irm

Developing risk professionals

ICICI Lombard

INDIA RISK REPORT 3.0

Risk Reimagined: Resilience in the Age of AI and Shifting Geopolitics

ANNUAL EDITION 2025-26

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INTRODUCTION 1

About ICICI Lombard

ICICI Lombard is one of the leading private general insurance companies in the country. The company offers a well-diversified range of products across multiple distribution channels, including motor, health, crop, fire, personal accident, marine, engineering and liability insurance.

With a legacy of over two decades, ICICI Lombard is committed to customer centricity, reflected in its brand philosophy of 'Nibhaye Vaade'. As of March 31, 2025, the company has issued over 37.6 million policies, processed more than 3.2 million claims and recorded a Gross Written Premium (GWP) of ₹ 282.58 billion. ICICI Lombard has a wide presence with 328 branches and 15,123 employees.

About IRM India Affiliate

The Institute of Risk Management (IRM), headquartered in the UK and established in 1986, is the world's leading professional body for Enterprise Risk Management (ERM) qualifications, training & examinations. With 40 years of excellence across 140+ countries, IRM has been at the forefront of driving global risk management standards.

Through IRM India Affiliate, students and professionals across India can register for the ERM exams and pursue a 5-level pathway to Certified Fellowship, earning designations after Level 2. This enables them to join a global community of risk-intelligent leaders.

The IRM India Affiliate is committed to expanding the ERM ecosystem in India by offering the highest standards of education and knowledge, helping organisations achieve better outcomes through IRM qualified risk professionals. IRM is widely recognised as the preferred thought leader in ERM by industries worldwide.

ABOUT THE REPORT

India Risk Report 3.0 builds upon the collaborative efforts of IRM India and ICICI Lombard over the past three years to study and analyse the top risks faced by India Inc., as well as the industry's preparedness to address them.

This year's report delves deeper into enterprise resilience in India, aiming to equip organisations not only to withstand an increasingly volatile Risk Landscape but also to thrive within it.

The report focuses on today's evolving risk environment, especially the accelerating uncertainties in AI/Technology Trade/Geopolitics. It is based on the Enterprise Risk Perception Survey (ERPS-2025), conducted jointly by IRM India and ICICI Lombard and completed by risk leaders from across of India Inc.

The report also includes insights from 10+ distinguished industry leaders, who share their expert perspectives on risk culture and organisational preparedness. Their commentary provides valuable viewpoints on evolving industry trends and emerging challenges in the risk management landscape.

In addition, our underwriting specialists contribute by discussing real-life scenarios. These practical insights are complemented by their recommendations and best practices, for a well-rounded understanding of current dynamics and strategies for strengthening resilience.

The report consists of following chapters:

- **Global and India Risk Landscapes:**
  A summary of global and domestic risk landscapes based on secondary research from top reports & sources

- **Risk Perceptions of Indian Organisations:**
  Analysis of the ERPS-2025 findings, highlights how industry perceptions of top Short and Long-Term risks have evolved over three years.

- **Risk Management Processes, Culture and Resilience:**
  This chapter examines the Risk preparedness of the organisations, basis the ERPS survey response. It goes further to assess resilience through analysis of 12 self-assessed factors related to risk processes and culture.

- **Manufacturing and Pharmaceuticals Sector:**
  This chapter shines a spotlight on a focused analysis of this crucial sector, comparing its risk preparedness and perceptions with that of the broader industry.

- **Mid-Sized Organisations:**
  A deep dive into the responses of mid-sized enterprises, comparing their perceptions and preparedness with those of larger peers to highlight key differences.

Insights from both secondary and primary research have been further enriched by valuable contributions from industry leaders across diverse sectors. We extend our sincere gratitude to all those who participated in the survey or shared their perspectives, helping to shape and strengthen the insights presented in this report. Their collective experience and forward-looking views have added immense depth and relevance, making this edition a truly collaborative effort.

FOREWORD | 2

Sanjeev Mantri

MD & CEO,
ICICI Lombard GIC Limited

Dear Readers,

We are living in an age where volatility is the only constant and adaptability, the new currency of success. The ability to anticipate and navigate risk has become the defining differentiator for organisations. Today's leaders are not merely managing uncertainty-they are transforming disruption into resilience, reinvention and growth.

