazard and Event

Risk Exposure Score: 75

Risk Management Score: 73



Natural Hazards

- With overall losses of around US$ 270bn (previous year US$ 320bn) and insured losses of roughly US$ 120bn (previous year US$ 120bn), 2022 joins the recent run of years with high losses.
- Whether it's hurricanes, floods, or typhoons, natural disasters can significantly impact the logistics, shipping, or transportation industries. These catastrophes can be life-threatening and damage goods.
- Extreme weather can wreak havoc on physical infrastructure, destroying roads, bridges, and tunnels and quickly disrupting normal shipping routes and speeds.
- In less extreme cases, weather patterns can still impact drivers with low visibility and clogged traffic on busy roadways and causing costly delays to normal shipping speeds.?
- Weather can destroy even the most careful budgeting and well-made plans. It's estimated that adverse weather conditions cost the shipping industry more than $3.5 billion annually.
- Bad weather's most obvious impact is in limiting the number of trucks on the road, and the similarly limited availability of usable trucks to ship goods over roadways to conduct normal operations.?

Pandemic and other epidemic diseases

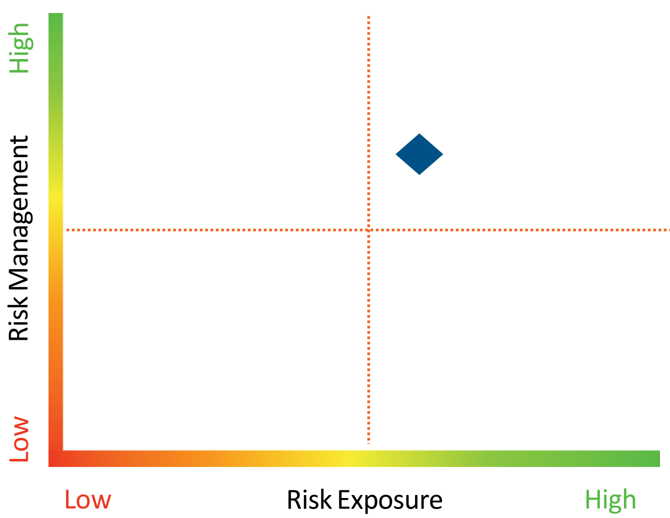
- The COVID-19 pandemic has had a significant impact on the logistics industry, leading to disruptions in supply chains, changes in consumer behaviour, and increased demand for certain types of logistics services, such as e-commerce and last-mile delivery.
- According to a report by the Confederation of Indian Industry (CII), the Indian logistics industry is estimated to have contracted by around 10-15% in FY 2021, with the most significant impact felt in the first half of the year due to the nationwide lockdowns and restrictions on movement.
- The report also notes that the pandemic has accelerated the shift towards digitalization in the logistics industry, with companies investing in technologies such as automation, artificial intelligence, and blockchain to improve efficiency and reduce costs.

- Another trend highlighted by the report is the growing focus on sustainability in the logistics industry, with companies exploring ways to reduce their carbon footprint and promote environmental stewardship.
- Despite the challenges posed by the pandemic, the logistics industry is expected to rebound in the coming years, driven by factors such as rising demand for e-commerce, growth in the manufacturing and retail sectors, and the government's focus on infrastructure development. The CII report forecasts that the Indian logistics industry will grow at a CAGR of 10.5% between 2021 and 2025, reaching a value of USD 215 billion by the end of the period.?

Risk Dimension Analysis: Strategic Risk

Risk Exposure Score: 58

Risk Management Score: 64



Increased number of recalls and quality audits:

- The Reverse Logistics Market in India is predicted to grow at a compound annual growth rate (CAGR) of 6.15%, from USD 29.54 billion in 2022 to USD 39.81 billion by 2027.

Resource Scarcity/ Over Utilization

- More than 60% of the railways' routes are operating at over 100% capacity, resulting in a range of issues such as reduced
- punctuality, lower throughput, inadequate maintenance, route diversions, and underutilization of assets.
- Insufficient efficiency has resulted in a dearth of internal resources for investment. During the financial year 2019, merely 3% of investments were expected to come from internal resources, while 57% were projected to come from gross budgetary support, and 40% from extra budgetary resources.

Delay in execution of projects

- The implementation of railway projects is frequently hindered by significant delays. According to the Ministry of Statistics and Programme Implementation, out of 1705 monitored projects (projects with costs exceeding Rs 150 crore), 310 are related to railways, and more than 50% of them have experienced delays. Several factors contribute to these delays, such as inadequate funding, challenges with land acquisition, delays in obtaining clearance for forested areas, unexpected geological features, postponements in relocating utilities, and unfavourable law and order situations.

