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CORPORATE INDIA RISK INDEX
2023

Intelligence partner FROST & SULLIVAN

SECTOR REPORT 2023

FMCG

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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 Fast-Moving Consumer Goods (FMCG) sector in India is a significant contributor to the country's economy, with a market size of over US$ 100 billion, and is expected to grow at a Compound Annual Growth Rate (CAGR) of 10.5% from 2023 to 2030

The sector is primarily driven by the growing Indian GDP, rapid urbanization, increasing disposable income, and changing consumption patterns. The FMCG sector in India consists of various sub-categories, including food and beverages, personal care, home care, and healthcare products.

The Indian FMCG sector is also witnessing significant investments in the form of Foreign Direct Investment (FDI), with the government allowing 100% FDI in the sector under the automatic route.

The government's initiatives, such as the "Make in India" and "Digital India" campaigns, have further boosted the growth of the sector by attracting foreign investments and promoting digital payments, respectively.

However, the sector faces several challenges, including macroeconomic factors such as inflation, environmental laws, and slow administration. The sector is also facing the challenge of meeting the growing demand for sustainable and eco-friendly products. The government's initiatives, such as the Plastic Waste Management Rules, 2016, and the E-Waste (Management) Rules, 2016, are aimed at addressing these challenges.

The government's policies, such as the National Infrastructure Pipeline (NIP) and National Logistics Policy (NLP), have provided a positive outlook for the FMCG sector. The NIP aims to invest INR 102 lakh crores in infrastructure projects, including those in the FMCG sector, by 2025. The NLP aims to improve the logistics infrastructure in the country, which is crucial for the FMCG sector's growth.

In conclusion, the Indian FMCG sector is poised for significant growth, driven by the country's economic growth, rapid urbanization, and increasing disposable income. The government's initiatives and policies, such as the NIP and NLP, are expected to provide a favorable environment for the growth of the sector. However, the sector faces several challenges, including macroeconomic factors and the need for sustainable and eco-friendly products. The sector's growth is expected to be supplemented by significant investments, including FDI, in the coming years.

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 Defence, 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

Operational & 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.

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. 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

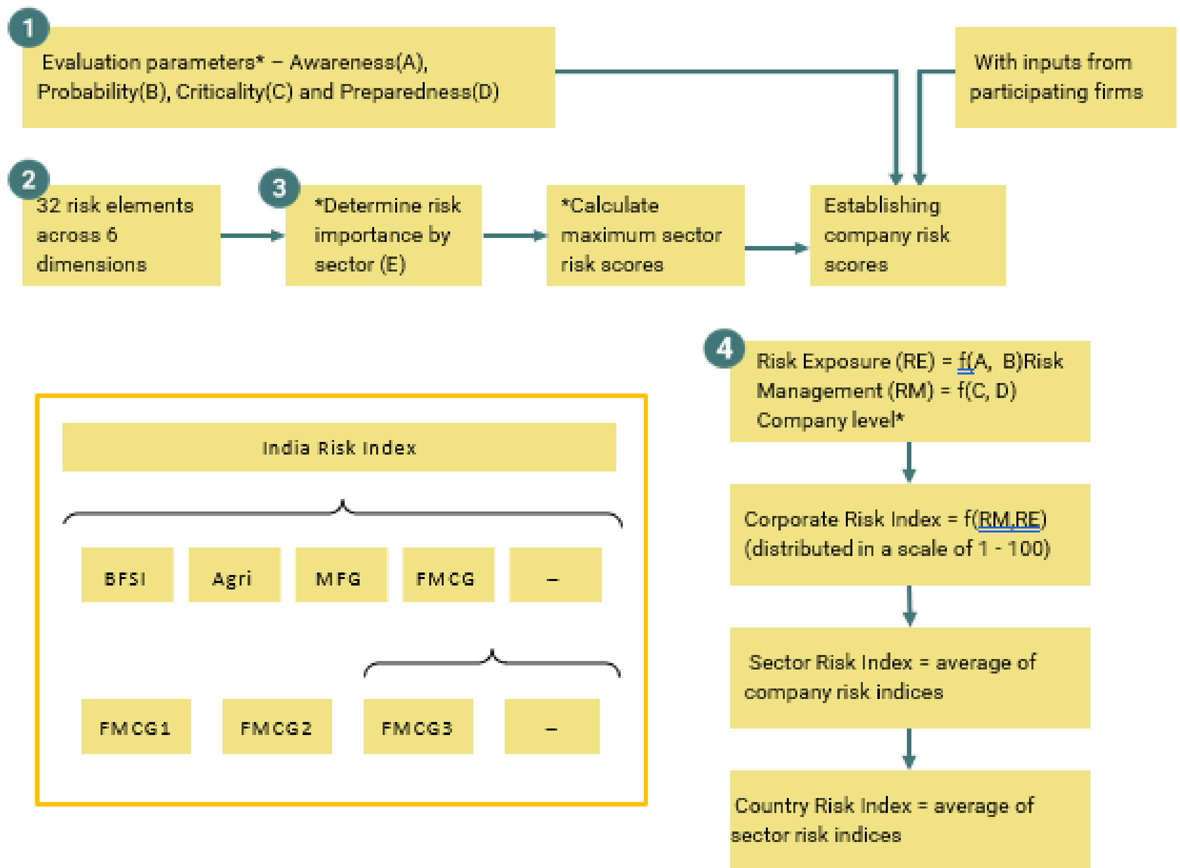


Figure 1: Risk Assessment Approach

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 Parameters are defined as:
   - Awareness - Level of awareness of potential risk affecting the firm.
   - Probability - 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 to handle 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&S team and SMEs.
3. **Calculating Maximum Sector Risk Score**: Weighted Sum of all risk elements based on their importance to 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

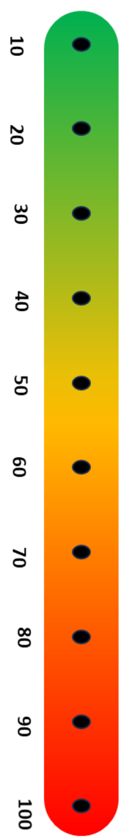
We have selected 20 sectors to understand the current stand of our country today in terms of risk. Risk for various sectors is measured on the risk exposure scale and risk management scale.

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 somethingto 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.



A score **less than 30** indicates very low risk exposure and the corporate entity has minimal overall risk exposure.

A score **between 30 and 50** indicates low risk exposure and the corporate entity’s risk exposure is within acceptable or tolerable limits

A score **between 50 and 60** indicates moderate risk exposure and the corporate entity can balance the impact of overall risk to a certain extent.

A score **between 60 and 80** indicates high risk exposure, and its impact is very high in the industry in which the corporate entity operates.

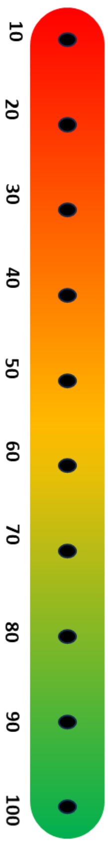
A score **greater than 80** indicates very high Risk Exposure and the corporate entity is unable to foresee risk incidence and the probability of occurrence of these incidents may be extremely high.

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.



A score **less than 40** indicates poor risk management and the corporate entity is unable to understand the concept of risk management.

A score **between 40 and 50** indicates below-par risk management and the corporate entity has inefficient risk management practices that are reactive to newer or unknown risks.

A score **between 50 and 70** indicates acceptable risk management and the corporate entity is prepared to handle known risks and the criticality of its risks is not severe.

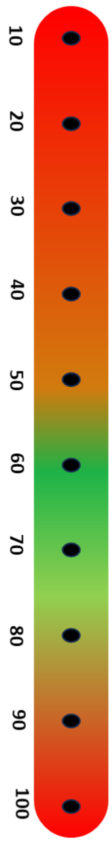
A score **between 70 and 80** indicates superior risk management and the corporate entity has employed top-class risk management practices to manage dynamic and unknown risks.

A score **greater than 80** indicates exemplary risk management and the corporate entity is over-prepared in risk management practices and is proactive in addressing 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.



A score **less than 40** indicates an ineffective risk index meaning the corporate entity has very high risk exposure or very poor risk management practices or both.