At ICICI Lombard, our legacy as India's one of the leading private general insurer is anchored in foresight, innovation and a deep understanding of risk-both as a challenge and as a source of competitive advantage. Our purpose is to enable confidence, catalyse sustainable growth and embed risk intelligence across industries.

This year's India Risk Report, developed in collaboration with the Institute of Risk Management (IRM), is themed **'Risk Reimagined: Resilience in the Age of AI and Shifting Geopolitics.'** These twin forces-technology and geopolitics, are redefining global interdependencies and reshaping the risk landscape. Artificial intelligence is transforming business models across industries, driving productivity while introducing new vulnerabilities around cyber threats, misinformation and ethical governance. In parallel, geopolitical realignments are redrawing trade flows and compelling nations and enterprises alike to rethink resilience through diversification and strategic autonomy.

The India Risk Report 2025 offers a data-driven view of how Indian enterprises are responding to this evolving landscape. While cyber, legal and technology risks remain top concerns, the findings highlight rising preparedness and maturity in risk management practices. Yet one insight stands out-true resilience demands a culture that values adaptability, foresight and learning. Organisations that align robust systems with a resilient culture are best placed to turn volatility into long-term advantage.

With its demographic depth, digital infrastructure and reform momentum, for India, this is an opportunity to transform risk into a national strength. At ICICI Lombard, we believe resilience is not a static state but a dynamic advantage-one that must be built, renewed and shared across ecosystems.

This report is a step towards empowering leaders to transform uncertainty into opportunity and shape a more confident, future-ready India.

Happy Reading.

Hersh Shah

CEO
IRM India Affiliate

As India strides purposefully towards the vision of Viksit Bharat 2047, the year 2025 marks a pivotal juncture-an era where resilience and intelligence converge as the twin engines of progress. The Indian corporate landscape is evolving amidst profound technological disruptions, shifting geopolitical currents and a redefinition of global risk architecture. The path ahead demands that businesses not only adapt but also anticipate-transforming risk management from a reactive function intho a strategic capability embedded across the enterprise value chain.

In this third edition of our report, *"Risk Reimagined: Resilience in the Age of AI and Shifting Geopolitics"*, developed in collaboration with ICICI Lombard, we explore how organisations can architect next-generation risk cultures-those powered by data, shaped by ethics and driven by human insight.

As digital ecosystems expand and interdependencies deepen, the notion of resilience must transcend conventional boundaries, integrating technology, governance and agility into a cohesive framework that empowers decision-makers at every level.

The global context of 2025 is defined by heightened geopolitical volatility and the exponential rise of artificial intelligence. The intersection of these forces introduces both unprecedented opportunity and systemic risk. Geopolitical realignments-spanning trade, cybersecurity and supply chain sovereignty-now intertwine with AI-driven automation, algorithmic bias and data governance challenges.

For India's corporate sector, navigating this dual frontier requires a sophisticated understanding of digital ethics, strategic autonomy and responsible innovation. Building resilience in this era means cultivating an adaptive risk culture capable of perceiving geopolitical signals, harnessing AI responsibly and converting uncertainty into strategic advantage.

Our analysis this year delves deeper into the interplay between culture, technology and leadership-spotlighting how Indian enterprises can institutionalise resilience not merely as a defensive posture, but as a catalyst for sustainable value creation.

The organisations that thrive in the coming decade will be those that view risk as intelligence, resilience as innovation and foresight as their most valuable currency.

Sandeep Goradia

Chief-Corporate Solutions Group,
International Business
& Bancassurance
ICICI Lombard GIC Limited

The India Risk Report 2025 arrives at a moment when the world stands at an inflection point. The interplay between rapid technological transformation and shifting geopolitical alignments is reshaping the contours of global risk. What was once episodic is now systemic, what was once predictable is now persistently fluid. For businesses and policymakers alike, this convergence of disruption and opportunity underscores a single, defining imperative-resilience.

This year's findings from the IRM-ICICI Lombard Enterprise Risk Perception Survey reveal the nature of risk is evolving faster than ever before-cyber and technology risks continuing to dominate, driven by exponential advances in artificial intelligence and expanding attacks in digital ecosystems. Legal and regulatory risks have surged sharply, reflecting both the velocity of change & the need for governance frameworks to keep pace. Talent & macroeconomic risks have also emerged as pivotal, underscoring the human and structural dimensions of enterprise resilience.