ICICI LOMBARD: Key Solution Offerings

Property

a. Businesses are always prone to risks and fire eruption and fire insurance provides a comprehensive protection against damages caused due to fire explosion and other risks. Besides fire related perils, it also protect damages caused due to any natural calamity, bursting of water tanks, theft etc. The built in covers include alterations or extensions, stocks on floater basis, temporary removal of stock, cover for specific contents, start-up expenses, professional fees, costs for removal of debris etc

b. Solutions

- **i. Property Loss Prevention exercise** - We have developed the methodology of Property Value Added Services for corporate customers which focuses on technical engagement with detail risk visit, followed by benchmarking of the risk (Industry Risk Profiling).
- **ii. Fire Hydrant IoT** - Fire hydrant online monitoring devices use IoT to monitor fire hydrants and assure their availability in emergencies. We've helped multiple corporate customers maintain and monitor this important fire safety component in real time.

Marine

a. We offer specially curated plans for covering the risk of theft, malicious damage, shortage, and non-delivery of goods, damages during loading and unloading, and mishandling of goods/cargo

b. Marine Cargo insurance primarily covers loss during transit caused due to fire, explosion, hijacks, accidents, collisions, and overturning

c. Solutions

- **i. GPS Device Tracking**: With the help of our advance GPS devices we can have bird eye view on the consignment and vehicle from anywhere in the world. OurSAAS allows us to track and get the visibility of the vehicle on the basis of our requirements which is fully customizable

Liability

a. Comprehensive general liability:

i. This policy is important for every small and medium sized businesses to protect the insured entity against claims arising out of legal liability where they are heldresponsible for third party bodily injury or property damage due to insured's business, premises or products. It should be taken by every new business as it covers all risk a business may face.

b. Cyber - With cyber risk steadily increasing, security/ data breaches affect millions of records a year. Cyber Risk insurance coverage is designed to help an organization mitigate its risk exposure by offsetting costs involved with recovery after a cyber-related security breach or similar event.

c. Solutions

i. **Simulated phishing tests** - Simulated real looking phishing tests andrecord employee behavior to phishing attacks along with training collateral in form of co-brandable posters, infographics and videos

ii. **Cyber maturity assessments** - Assess the security posture of your organization and identify the potential risks with our assessment based on ISO 27001 Control measures for Information security

iii. **D&O** - The need of Directors & Officers Insurance is more than ever before. Any breachor non-performance in the duties can result in claims against directors, officers and employees by reason of wrongful act and need to incur various expenses like defense costs, damages or compensation and other incidental costs. This can affect company's growth and performance.

Group Health

a. Employees are the backbone of an organization and the most valued asset. OurGroup health insurance product is designed to offer health coverage to suit employees of all business types ranging from small & medium enterprises to large organizations.

b. **Solutions:**

   i. **IL Take Care -** AI enabled mobile app for employees

   ii. **Health assistance services -** Health Assistance is a dedicated medical care service that assists you in all your health related queries for identifying specialist/hospital/fixing an appointment with doctors/nutritionist /facilitating2nd opinion

   iii. **Tele Consultation –** Hello Doctor

   iv. The insured is eligible to avail unlimited General Physician consultations for routine health issues over the phone by aqualified doctor

   v. **Diagnostics & pharmacy services –** Book a lab test or home delivery of medicines

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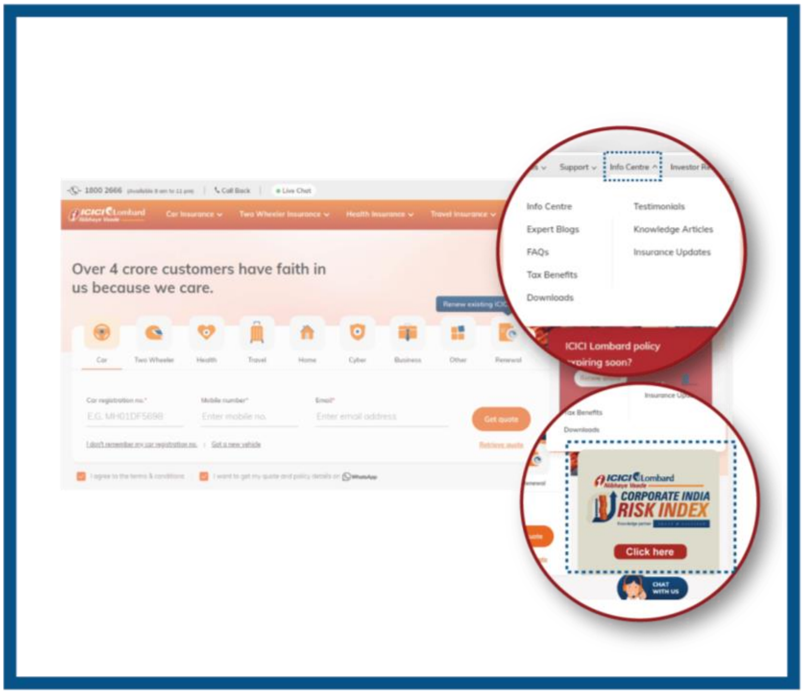

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