A score **between 40 and 55** indicates a suboptimal risk index suggesting that not all risks are handled effectively and risk management practices of the corporate entity are likely to be outdated or inefficient.

A score **between 55 and 65** indicates an optimal risk index, indicating that most current risks are being handled effectively by the corporate entity. However, emerging risks associated with strategic initiatives need more diligence.

A score **between 65 and 80** indicates a superior risk index, indicating very effective and efficient risk management practices. The corporate is well-positioned to handle current and future risks across dimensions.

A score **greater than 80** is over preparedness indicating high investment in Risk mitigation practices likely over investment in one or more risk dimensions difficult to justify ROI

India - Emerging Superpower with Optimized Corporate Risk Handling

In 2023, India witnessed a number of developments in various sectors, reflecting changes in consumer preferences, technological advances and regulatory trends. These developments shaped the industry and affected strategic decisions among industry players.

Electric vehicles (EVs) gained traction across sectors, driving investments in infrastructure and incentivized by government policies promoting electric mobility. The Automotive industry witnessed a surge in demand for EVs, while Logistics & Transportation embraced electric fleets to reduce carbon emissions and operational costs. Digital transformation accelerated across sectors, fueled by the COVID-19 pandemic. Telemedicine, online banking, and remote work solutions proliferated in Healthcare, BFSI, and IT/ITES sectors, enhancing operational efficiency and customer experiences.

In 2023, sustainability took center stage as sectors across India embraced eco-friendly practices. The Energy sector witnessed a shift towards renewable energy sources, with significant investments in solar and wind power. Industries like Manufacturing and FMCG prioritized energy efficiency and waste reduction initiatives. Hospitality and Real Estate sectors focused on green building practices, while Agriculture adopted precision farming techniques to conserve resources.

AI integration surged in 2023, revolutionizing business operations across sectors. Manufacturing companies leveraged AI for predictive maintenance and quality control, enhancing efficiency and reducing costs. Healthcare adopted AI-powered diagnostics and personalized treatment plans, improving patient care. Financial institutions utilized AI for fraud detection and risk assessment, bolstering security and compliance.

Social media emerged as a powerful tool for brand building and customer engagement in 2023. FMCG and Retail sectors capitalized on social media platforms to launch targeted marketing campaigns and drive product sales. Hospitality and Tourism industries utilized social media influencers to enhance brand visibility and customer loyalty. By leveraging social media analytics and customer feedback, companies across sectors tailored their strategies to effectively connect with their target audience and build brand reputation.

The "Make in India" initiative drove significant changes in supply chain operations in 2023. Sectors like Automotive, Manufacturing, and Pharmaceuticals emphasized local sourcing to reduce dependency on imports. Companies diversified their supplier base and optimized logistics networks to mitigate supply chain risks. This strategic shift towards domestic production enhanced resilience and competitiveness across industries.

Diversity, Equity, and Inclusion (DE&I) initiatives gained momentum in 2023, fostering inclusive workplaces across sectors. Companies in BFSI and IT/ITES led the way with diversity training programs and gender-neutral policies. Healthcare organizations focused on addressing healthcare disparities among marginalized communities. Manufacturing and Retail sectors prioritized inclusive hiring practices to tap into diverse talent pools, driving innovation and employee engagement.

Leadership risks emerged as a critical concern in 2023, prompting sectors to reassess their leadership strategies. Companies in BFSI and Technology faced challenges in adapting to rapid technological advancements and changing market dynamics. Healthcare organizations navigated leadership transitions amidst the COVID-19 pandemic, emphasizing the need for agile and resilient leadership. Strategic investments in leadership development and succession planning became imperative to mitigate leadership risks effectively.

Disruptive technologies like artificial intelligence, blockchain, 5G, and IoT reshaped traditional business models, offering new avenues for innovation and growth in sectors such as Telecom & Communication, Biotech & Life Sciences, and New Age Industries.

The scenario of the Indian economy in 2023 had a myriad of risks and opportunities in various sectors. Cybersecurity emerged as a pervasive risk, affecting industries from banking and finance to healthcare and IT/ITES. With more than 400 million cyber threats detected in nearly 8.5 million locations by 2023, organizations prioritized strong cybersecurity measures. Advanced threat detection systems, encryption protocols and employee training programs were implemented locally to enhance cyber resilience and protect sensitive data.

Another common risk was supply chain disruption, exacerbated by factors such as geopolitical pressures, natural disasters, and semiconductor chip shortages. To mitigate these risks, companies diversified their supplier base, invested in inventory management systems, and adopted agile supply chain practices to enhance resilience and flexibility.

Regulatory uncertainty was rife in industries such as Pharma, Energy, Telecommunications, which required active engagement with regulators. Furthermore, environmental risks emphasized the importance of sustainability and green technologies, renewable energy and waste management practices to reduce environmental impact around us and compliance with legal standards.

Despite the challenges posed by common risks, several sectors emerged as resilient performers in 2023, whose efforts helped us understand the situation in 2023 better. Noteworthy efforts included the "National COVID-19 Vaccination Drive" in healthcare, "Electric Vehicle Adoption Mission" in automotive, and "Green Freight Movement" in logistics. Additionally, initiatives such as the "Make in India Defence" program in aerospace and "Skill India Mission 2.0" in education underscored the nation's commitment to innovation and development.

The Automotive industry in India showed resilience in the face of supply chain disruption and regulatory uncertainty. Focusing on sustainability and innovation, the sector saw an increase in electric vehicle (EV) adoption, with sales reaching Rs 4.22 lakh crore. The Aerospace & Defence sector focused on developing indigenous manufacturing capacity and technology to strengthen national defence by investing Rs 1.5 lakh crore.

In the Healthcare sector, India has invested heavily in digital health solutions and infrastructure to combat the lingering effects of the COVID-19 pandemic. With a total investment of more than Rs 50,000 crore, companies have expanded telemedicine and implemented AI-powered diagnostics to improve patient care.

The Manufacturing sector prioritized digitalization and process optimization to enhance productivity and competitiveness amidst supply chain disruptions and inflationary pressures. Companies invested Rs 1.2 lakh crore in automation technologies and smart manufacturing initiatives to streamline operations and reduce costs. The Logistics & Transportation companies invested Rs 800 crore in blockchain-based traceability systems and cyber security protocols to secure supply chains and protect sensitive data from cyberattacks.

The Hospitality industry adapted to customer preferences and regulatory requirements through new service offerings and customer engagement strategies. With an investment of Rs 0.5 lakh crore, companies also focused on using contactless technology to improve health and safety measures, ensuring that guests have satisfaction and compliance.

The Agricultural & Food Processing sector embraced technological initiatives to increase agricultural productivity and ensure food security in the face of climate change and supply disruptions. With an investment of Rs 1 lakh crore, companies focused on precision farming and farm-to-fork traceability solutions to improve crop yield and quality.

The BFSI sector focused on digital transformation and risk management to address cyber threats and regulatory challenges. Banks and financial institutions invested Rs 2,50,000 crore to implement advanced cyber security measures and fraud detection systems to protect customer data and prevent financial fraud.

The Biotech & Life Sciences sector showcased innovation and resilience amidst regulatory complexities and supply chain disruptions. The Chemicals & Petrochemicals sector navigated environmental regulations and market volatility through sustainable practices and operational excellence initiatives. Digital learning and job training were adopted to meet workforce challenges and enhance productivity in the face of technological disruption and demographic changes in the Education & Skill Development sector.

The Energy sector has shifted towards renewable energy and sustainable development policies to mitigate the risks of climate change and reduce dependence on fossil fuels. Moreover, with investments of Rs 1.5 lakh crore in smart grid technologies and demand-side management initiatives to optimize energy consumption and reduce emissions, the sector prioritized grid modernization and energy efficiency.

The IT ITES sector continued to drive digital transformation and innovation to address cybersecurity threats and meet evolving customer demands. With investments of Rs 4 lakh crore, companies focused on cloud computing and cybersecurity solutions to protect data and ensure business continuity.

The Metals & Mining sector focused on sustainable practices and community engagement to address environmental concerns and social risks associated with resource extraction. With investments of over Rs 0.8 lakh crore, companies implemented reclamation and rehabilitation projects to restore mined areas and promote biodiversity conservation.