Amidst this flux, one insight stands out clearly: resilience is no longer the outcome of strong processes alone, it depends equally on culture. The most resilient organisations are those where risk management is not a compliance function but a shared mindset; where governance is anticipatory, not reactive; and where preparedness is viewed not as cost but as capability.

This year's report, **'Risk Reimagined: Resilience in the Age of AI and Shifting Geopolitics,'** highlights how the forces of artificial intelligence and global realignment are fundamentally redefining both the sources and solutions of risk. AI has become the double-edged sword of our era-propelling innovation and productivity, yet introducing profound challenges around cyber security, misinformation, bias and workforce displacement. Similarly, the reordering of global trade and geopolitics has created a volatile backdrop where uncertainty is the new constant, demanding agility and foresight from enterprises.

Even as global headwinds persist, India's domestic landscape has shown a refreshing momentum. Recent policy reforms, including GST 2.0 and interest rate adjustments, have energised consumer sentiment and catalysed demand across sectors, leading to a tangible uptick in health and private mobility. True to our customer-first philosophy, ICICI Lombard remains committed to passing on the full benefits of these reforms to our policyholders-ensuring that resilience extends from boardrooms to households.

For India, this dual transformation-technological and economic-presents a defining opportunity. With its demographic strength, expanding digital infrastructure and growing global influence, India can shape not just how risks are managed, but how they are transformed into pathways of growth. But this will require organisations to invest in capability, in culture and in confidence-the three pillars of resilience.

At ICICI Lombard, we have long believed that risk, when understood deeply and managed intelligently, becomes the foundation of sustainable progress. Our collaboration with the Institute of Risk Management (IRM) reflects this conviction: to build a robust, risk-literate ecosystem that empowers Indian enterprises to thrive amidst uncertainty.

I hope this report serves not merely as an index of risks, but as a catalyst for strategic dialogue, one that inspires leaders to reimagine resilience, redefine preparedness and ultimately, to see risk not as a constraint, but as a compass for growth.

Hope you find this report insightful.

Michele Wucker

Chief Executive Officer
Gray Rhino & Company (Chicago)
Advisory Board Member,
IRM India Affiliate

Risk reports capture what's on decision makers' minds at a particular moment in time. They summarise the obvious, highly probable trends and events that organisations have identified as deserving attention. These "gray rhinos" are large, visible, impactful, heading straight our way and giving decision makers a choice of how to respond.

In 2025, some of the top gray rhinos on risk professionals' minds are rapidly evolving generative artificial intelligence, geopolitical and macroeconomic risks. This report goes into depth on all three areas and their connections with each other and with other types of risks. You cannot think of AI risk, for example, without also considering how it hypercharges the ability of cybercriminals to crack security measures; how it affects human capital strategies; how it stresses energy grids, prices and emissions reductions plans; nor how much of the trillions of dollars pouring into AI will turn out to be good money chasing bad. Nor, as nations debate how to contain AI risks within and beyond their borders, can you ignore the ties between AI and geopolitics.

Think of identification of threats and opportunities as Risk 1.0, prioritisation and analysis as Risk 2.0 and what they can manage-or their ability to respond as Risk 3.0.

This report's strength lies in that next level analysis. It assesses organisations' confidence in how well they have strategically prepared for various scenarios. It asks businesses to assess the mitigation and control measures put in place to protect themselves and the insurance they have secured to cover any damage they cannot control. Organisational preparedness and risk culture are what I call a "meta" gray rhino; that is, structural or systemic factors that can make or break an organisation in face of a shock. Companies that invest in their organisational, operational and strategic resilience have a tremendous advantage over those that fail to do so.

This report examines process and culture, which are key to all three types of resilience and risk maturity. Readers will be heartened to see risk maturity evolving from "emerging" to "progressing" and "transforming". This includes how respondents review different types of risks: as threats, opportunities, or both. This assessed progress-like the risks identified and analysed in this report-reflects the maturing of risk management as businesses integrate risk into strategy, decision making and operations. ***What will the next stage of evolution be?***

THE OVERARCHING THEME 3

Risk Reimagined: Resilience in the Age of AI and Shifting Geopolitics

Over six months of developing this report, it became increasingly evident that the dominant trend shaping todays risk landscape stems from disruptions caused by Geopolitics/Trade and AI/Technology, underscoring the pressing need to build organisational resilience.

While Geopolitics includes Trade, it is highlighted separately due to the rapid and large scale overhaul of global trade practices witnessed this year. Similarly, while Technology includes Artificial Intelligence, it deserves distinct attention owing to the extraordinary advances in AI, its cascading impact on multiple technologies and cyber threats and its expected influence on businesses and the entire humanity at large in the coming decades.

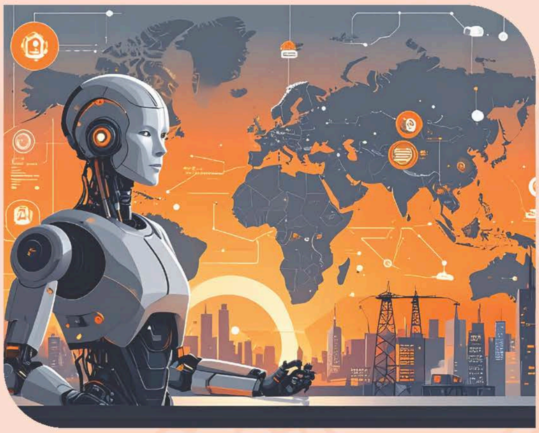
Both these disruptions are unique in the way they create risks and opportunities. Organisations must therefore not only survive these risks but also thrive by leveraging the opportunities they present.

3.1 AI/Technology Milestones: Rapid Evolution with Wider Impact

AI's rapid evolution is reshaping the global risk landscape with every new release of large language models (LLMs) such as-ChatGPT, Gemini and Copilot, the capabilities in reasoning, planning and multimodal use continue to expand. These systems are now embedded in daily personal and professional life, amplifying concerns about large-scale job displacement amid enterprise adoption.

In software development, the shift is particularly striking as leading technologies now attribute up to 30% of their code to AI generation, a figure written that could rise to 50% in the near future. For enterprises, the promise of autonomous AI is evident; however, practical adoption has shown that governance, processes and risk management matter far more than the algorithms themselves.

The release of advanced AI capabilities in language, audio and video generation has amplified fears around misinformation and disinformation, sparking active policy debates in the US, EU and India on regulating deepfakes. Simultaneously, agentic AI and next-gen LLMs are seen as catalysts advancing toward Artificial General Intelligence and robotics, further accelerating prospects for efficiency and automation.



The infrastructure demands are also unprecedented McKinsey Quarterly (April 2025) projects USD 6.7 trillion investment in data centres by 2030 to support AI growth, yet outcomes remain uneven. MIT Technology Review observes that only a small fraction of enterprise AI projects have delivered measurable ROI, underscoring the growing disconnect between AI's potential and its realised impact.

As AI hype grows, so do the concerns-ranging from accuracy and reliability to legal, safety and ethical risks. Cyber threats, copyright disputes, algorithmic bias and even the possibility of an AI bubble are intensifying anxieties. Collectively, these factors further highlights the tension between rapid AI advancement and the maturity of its governance frameworks.

Beyond AI, advances in clean energy, nuclear power, energy storage, medicine and environmental technologies are also redefining the risk landscape. While AI milestones dominate, geopolitical and trade shifts intensify, bringing uneven but significant implications for India and its enterprises.

EXPERT'S PERSPECTIVE

Jyoti Ruparel
Senior Advisor-PwC Global
Tech Risk & Risk Transformation

Technology and AI risks are accelerating globally and their impact on India is magnified by both geopolitical tensions and India's unique demographic profile. For India, these risks are sharper, heavy dependence on global chip supply chains and foreign cloud providers makes geopolitical shocks-such as export controls or cyber conflicts-an added layer of vulnerability. In an interconnected world where technology drives business, India's digital infrastructure could become a frontline target.

The second dimension of impact arises from India's demographics: over a billion citizens, the world's largest youth cohort and deep digital penetration. Here, misinformation spreads faster, cyber breaches affect millions simultaneously and bias in AI-enabled welfare or credit systems could marginalize entire communities. At the same time, workforce disruption in IT and services could destabilise livelihoods for millions without rapid reskilling. India must act on three fronts. First, harden digital infrastructure with stronger cyber resilience, sector-wise threat monitoring and reporting and a well-oriented strategy for technological autonomy. Second, govern AI use in high-risk public applications by embedding transparency, bias testing and accountability in public-sector deployments. Third, invest in inclusion-through large-scale upskilling, accessible compute and enforceable data privacy rights.