The New Age sector, comprising startups and technology companies, showcased innovation and resilience amidst market uncertainties and funding challenges. Additionally, the sector prioritized talent acquisition and retention, with investments of Rs 0.5 lakh crore in employee benefits and workplace diversity initiatives to attract top talent and foster a culture of innovation.

The Telecommunication sector continued to expand connectivity and digital infrastructure to meet growing demand for broadband services and IoT applications. With investments of over Rs 2 lakh crore, companies deployed 5G networks and fiber-optic cables to enhance network capacity and speed.

In summary, India's diverse sectors demonstrated resilience and innovation in navigating through a challenging operating environment in 2023. As India continues its journey towards economic prosperity, proactive risk management and innovation will remain critical drivers of success across diverse sectors.

India Showcasing an Optimized Risk Handling

Figure 2: Corporate India Risk Index 2023

A score of 64 on the Corporate Risk Index indicates optimal handling of risk by the Indian companies. However, to enter the superior risk handling territory, the Indian companies have scope to improve upon their risk management practices in the areas of crime & security risks and strategic risks. It was observed across sectors that there is an increased focus on cybersecurity and other technological risks.

In the sectorial analysis of risk exposure, it was found that companies were most affected by market & economy and operational & physical risks due to inflation, global volatility and geopolitical events like the Red Sea crisis, Israel Palestine conflict and Russia Ukraine War.

Another common risk was supply chain disruption, exacerbated by factors such as geopolitical pressures, natural disasters, and inflation. To mitigate these risks, companies diversified their supplier base, invested in inventory management systems, focused on localization and adopted agile supply chain practices to enhance resilience and flexibility.

It was observed that risk management is getting an increased focus in the growth strategy of every organization with companies having dedicated risk teams to manage their risk exposure. All the organizations fell either into 'Superior Risk Management' or 'Optimal Risk Management' category indicating good risk management practices.

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

Figure 3: Corporate India Risk Index 2023 Sector Score

Superior Risk Index

Superior risk handling was found in nine industrial sectors: Telecom & Communication, Pharmaceuticals, Healthcare Delivery, Automotive & Ancillary, Manufacturing, FMCG, Media & Gaming, New Age & Startups and Tourism & Hospitality.

Optimal Risk Index

Optimal risk handling was found in 11 industrial sectors: BFSI, Energy, Transportation & Logistics, Agriculture & Food processing, Metals & Mining, Aerospace & Defence, IT ITES, Education & Skill Development, Infrastructure & Realty, Biotech & Lifesciences and Chemicals & Petrochemicals.

FMCG Sector Insights 2023

The Fast-Moving Consumer Goods (FMCG) sector serves as a vital pillar in the Indian economy, with its pervasive presence touching every household. It stands as a key indicator of consumer sentiment and economic well-being. FMCG boasts an impressive contribution to India's growth story. In 2023, the industry was projected to witness growth of 7-9%, driven by a revival in rural consumption and price stabilization. This growth fuels overall economic activity, with estimates suggesting a significant impact – a 1% growth in FMCG can translate to a 2-3% increase in GDP. The FMCG sector is a powerhouse for job creation, employing nearly 3 million individuals in 2023, and this number is expected to rise further. This vast employment generation makes FMCG a crucial contributor to social development.

The Indian FMCG landscape is constantly evolving. In 2023, we saw a rise in e-commerce FMCG sales, exceeding 10% of the total market. Additionally, consumers are increasingly seeking out health-conscious, sustainable, and innovative products. FMCG companies that adapt to these trends are poised for continued success.

FMCG companies grappled with rising input costs due to factors like fuel price hikes and commodity price surges. This led to manufacturers increasing product prices, impacting consumer spending. Global supply chain disruptions continued to pose challenges throughout 2023, affecting the availability of certain raw materials and finished goods. Despite initial hurdles, consumption saw a revival in 2023, particularly in rural markets. This was partly attributed to a decline in inflation and a focus on essential goods. NielsenIQ reported a double-digit value growth (10.2% in Q1 2023) for the Indian FMCG sector, indicating a positive trajectory. While value growth initially outpaced volume growth, the gap narrowed in the latter half of 2023. This suggests that price hikes started to stabilize, and consumers were purchasing more units despite potential price increases. The Indian food processing market size reached US $307.2 trillion in 2022 and is expected to reach US $547.3 trillion by 2028, exhibiting a growth rate (CAGR) of 9.5% during 2023-2028.

The Union Budget 2023-24 has allocated US $976 million for PLI schemes aimed at reducing import costs, improving the cost competitiveness of domestically produced goods, increasing domestic capacity, and promoting exports. Consumers showed a growing preference for premium and healthy FMCG products. Companies responded by launching new product lines catering to these evolving demands. Environmental consciousness remained a key driver, with FMCG companies focusing on sustainable packaging and eco-friendly practices to attract environmentally responsible consumers.

The budget allotted for the FMCG sector included a 33% increase in capital investment outlay to 500 thousand dollars, focusing on infrastructure growth. The government allocated US $30 billion for PLI schemes across 14 sectors in 2023-24, with expectations of increased investments in rural India for roads, irrigation systems, warehouses, and cold storage facilities.

The FMCG industry expressed optimism about the budget, highlighting its potential to stimulate consumption, generate employment opportunities, boost local production, and increase disposable income for consumers.

To conclude, the sector grew 8.5% in revenues and 2.5% in volumes last fiscal year. The Indian FMCG sector demonstrated resilience in 2023, overcoming initial inflationary pressures with a strategic shift towards volume growth. This indicates a potential improvement in consumer spending power and paves the way for continued industry growth. Overall, the FMCG industry in India remained resilient in 2023, showcasing its adaptability and growth potential.

FMCG Sector Risk Index 2023 Vs 2022

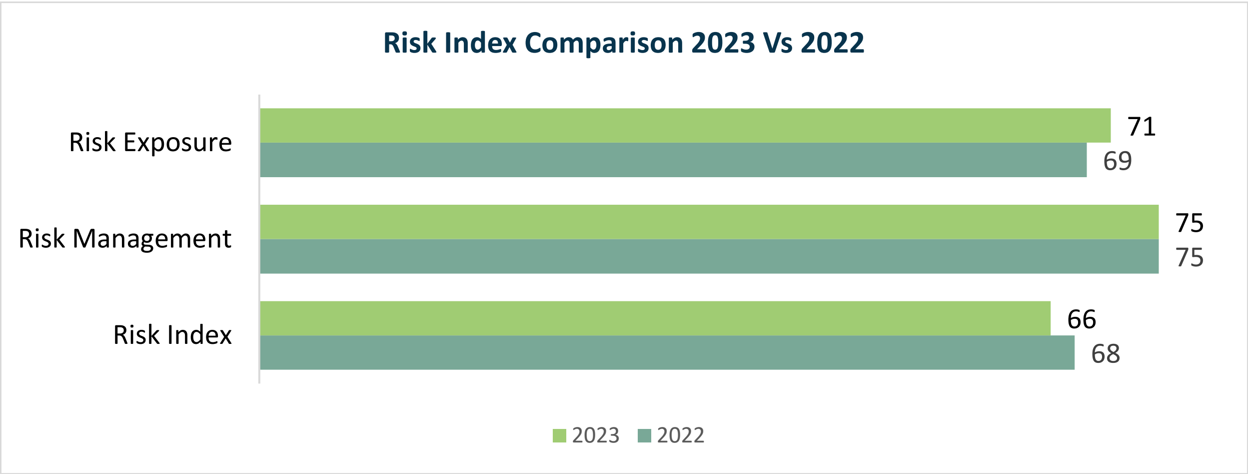


Figure 4: Comparative Analysis 2023 Vs. 2022

FMCG Risk Index 2023 Vs 2022

The risk index for the FMCG sector decreased from 68 to 66. The year 2022 was full of ups and downs which impacted different elements of the FMCG supply chain, recovering from a pandemic was pressurizing. The Union Budget 2023-24 announced a 33 per cent increase in capital investment outlay to Rs 10 lakh crore, attributed to risks across various dimensions. Despite economic challenges, market and economy risk exposure decreased. Slow technology adoption was balanced by progress in renewable energy. Operational risks persisted, yet policies aimed at reducing pollution improved ratings. Crime and security concerns were addressed through supportive policies. Proactive measures against natural hazards were evident. Though strategic risks lingered, India's focus on mitigative policies showcased a shift towards very effective and efficient risk practices.