In my view, proactive governance, coupled with these measures, will enable India not only to mitigate risks but also to position itself as a trusted hub for responsible AI adoption.

3.2 Geopolitics and Trade: A Volatile Landscape

Recent years have seen sharp political and geopolitical shifts across nations. Elections in parts of Germany have strengthened nationalist forces, unsettling established coalitions, while alliances among emerging economies have deepened, signalling greater multipolar coordination around October 2024.

In Asia, regional powers have cautiously moved toward de-escalation along contested borders, even as ongoing conflicts in the Middle East and Eastern Europe continue to shape global sentiment. South Asia has seen renewed security tensions, marked by sporadic cross-border incidents and heightened military alertness during the May-June 2025. Meanwhile, escalating hostilities between two key Middle Eastern states led to reciprocal missile and air strikes before stabilising under an internationally mediated ceasefire.

Following the U.S. administration transition, initial optimism for stronger India-U.S. trade ties faded amid shifting geopolitics. By August 2025, the U.S. imposed a 25% tariff on selected Indian exports and an additional 25% ad valorem duty on certain goods, excluding key sectors like pharmaceuticals, semiconductors, electronics and specific energy products. A USD 100,000 fee on new H-1B visa applications hit India's tech industry, while extra duties on patented drugs and foreign films signaled a broader U.S. trade recalibration.

At the 2025 World Economic Forum in Davos, global uncertainty and armed conflict dominated discussions. Indian exporters faced tighter access to Western markets, especially in the U.S. and EU. In response, India pursued new trade pacts with the UK and Switzerland, continued negotiations with the EU and U.S., and introduced a revised GST framework to strengthen domestic resilience.
Together, these shifts underscore how conflicts and evolving trade policies are reshaping the global landscape-posing both challenges and new opportunities for India and its businesses.

3.3 Conclusion

Predicting the future has never been easy, but the breathtaking velocity of change in AI and geopolitics has made it even more complex. For enterprises, navigating this dual disruption demands resilience rooted in mature risk management and a strong risk culture-no longer optional, but essential to achieving strategic goals in an increasingly uncertain world.

Ultimately, the winners will be those that translate preparedness into performance and resilience into sustained value creation. In this age of disruption, reimagining risk is not just about defence-it's about building the confidence to grow, adapt and lead.

EXPERT'S PERSPECTIVE

The rapidly evolving risk environment highlights unprecedented risks. However, it's not about risks alone, as nearly all risks also present significant opportunities for businesses.

Resilience is no longer just about managing downside risk-it's about securing competitive growth and strategic advantage in an age defined by technological and geopolitical disruption.

Daniel Murphy
Lead, Financial Services Industry Partnerships & Climate Risk and Resilience Initiatives
World Economic Forum

EXECUTIVE SUMMARY | 4

The complexity of the global risk landscape has grown manifold, shaped by two powerful forces: technological and geopolitical disruption. Rapid innovation, shifting trade dynamics and accelerating change are creating both uncertainty and opportunity across sectors. While India's risk environment appears relatively milder, these global forces remain deeply influential. To navigate the turbulent risk landscape and turn risks into opportunities, organisations must strengthen their risk management capabilities and cultivate a resilient risk culture.

This report presents an analysis of:

- Risk perceptions.
- Self-assessments of risk management processes and culture.
- Preparedness of Indian enterprises to address current and emerging risks.

The findings are based on the IRM-ICICI Lombard Enterprise Risk Perception Survey 2025 (ERPS-2025), conducted from June 5 to July 31, 2025.

4.1 Top Risks and Preparedness: A Three-Year View

Risk Type	Ranking			Have Strategy and Capability	Implemented Insurance or Risk Controls
	2023	2024	2025		
Cyber Risks	1	1	1	65%	93%
Legal/Regulatory	5	3	2	63%	83%
Business Interruption	3	6	3	48%	82%
Talent	8	2	4	64%	69%
Macroeconomic	2	5	5	48%	69%
Technology	4	4	6	71%	79%
Civil Strife/Geopolitical	9	8	7	28%	72%
Trade War/Global Trade Realignment	NA*	NA*	8	28%	57%
Climate Change	6	7	9	37%	67%
Natural Catastrophes	6	8	10	37%	86%
Fire/Explosions	11	11	11	54%	95%

Table 4.1: Presents the top short-term risks from ERPS-2025, ranked by weighted score, along with their respective rankings in the 2023 and 2024 surveys.

This risk was not included in the 2023 and 2024 studies, but has been added to the 2025 study given its growing short-term impact.

Risk Evolution Trends (2023-2025)

A comparison of this year's results with those from 2023 and 2024 (Table 4.1) shows that while the top six risks remain consistent, their relative rankings highlight evolving urgency and shifting priorities.

Key developments in risk rankings include:

- Legal/Regulatory Risks have steadily climbed from 5th place in 2023 to 2nd place in 2025.
- Talent Risk entered the top five in 2024 and has retained its position in 2025.
- Climate Change Risk continues to decline in importance as a short-term concern.

In addition to perceived risk rankings, table 4.1 also captures how organisations are preparing for these risks through strategies, capabilities, controls and insurance.

Preparedness through Strategy and Capability

It reflects whether an organisation has formulated a strategy and invested in skills and mitigation measures needed to address a particular risk:

- Technology risks demonstrate the strongest organisational preparedness and are most often viewed as areas of opportunity rather than threat.
- Cyber, Legal/Regulatory and Talent Risks show comparable preparedness, driven by similar strategic and capability strengths.
- Fire/Explosions, Business Interruption and Macroeconomic Risks follow, with 48%-54% of organisations reporting preparedness.

Preparedness through Controls and Insurance

- Fire/Explosions and Cyber Risks have the highest coverage, above 90%.
- Business Interruption, Legal/Regulatory and Natural Catastrophe Risks have moderate coverage, between 80-90%.
- Civil Strife/Geopolitical, Technology, Macroeconomic and Talent Risks have lower coverage, between 69-79%.

4.2 Processes and Culture Lead to Resilience

In its 2021 report on Organisational Resilience, IRM conceptualised Organisational Resilience as comprising two pillars: Operational Resilience (driven by processes) and Strategic Resilience (shaped by culture and value creation).

Figure 4.2.1: Components of Resilience of organisations.

The ERPS-2025 self-assessment survey evaluates **12 key factors** that define organisational risk management maturity and culture. Organisations were mapped across four levels of process maturity and five levels of risk culture maturity, providing a resilience profile.

The figure below shows the distribution, highlighting where organisations currently stand in terms of their overall resilience profile.