FMCG Risk Exposure 2023 Vs 2022

The risk exposure for the FMCG sector have increased from 69 to 71. Fluctuating consumer demand and market trends leading to unpredictable revenue streams and affect production planning. FMCG companies facing fierce competition, requiring continuous innovation and price optimization to stay ahead. The financial risk associated with FMCG startups is high, as it requires significant capital investment to establish the business, develop the product line and build a distribution network caused the steep rise in risk exposure.

FMCG Risk Management 2023 Vs 2022

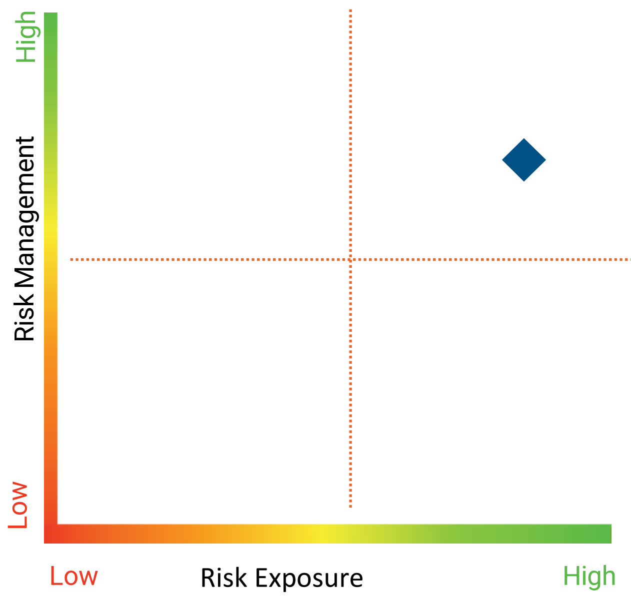
Risk management score of 75 in both 2022 and 2023, reflects consistent and acceptable risk management practices. Despite economic challenges such as geopolitical tensions and reduced external demand, India's robust GDP growth and diversified market have bolstered its resilience. Proactive measures in technology, including renewable energy promotion, highlight the country's commitment to climate mitigation. Although operational risks persist due to reliance on fossil fuels, policies targeting pollution reduction demonstrate progress. Proactive strategies against natural hazards underscore India's commitment to climate resilience. Overall, India's mitigative policies indicate a steadfast approach to risk management in the FMCG sector.

Key Highlights

Risk Dimension Analysis: Market and Economy

Risk Exposure Score: 71

Risk Management Score: 73



Inflation

- Due to rising geo-political tensions and trends, the inflation rate had touched record levels. It was as high as 6.6% - FMCG companies faced challenges with lower profit margins due to the increased cost of transportation, supply chain operations, and storing goods.

- As per statistics, the wholesale price index of FMCG companies across India during Financial Year 2023 was 165 - which suggests that the price index value increased by about 35.24% from the base financial year of 2022.

- The inflationary pressures resulted in a reduction in the volumes of goods sold by FMCG companies as consumers adjusted their purchasing behavior due to higher prices. Inflation influenced consumer behavior, leading to changes in spending patterns on products like cosmetics, toiletries, and other FMCG items due to higher prices and reduced purchasing power.

Taxation

- The FMCG sector experienced government interventions aimed at stimulating consumption through lower taxes and increased government spending. These measures were expected to support the sector in recovering lost volume and margins, particularly in urban markets where positive signals of gradual demand recovery were observed.
- The implementation of the Goods and Services Tax (GST) brings numerous benefits for the economy, particularly invigorating the FMCG industry. Previously, distribution costs for FMCG companies ranged from 2-7% of turnover, with warehouses strategically located in low-tax states. However, under GST, companies can establish warehouses anywhere, reducing logistical expenses. With a tax rate of 18-20%, the FMCG industry welcomes GST, as it allows input credit for all business-related GST payments, further enhancing cost savings.

- In 2023, The government provided relief on personal income tax by offering rebates up to Rs. 7 lakh and making changes in the slab rates under the new income-tax regime. This move aimed to increase disposable income levels, stimulate demand, and boost the FMCG sector, which was already facing challenges due to inflation.
- In February 2023, the government upheld its commitment to the 'Make in India' initiative by lowering import duties on components and raw materials utilized across multiple sectors, such as electronics and television panels. This measure was designed to stimulate local manufacturing, create job opportunities, and spur demand for fast-moving consumer goods.

Regulatory Risks

- FMCG companies had to navigate various regulations concerning product safety, labeling, advertising, and environmental standards. Compliance with these regulations was crucial to avoid legal issues, reputational damage, and financial penalties.
- The Directorate General of GST Intelligence (DGGI) has initiated actions against several major players in the fast-moving consumer goods (FMCG) sector for alleged tax evasion. According to sources, the DGGI has expanded its investigation on almost ten to twelve FMCG companies, alleging classification difficulties that contribute to alleged tax evasion.

Foreign Exchange Risk

- Foreign exchange risk in the FMCG sector arises from currency fluctuations impacting imported materials, export sales, and financial reporting. It affects profitability, competitiveness, and consumer purchasing power. FMCG firms manage this risk through natural hedging, financial instruments, diversification, and vigilant monitoring. Effective risk management is vital for maintaining financial stability and competitiveness in global markets.

Geopolitical Risks

- Fueled by factors like the ongoing war in Ukraine and other geopolitical tensions, global inflation impacted the cost of raw materials used by FMCG companies. This squeezed profit margins and forced some companies to raise product prices.
- This ongoing conflict also had indirect effects on the FMCG sector, as it added to the overall geopolitical instability that can impact trade and supply chains.
- The blockage of the Suez Canal in 2023 disrupted Indian trade, including the transportation of raw materials and finished products for the FMCG sector.
- There were already supply chain issues from all over the globe and wars further worsened the situation, FMCG industry has remained weak, with inflation levels aggravating and companies fighting for competitive place in the leading FMCG sector.

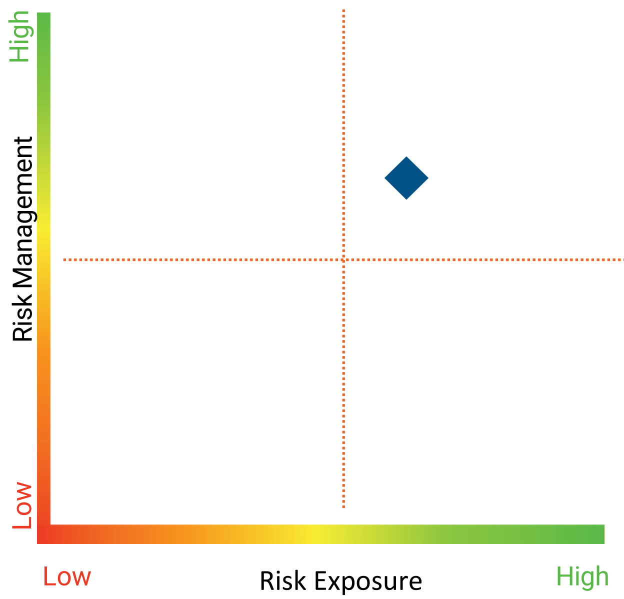
Competitive Risk

- Brand loyalty is crucial in the FMCG sector. Competitors invests heavily in marketing and advertising campaigns to build strong brands and capture consumer mindshare, posing a threat to companies with weaker brand equity.
- Rapid changes in consumer preferences and advancements in technology require FMCG companies to continuously innovate their products. Failure to introduce innovative products or adapt to changing consumer trends can result in losing market share to more innovative competitors.

Risk Dimension Analysis: Technology

Risk Exposure Score: 72

Risk Management Score: 77



Innovation Risk/ Obsolete Technology

- It is highlighted in 2023 that only 0.14% of FMCG launches between 2012 and 2016 were considered breakthrough innovations, indicating a significant risk in developing new products.
- The sector is at risk of data breaches, with the average cost of a data breach in India being around INR 16.5 crore, as reported in 2023.
- The adoption of Industry 4.0 technologies poses challenges due to the requirement for substantial investment, incompatible technological infrastructure, and poorly structured systems
- FMCG companies are using a variety of technologies to personalize their products, such as Artificial intelligence (AI) to analyze consumer data and identify trends. 3D printing to create custom products. Augmented reality (AR) to allow consumers to try on products before they buy them.
- E-commerce is another major trend in the FMCG industry. Consumers are increasingly buying groceries and other FMCG products online. In 2023, e-commerce is expected to account for over 10% of all FMCG sales. And this trend is only going to continue in the coming years.
- FMCG companies are responding to the growth of e-commerce by investing in their own e-commerce platforms and by partnering with online retailers.