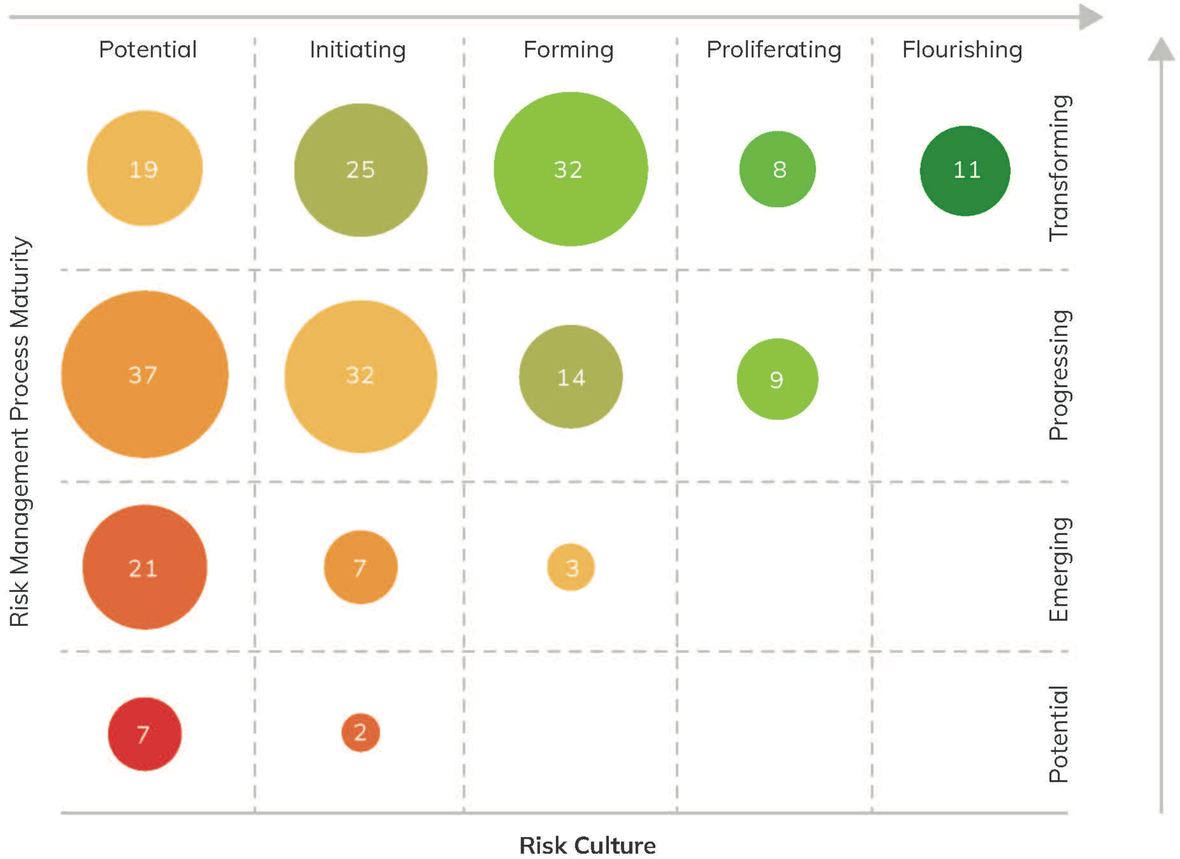


Figure 4.2.2: Culture and process mapping of respondent organisations.

The X-axis represents Risk Culture across five levels of maturity, with flourishing being the highest. The Y-axis represents Risk Management Process maturity across four levels, with transforming as the highest. This mapping provides important insights into the resilience profile of organisations:

Key Insights Include

- Organisations at the Flourishing culture level also display the highest process maturity, making them the most resilient.
- At the Proliferating culture level, organisations are spread across the Transforming and Progressing maturity levels, underscoring the need for a stronger culture to enhance resilience.
- At the Forming culture level, organisations appear across all process maturity levels except Beginner, indicating that process maturity alone cannot deliver resilience without cultural alignment.
- Organisations at the Beginner process level are limited to lower culture categories. These entities need comprehensive improvements in both process and culture. Notably, many organisations with higher process maturity also operate at these levels, showing that process strength alone cannot deliver resilience without cultural alignment.

In conclusion, while many organisations have invested in advancing process maturity, cultural development remains a gap. To achieve higher resilience, firms must align strong processes with equally strong cultures, ensuring risk management becomes both operationally embedded and strategically valued.

GLOBAL LANDSCAPE OF RISKS | 5

This section outlines the risk scenarios visualised by reputable international risk-focused institutions, providing a holistic global context of the evolving risk landscape. It addresses both short-term and long-term risks arising from geopolitical tensions, macroeconomic instability, climate change, technological disruptions, societal shifts and emerging systemic threats.

Our analysis draws from the following authoritative publications:

- The Global Risks Report 2025 by the World Economic Forum (WEF-2025).
- Executive Perspectives on Top Risks 2025, a collaboration between Protiviti and NC State Poole College of Management (EP-2025).
- Risks in Focus 2025, published by the Internal Audit Foundation (IAF-2025).
- Global Risk Manager Survey Report 2025 and New Exposures Trend Report 2025 by the Federation of European Risk Management Associations (FERMA-2025).
- Additional insights are drawn from Risk Trends 2025 published by the IRM, as well as reports by the IRM, Eurasia Group, KPMG and PwC.

5.1 Risks Are Becoming Increasingly Complex

Across all major publications, a common theme emerges- Risks are no longer isolated incidents but part of a deeply interconnected web. This growing complexity is driven by the convergence of geopolitical instability, rapid technological evolution and escalating environmental pressures.

This complexity demands a shift towards a more integrated, anticipatory and collaborative approach to risk management, one that transcends siloed strategies and embraces system-wide thinking to navigate the evolving global risk landscape effectively.