Intellectual property

- The FMCG sector has faced significant intellectual property risks, particularly related to counterfeiting and evolving IP litigation trends, Counterfeit FMCG food products not only violate intellectual property rights but also pose risks to consumer health.
- IP patent liability can be costly, with a spike in IP patent litigation suits filed by Non – Performing Exposures and an upward trend in damages awarded, indicating shifting risk exposures.
- Private label brands, which are brands owned and sold by retailers, are becoming increasingly popular with consumers. This is because private label brands often offer comparable quality to national brands at a lower price.
- In 2023, private label brands are expected to account for over 30% of all FMCG sales and this trend is only going to continue in the coming years.
- FMCG companies are responding to the growth of private label brands by investing more in their own brands and by offering more innovative and differentiated products.

Disruptive Technologies

- Disruptive technologies are transforming the FMCG sector, revolutionizing various aspects of production, distribution, and marketing. Technologies such as artificial intelligence (AI), Internet of Things (IoT), blockchain, and augmented reality (AR) are reshaping consumer experiences and operational efficiencies.
- AI enables personalized marketing and demand forecasting, IoT optimizes supply chain visibility and efficiency, blockchain enhances transparency in product traceability, and AR enhances product engagement and virtual try-on experiences.
- These innovations drive efficiency, improve customer engagement, and create opportunities for FMCG companies to adapt to evolving consumer preferences in a rapidly changing digital landscape.
- From disruptive technological advancements to shifting consumer preferences and global market uncertainties, FMCG companies must navigate a complex web of challenges to sustain growth and maintain a competitive edge.

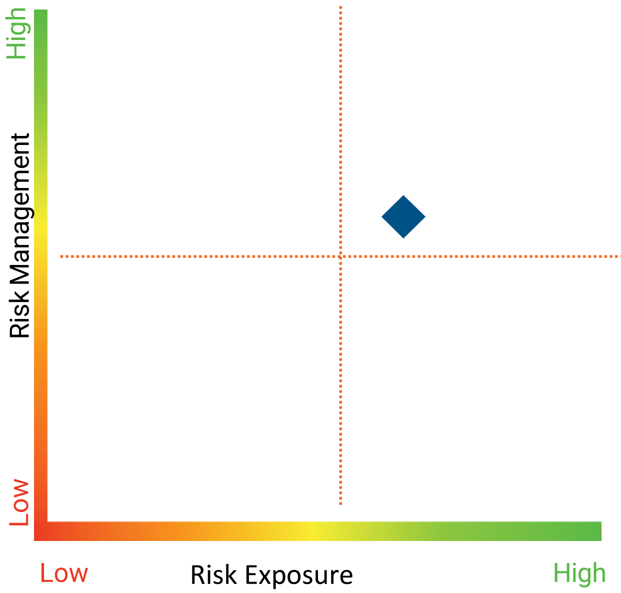
Data Compromise

- In the FMCG sector, data compromise presents significant risks, including loss of consumer trust, legal consequences, financial losses, competitive disadvantage, and intellectual property theft. Mitigation strategies involve robust cybersecurity measures, data protection policies, risk assessments, employee training, and staying informed about cybersecurity threats.

Risk Dimension Analysis: Operational and Physical

Risk Exposure Score: 72

Risk Management Score: 76



Infrastructure Failure/Machine Breakdown

- Insufficient infrastructure can lead to excessive logistics costs, which can significantly affect delivery and operational efficiency.
- The FMCG industry faces significant challenges due to poor road conditions, an imbalanced transportation system, and a lack of technical support.
- There has been a steep rise in online shopping due to the change in consumer behavior towards convenience and safety.
- Predicting consumer demand accurately is crucial for FMCG companies to optimize production, minimize inventory costs, and prevent stockouts.

Supply chain risk

- Supply chain risks significantly affected the FMCG sector in India in 2023. Disruptions in the supply chain, caused by various factors like natural disasters, geopolitical events, or transportation issues, led to product shortages and delays.
- The challenges faced by FMCG companies in India include demand volatility, e-commerce integration, technology adoption, regulatory compliance, sustainability concerns, cold chain management, collaboration with retailers, and other complexities within the supply chain that impact operations and profitability.
- Companies in the FMCG sector have re-evaluated their supplier networks and are opting for diversification to reduce dependency on a single region or supplier as a strategy to mitigate these risks.
- In 2023, the "Make in India" initiative in the supply chain had a notable impact on the FMCG sector. The initiative aimed to boost domestic manufacturing, promote local production, and reduce dependency on imports, thereby enhancing self-sufficiency and creating employment opportunities.
- In the FMCG sector, the "Make in India" campaign encouraged companies to invest in local production facilities, source raw materials domestically, and support local suppliers. This shift towards domestic manufacturing led to increased localization of supply chains, reduced lead times, and improved cost efficiencies for FMCG companies operating in India.
- By aligning with the "Make in India" initiative, FMCG companies were able to strengthen their supply chains, enhance product availability, and cater to the diverse consumer base in the country more effectively.

Commodity Price Risk

- Many FMCG companies operate globally, sourcing raw materials from one country and selling products in another. Exchange rate fluctuations can affect the costs of imported raw materials and packaging materials, as well as the revenue generated from exports. Changes in exchange rates can lead to currency-related losses or gains for FMCG companies.
- Commodity markets are inherently volatile, influenced by factors such as geopolitical events, weather conditions, global economic trends, and supply-demand dynamics. FMCG companies may face challenges in predicting and managing commodity price volatility.
- To mitigate commodity price risk, FMCG companies often employ hedging strategies such as futures contracts, options, or forward contracts. These financial instruments allow companies to lock in prices for raw materials, energy, or currencies, thereby providing some level of protection against adverse price movements.

Workplace Accident

- In 2023, the FMCG sector in India faced significant challenges, including workplace accidents that resulted in tragic losses. According to a report by Business Standard, over 100 lives were lost in industrial accidents at India's top firms during the fiscal year 2023, highlighting the serious impact of workplace mishaps on employees.

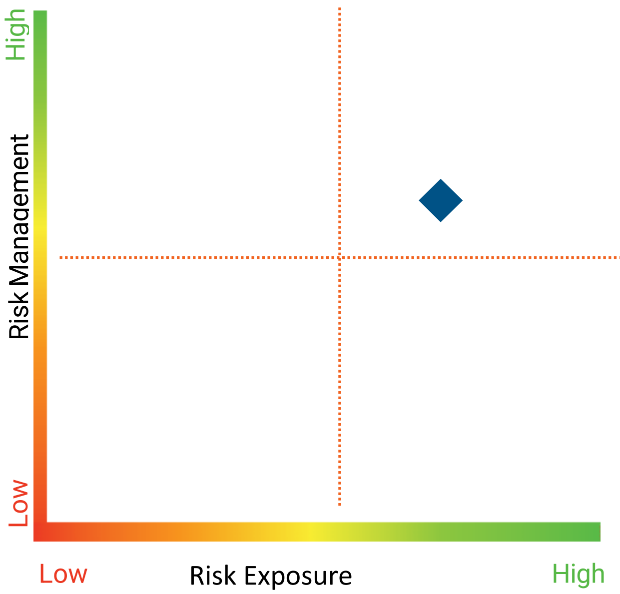
Environmental Risk

- As per statistics, many FMCG companies tackle environmental risks through ambitious milestones in its journey towards meeting long-term Environment, Social, and Governance (ESG)-related goals.
- Their approach includes managing operations to minimize adverse impacts on the environment through treatment, recycling, and safe disposal, going beyond legal mandates to ensure environmental safety for future generations.
- The commitment to sustainability is further exemplified through initiatives like the World Environment Day campaign, where it promotes actions like reducing waste and planting trees to encourage a culture of sustainability among consumers.
- Sustainability is a top priority for consumers in 2023. Consumers are looking for brands that are committed to reducing their environmental impact and offering products that are made with sustainable materials and packaging.
- FMCG companies are responding to this demand by launching a wide range of sustainable products, such as: Recyclable and compostable packaging, Products made with organic and sustainable ingredients, Products that are designed to reduce waste.
- For example, top FMCG companies has pledged to make all of its packaging reusable, recyclable, or compostable by 2025 and are committed to reducing its virgin plastic use by 50% by 2030.
- Consumers in 2023 are more focused on their health and wellness than ever before. This is why health and wellness products are such a big trend in the FMCG industry. FMCG companies are launching a wide range of health and wellness products, such as, Functional foods and beverages, Products that are low in sugar, salt, and fat, Products that are high in protein and fiber
- For example, top FMCG Companies has launched a line of functional beverages, which are designed to help athletes improve their performance.

Risk Dimension Analysis: Crime & Security

Risk Exposure Score: 69

Risk Management Score: 75



Cyber-crimes

- With greater use of technology, it has opened doors for new information sharing across industries.
- Cyber-attacks in the FMCG sector encompass various types of threats, including data theft, ransomware, and A distributed denial-of-service (DDoS) attacks.
- FMCG companies are investing in cybersecurity training for employees, conducting regular security audits, implementing encryption protocols, and leveraging threat intelligence tools to detect and mitigate cyber-attacks effectively.

Counterfeiting

- In 2023, The FICCI Committee Against Smuggling and Counterfeiting Activities Destroying the Economy (CASCADE) report estimated that FMCG companies lose around 21.7% of their market share due to counterfeit goods, highlighting the substantial impact of counterfeiting on the industry.
- Consumer perception indicates that counterfeiting affects around 25-30% of the market in India across various sectors, with FMCG being one of the most impacted industries.
- The counterfeit market in key industries like FMCG has led to significant job losses and tax revenue implications, emphasizing the need for stringent measures to curb this illicit trade.

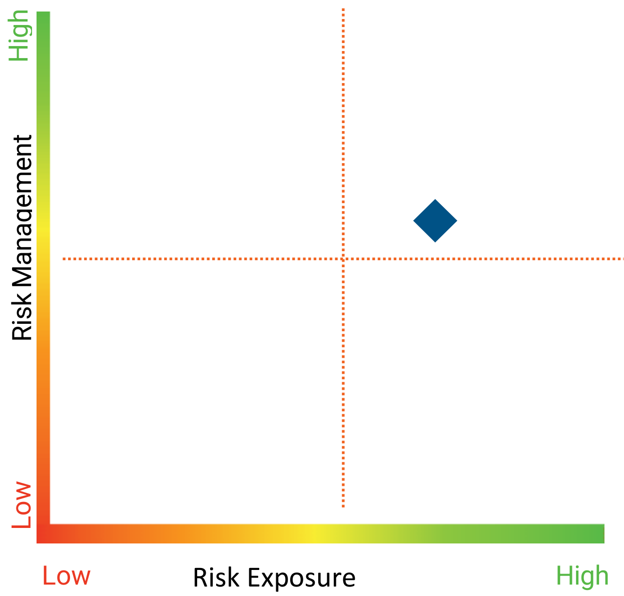
Terrorism

- India is ranked 14th in the Global Terrorism Index for 2024, slipping down by one spot from the previous year.
- Over the past five years, disruptions attributed to terrorism have resulted in a substantial financial setback of approximately USD 275 million for the Fast-Moving Consumer Goods (FMCG) sector in India.

Risk Dimension Analysis: Natural Hazard & Event

Risk Exposure Score: 74

Risk Management Score: 83



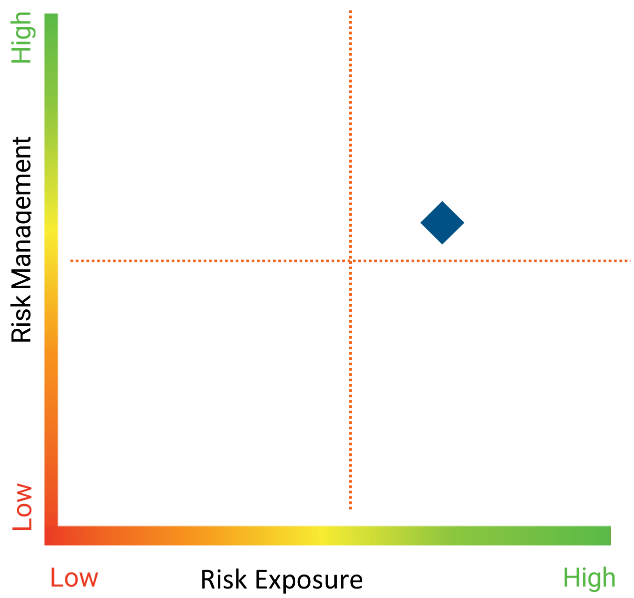
Pandemic and other global epidemic diseases

- The Covid - 19 pandemic and geo-political tension brought several aftermaths for the entire Indian FMCG sector, the FMCG sector suffered the most, leaving uncertainty about whether individuals would have a second meal of the day.
- The situation was further aggravated by indirect factor.
- Not only this, the data indicates a significant growth trajectory for e-commerce in India, with projections estimating substantial market expansion and increasing consumer participation in online retail activities.

Risk Dimension Analysis: Strategic Risk

Risk Exposure Score: 70

Risk Management Score: 71



Increased number of recalls and quality audits

- FMCG companies in India are facing increased scrutiny from the Food Safety and Standards Authority of India (FSSAI), which is prioritizing the safety and quality of FMCG products.
- In the FMCG sector in 2023, the total number of units recalled varied across different product categories. For consumer products, there were 23.1 million units recalled, marking a significant increase of 442.1%.
- In the food and drink category, FDA recalls rose by 23.2%, with 39.3 million units pulled from the market, while USDA recalls increased by 1,129% with 2.9 million units recalled.
- Pharmaceutical recalls in Q1 of 2023 reached 49.5 million impacted units, showing a substantial increase of 1,071.8% from the previous quarter.
- The medical devices sector saw an increase of just 4.6% in recalls, with 68.6 million devices pulled from the market due to quality concerns.

Resource scarcity and public sentiment

- Sustainability for field service in FMCG has been a major issue in the present world. Industries have been dumping their wastes in water bodies and the amount of smoke from manufacturing plants has taken away the lives of countless animals, water species and has slowly started killing humans. As children of the earth, it is our responsibility to protect it and change our lifestyle adhering to sustainable practices.
- In 2023, Seventy-five per cent of FMCG respondents reported that they have evaluated how water risks could impact the growth of their business in the near future. Such constraints could be from physical limits to growth as well as limits to gaining a social license to grow and operate, as per CDP Global Water report.

Delay in execution of projects

- In India's FMCG industry, launching new products within a short timeframe remains a significant challenge for executives. According to recent data, project delays continue to be a prevalent issue in India's major project pipeline.

Strategic Risk

- Retail execution poses a significant challenge for many consumer-packaged goods (CPG) and fast-moving consumer goods (FMCG) companies.
- To meet objectives, FMCG companies can simplify their offerings by making subtle adjustments to ingredients, reducing the use of chemicals, and incorporating more natural components in both food and non-food items. Simultaneously, the needs of the current generation must be considered, which is a big concern for FMCG companies, as they are far behind following these adjustments.
- The FMCG industry is characterized by cut-throat competition, with brands vying for market share and consumer attention. Leaders must navigate this landscape with finesse, staying one step ahead of the competition. According to a survey conducted by Market Research Insights (2023), 78% of FMCG leaders identified intense competition as their top challenge.
- In the FMCG sector, social media poses various risks that companies need to be aware of and manage effectively. These risks include negative publicity, social media controversies, and product scandals that can harm brand reputation and consumer trust. Additionally, the fast-paced nature of social media can amplify any negative feedback or incidents, potentially leading to reputational damage if not addressed promptly and effectively.

Failed / Hostile Mergers & Acquisitions

- In 2023, India experienced challenges in this regard, with the country witnessing a substantial decline in India-focused merger and acquisition (M&A) activity in the FMCG sector, amounting to USD 65.6 billion, marking a significant 56.6% drop from the previous year in 2022.

ICICI LOMBARD: Key Solution Offerings

Property

Evaluation of various risks to understand areas for improvement, such as fire preparedness, electrical safety, safety & emergency preparedness, maintenance and house-keeping, etc. By evaluating risks, we can identify potential hazards and advise on mitigating risks.

- **Property Loss Prevention:** We believe users should carry out detail risk visit followed by benchmarking of the industry good practices (Industry Risk Profiling). For instance, industries such as chemicals & petrochemicals impose a major challenge in manufacturing due to inherent risk. We recommend solutions for "Low Focus - High Loss Areas. This can help in minimizing severity losses. All the risk recommendations are grouped into four different segments based on cost-impact matrix and the priority is decided accordingly. Key decision makers at user's end can ensure to get recommendations implemented.

- **Comprehensive Risk Assessment (CRA):** A Comprehensive Risk Assessment is a systematic approach to electrical safety specially designed for industries to evaluate potential hazards and recommend improvements, coupled with savings. It is an important tool for identifying risks, severity of hazards and avoid incidents arising out of electrical faults.

- **Electrical Risk Assessment (ERA):** An Electrical Risk Assessment is a basic solutions focused towards electrical safety designed to evaluate potential hazards and recommend improvements. Majority of fires in India are caused due to electrical installations. Ensuring safety of electrical installations of industrial unit or organization is critical to reduce risk and ensure safety compliance with Safety Standards and Regulation. ERA is an important tool which have 6 inbuilt activities such as Electrical Audit & Thermography built in with other such solutions.

- **Fire Hydrant IoT:** Fire hydrant monitoring is an automated solution that monitors key parameters such as Hydrant and Sprinkler line pressure, Main and Jockey pump on-off status. These can be interpreted to provide intelligence on unauthorized usage of water and leakage. This information pertaining to breach of above mentioned parameters is notified through dashboard & email alerts. Monitoring of such system is essential as these fire fighting systems are lifeline during any emergency.

- **Temperature & Humidity IoT:** Provides end to end plug & play ambient temperature and humidity monitoring Solution to manage temperature and humidity-controlled environment more efficiently. It generates - Automated reports (historical trends for different locations etc.). Intelligent Alerts - SMS & emails is sent to the concerned (one or multiple) stakeholders in case any anomaly.

- **Electrical IoT:** Electrical IoT is a patented solution (ILGIC Patented Solution) to avoid any instances of short circuiting due to abnormal voltage & current conditions. These are mainly built for application in warehouses. This solution has been created as these locations are having huge stocks with lesser manpower during emergencies mainly during non-business hours. The device automatically cuts off power in case of abnormality & restarts back when situation is normal.

- **Ultrasound technology for Gas Leak Detection:** Use of ultrasound technology for leak detection in process lines. The methodology recommends a non-destructive way of avoiding losses with no downtime. The main objective is to identify the leakages in all pressurized systems including pipelines by using ultrasound technology and tag them for rectification. It also includes listing leaks with individual CFM losses and cost savings possible. The outcome of the exercise will help the plant maintenance team to rectify the leaks and reduce the energy cost. This will also improve the process parameters and production quality.

- **Fire Mitigation Solutions:** Solutions have been designed based on their specific needs, keeping in mind the level of awareness and complexity of the location. These best in class solutions which are installed at correct places by risk assessors.

- **Renewable Solutions:** In line with our philosophy for recommending business solutions, we recommend advise on efficiency measurements for wind and solar power generating assets. Drones are used to provide high accuracy and the quick reach which is not possible through any traditional methodology. User get to know about the low performing module and ways to improve the same within the entire solar plant with latlong identification. We recommend advanced drone-based technology for inspection of wind turbines and solar PV modules.

Marine

In the dynamic realm of marine insurance, cargo faces a myriad of risks, from unpredictable weather conditions to unforeseen accidents, safeguarding against potential challenges at sea is paramount.

- **MLCE (Marine loss control engineering):** Frequent occurring losses due to Peril such as accident, wet damage, theft, non-delivery, pilferage, hijack of consignments, mishandling shall be examined with ground inspections, root cause analysis with MIS, claim assessment reports.

- **Technical engagements:** Uncertainty of the risk associated with the transit can be concluded with marine experts. Risk assessment of cargo from packing, handling, lifting, securing, transit and final delivery methodology shall be discussed with the logistics team. Vessel selection, stowage and securing methods can be jointly discussed with the User's logistics team for a safe transit, dispatch and delivery coverage after assessing the risk on desktop with a virtual or F2F engagement and / or a ground visit.

- **Transit Telematics:** With the government's constant agenda of upgrading to digitalized operations by introducing ULIP and NITI Aayog mode of operations, not having a visibility of transit will hamper your logistics operations. IOT and SAAS based products incorporating the design of a cost efficiency and loss mitigation system can help enhance delivery with safe operation. Additionally, a 24*7 risk control station and detailed post hijack recovery case studies is recommended to effectively monitor and mitigate theft / pilferage prone dispatches and ensure a safe transit delivery. Be it a temperature-controlled cargo, expensive cargo in transit or liquid bulk cargo in lorry tankers, it is essential to mitigate the risk and losses that might occur due to accidents caused by fatigue, unexplained conditions, or theft.

Liability

The growing adoption of technology in organizations has not only led to crucial data being stored and processed on digital platforms but also facilitated the automation of operations, thereby enhancing business efficiency. However, this shift also amplifies cyber risk, exposing sensitive information to potential threats and rendering organizations vulnerable to financial losses, reputational damage, and legal liabilities. As organizations delve deeper into the digital realm, fortifying cybersecurity measures becomes imperative to safeguard operational integrity and protect critical data from unauthorized access or breaches.

- **Phishing Simulation:** Experience cutting-edge phishing simulation tests to fortify your organization's defenses against cyber threats. You can enable phishing attack simulations to educate your employees on identifying and handling potential risks. Through engaging and interactive scenarios, you can raise awareness and equip your team with the necessary skills to detect and thwart phishing attempts.

- **Awareness Campaigns:** With Cyber Awareness Campaigns, you can go beyond just educating organizations about cybersecurity. The campaigns are meticulously designed to empower your team with essential best practices, insights into global incident trends and a comprehensive understanding of potential risks. Interactive designs help you captivate and engage your employees, fostering a cyber-aware culture within your organization. Customized campaigns can perfectly align with your unique needs and requirements and stay informed and vigilant.

- **Incident Response and Readiness:** A bespoke service that fortifies organizations with robust processes and clear communication channels for proficient cyber-incident management. This recommendation not only trims down the incident response time but also facilitates prompt, accurate action within the crucial initial hours. By meticulously assessing your organization's incident response policies and sculpting response systems in alignment with global industry benchmarks, this ensures you are thoroughly prepared to tackle the evolving digital threat landscape.

- **CXO's Session:** CXO’s Session service provides immersive training sessions, personalized coaching & interactive discussions to empower your CXOs with cybersecurity knowledge that aligns with your business objectives. The subject matter experts recommend strategic guidance and in-depth insights into the ever-evolving threat landscape, translating technical jargon into practical language. Regular cybersecurity forums facilitate peer-to-peer learning and benchmarking against industry standards. CXO- focused approach ensures a cyber-aware leadership team that drives your organization’s success securely into the future.

- **Weekly Threat Intelligence Bulletin:** Stay ahead of cyber threats with the Weekly Threat Intelligence Bulletin. We meticulously curate this comprehensive bulletin, providing timely insights on emerging threats, vulnerabilities, and attack trends. Delivered directly to your inbox, it recommends proactive advantage by promptly identifying potential risks. With continuous updates and ongoing support, you can confidently adapt your Defence strategies to combat the most sophisticated threats. It enables you to make informed decisions and protect your organization from emerging threats with Weekly Threat Intelligence Bulletin.

- **Email Security:** Safeguard your organization's communication channels with the Email Security solutions. We recommend robust measures to protect against phishing, malware & other email-borne threats. The advanced email filtering and authentication technologies prevent malicious emails from reaching your users inbox. Implementing encryption protocols to ensure the confidentiality of sensitive data in transit is a good idea. With real-time monitoring and threat intelligence, email security measures provide proactive Defence, detecting and blocking suspicious activities promptly. You can protect your organization's reputation and sensitive information with comprehensive Email Security measures, ensuring a secure and reliable email environment.

- **Agent-less Patching:** Agent-less patching platform for companies and MSMEs who want a rapid solution to distribute critical security updates and vulnerability fixes without causing system downtime. The patching platform not only assists with patch deployment, but it also enables your system administrator in understanding the patches, Adjustments & impact of the patches on the system. Before applying the patch, the software generates a warning if the system requires downtime or a reboot. You can experience a hassle-free patching process with the platform recommending enhanced security for your organization.

- **EDR/MDR Services:** Elevate your organization's cybersecurity capabilities with the Endpoint Detection and Response (EDR) and Managed Detection and Response (MDR) services. These advanced solutions provide continuous monitoring, rapid threat detection & effective incident response, safeguarding your digital assets in real-time. With EDR, proactively detect and respond to threats at the endpoint level, while MDR service offers 24/7 monitoring and expert support. You can strengthen defenses against the most sophisticated cyber-attacks with EDR/MDR services, ensuring a resilient and secure digital environment.

- **All-in-one Operating System:** All-in-One Operating System is a true game-changing platform that provides a fortified desktop environment to foster secure collaboration and centrally managed cybersecurity resilience. Inbuilt endpoint security serves as a vigilant guard, blocking potential dangers. Effortless IT management provides with a user-friendly interface, leading to significant cost savings in IT infrastructure. It provides in-built end-point security, automated updates and patches along with extensive device reports. Organizations can unlock a secure and prosperous future by embracing the All-in-One Operating System in their IT infrastructure.

- **Cyber Risk Management & Compliance Dashboard:** Gain a clear understanding of your organization's cyber risk exposure with Cyber Risk Management & Compliance Dashboard. This powerful tool assesses your risk posture, quantifies potential financial Impact & evaluates compliance with industry standards and regulations. Armed with this information you can make informed decisions to prioritize cybersecurity investments and ensure compliance with relevant laws and regulations. The intuitive dashboard provides a comprehensive view of your cybersecurity performance enabling data-driven decision-making. This solution enables organizations to stay ahead of threats and ensure a resilient cybersecurity posture.

- **Security Score Card:** Track your organization's cybersecurity performance with a dynamic Security Score Card solution. This comprehensive rating provides a clear overview of your security posture, highlighting areas that require attention and improvement. It empowers data-driven decisions, allowing you to focus on strengthening key areas. Identify potential risks and compliance gaps with industry standards and regulations. With actionable insights, you can prioritize cybersecurity investments effectively, ensuring a robust and resilient Defence against cyber threats. This Security

Score Card solution can be your strategic tool to proactively elevate your cybersecurity posture.

- **VAPT:** Enhance your organization's cybersecurity defenses with the Vulnerability Assessment and Penetration Testing (VAPT) service. Skilled professionals conduct rigorous assessments, simulating real-world attacks to identify potential vulnerabilities in your digital infrastructure. With detailed insights, you can fortify your defenses and proactively address weak points before malicious actors exploit them. This service goes beyond identifying vulnerabilities, you also get actionable recommendations to mitigate risks effectively. Organizations can be one step ahead of cyber threats, ensuring the security and resilience of your critical assets with the comprehensive VAPT service.

Engineering

In engineering risk management, it's vital to adopt a holistic approach that extends beyond immediate concerns to proactively tackle potential risks and uncertainties. Drawing upon considerable expertise in claims handling and risk evaluation, a robust and customized protection strategy can be ensured. Construction endeavors face a myriad of risks such as floods, cyclones, impact damage, fires, theft, and collapse. However, the adverse effects of these risks can be mitigated through the implementation of extensive loss prevention measures specifically tailored for engineering projects.

- **Engineering Loss Prevention Exercise (ELP):** To effectively manage losses in Engineering Risk, fostering a culture of loss prevention is crucial. It's widely acknowledged that each construction project is distinct, presenting specific challenges related to geography, geology, occupancy, and construction methodology, which in turn result in unique associated risks. To cater this challenge a specific risk management framework which deals about the unique requirement of each project could be created for the loss minimization with reference to some parameters of distinctive research and industries best practices.

- **Drone Solutions:** In recent years, the construction industry has undergone significant changes due to the introduction of drone-based construction solutions. These cutting-edge technologies are transforming the planning, design, and execution of construction projects. A major benefit of drone technology in construction is its capacity to conduct aerial surveys, providing extensive coverage and detail. Drones, equipped with advanced cameras and sensors, can rapidly capture precise images and data, offering project managers valuable insights into site conditions. This data can facilitate project planning, cost estimation and design optimization by providing a comprehensive understanding of the project's parameters.

- **CPM - Fleet & Fuel Management:** An advanced GPS-equipped sensor is available to precisely measure direct fuel consumption, evaluate engine efficiency, and detect potential tampering of diesel engines in both mobile vehicles and stationary machinery. This solution enables real-time alerts for service reminders and critical health issues, facilitating prompt resolutions and enhanced utilization. Additionally, it offers valuable insights into machinery and equipment performance through comprehensive analyses, resulting in optimized inventory usage and increased efficiency.

Health

We highly recommend exploring proactive and preventive healthcare solutions, which can make a significant difference in maintaining good health. Recognizing that majority of in-patient department (IPD) admissions could be prevented with timely interventions and regular healthcare, it is important to focus on health, not just during illness.

- **Pioneering Digital Platform:** We recommend exploring digital health innovations offered by industry leaders, which provide cutting edge health solutions through the IL TakeCare (ILTC) app. Our platform has transformed the way health services are delivered by introducing a fully digital and cashless Outpatient Department (OPD) and Wellness Program.
- **Health Advisory Services:** We recommend a suite of health advisory services on the IL TakeCare app. Users can access health risk assessments, diet and exercise trackers, health parameter tracking and trends and sleep, meditation & hydration reminders. In addition, the platform recommends a feature to upload health records up to 1GB, and provides informative health blogs.
- **IL TakeCare App:** IL TakeCare app is a One-Stop-Solution for users with insurance needs. This robust user engagement is a testament to the high-value features that the app provides. Unique to the app is the innovative self-health assessment feature, which includes Face scan technology that can measure blood pressure, heart rate, cardiac variance, and SpO2 levels. The platform provides seamless teleconsultations with medical practitioners and specialists, and even recommends access to mental wellness experts to the insured. The facility for cashless OPD services and the efficient claim settlement process further enhance user experience. By encapsulating a wide range of state-of-the-art health services and solutions, the IL TakeCare platform revolutionizes corporate health management and serves as a comprehensive digital health solution.

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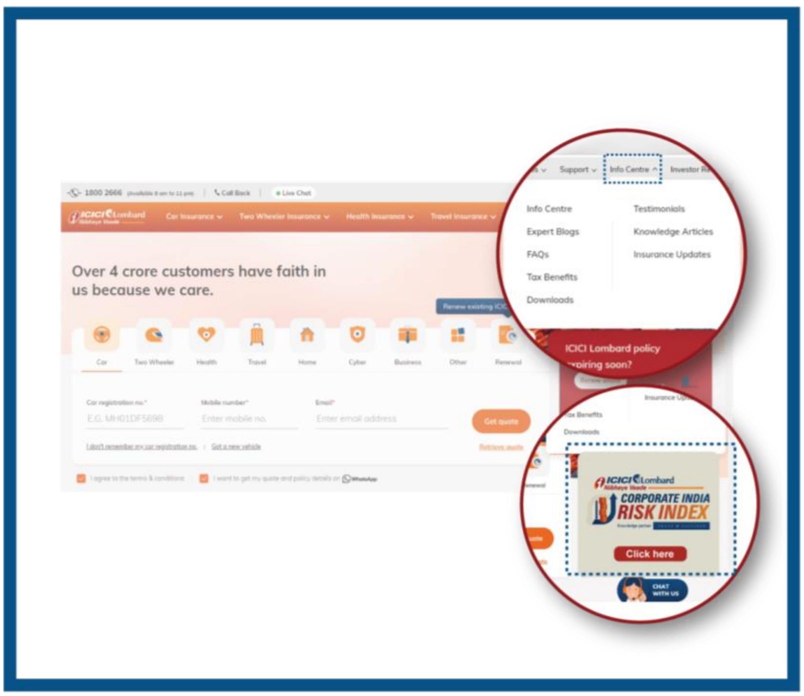

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