Risk Ranks	Global Risks Report 2025-WEF	Global Risk Manager Survey Report-FERMA	Risk in Focus-IAF	Executive Perspective on Top Risks-Protiviti
1	Misinformation and disinformation	Cyberattacks and regulation	Cybersecurity	Economic conditions, inflationary pressures
2	Extreme weather events	Geopolitical uncertainties	Digital disruption (Including ai)	Cyber threats
3	State-based armed conflict	Uncertain economic growth	Business continuity	Attract, develop and retain top talent, manage labour expectations, address succession challenges
4	Societal polarisation	Talent management	Human capital	Talent and labour availability
5	Cyber espionage and warfare	Data breach and speed of technological change	Climate change/ environment	Increases in labour costs

Table 5.1.1: Depicts a comparative ranking of the top five global risks in the short term (0-2 years), based on insights from various industry reports.

Risk Ranks	Global Risks Report 2025-WEF	Global Risk Manager Survey Report-FERMA	Risk in Focus-IAF	Executive Perspective on Top Risks-Protiviti
1	Extreme weather events	Geopolitical shifts	Cybersecurity	Economic conditions, including inflationary pressures
2	Biodiversity loss and ecosystem collapse	Technological acceleration	Business continuity	Talent and labour availability
3	Critical change to earth systems	Human capital	Human capital	Cyber threats
4	Natural resource shortages	Climate change	Digital disruption (including AI)	Heightened regulatory change, uncertainty and scrutiny
5	Misinformation and disinformation	Natural disaster	Climate change	Rapid technology and market disruptions

Table 5.1.2: Depicts a comparative ranking of the top five global risks in the long term (2-10 years), based on insights from various industry reports.

In the tables above, the columns labeled FERMA-2025, IAF-2025 & EP-2025 reflects how businesses perceive the risk landscape, while the WEF-2025 column presents insights from a broader range of experts, offering a broader view that extends beyond business-specific concerns.

Business concerns are primarily focused on technology-led disruptions, cybersecurity, geopolitical and economic conditions, talent management, business continuity and to some extent, climate change. In contrast, the WEF-2025 top risks highlight a broader set of challenges, with greater emphasis on environmental and geopolitical issues.

5.2 Global Risk Summary

The following sub-sections present a synthesized view of these risks, categorised to reflect both business and broader expert perspectives.

5.2.1 Technological & Related Risks

Cyber threats are emerging as a dominant and persistent concern across sectors, intensified by the use of advanced technologies and state-sponsored activities. Cyber espionage and warfare are rising sharply, fueled by intensifying trade and armed conflicts between nation states.

Key findings from leading surveys and reports underline the scale and evolving nature of these risks:

- **Over 70% of IAF-2025** respondents identify cyber threats like AI-driven phishing, ransomware and sabotage as major concerns.
- **72% of respondents** to the Global Cybersecurity Outlook (GCO) survey by the World Economic Forum (WEF) report **a continuing rise in cyber threats.**
- **Phishing continues to be the most common attack vector,** while ransomware affects 1 in 10 organisations globally as per Check Point Research, 2023 [The year of Mega Ransomware Attacks with unprecedented impact on global organisations].

The pace of nation-state-sponsored cyberattacks has accelerated, reaching a level described as "constant online combat." The boundaries between cybercrime, nation-state attacks and influence operations are increasingly blurred [Microsoft Digital Defence report 2024].

Looking ahead, the long-term tech landscape is a blend of transformative promise and systemic risk. AI, along with other disruptive technologies, is outpacing regulatory frameworks and skills availability. According to EP-2025, cyber threats are expected to remain a top 10 global risk through 2035. Third-party vulnerabilities, supply chain attacks and data breaches are expected to intensify.

In parallel, misinformation and disinformation have emerged as formidable threats, topping the WEF-2025 short-term risk list.

With over 5.5 billion people online, the exposure is massive:

- **5.5B+ online users exposed; 40% people in 47 countries distrust news (WEF)**
- **70%+ internet users face weekly misinformation (UNESCO, 2024)**
- **Misinformation spreads 6x faster than truth on social media (MIT Media Lab)**

FROM THE DESK OF ICICI LOMBARD'S CYBER INSURANCE EXPERT

Rohit Ranjan

Deputy Vice President-Underwriting Liability

Scan to connect & explore our value proposition.

The scale, speed and reach of AI today far surpass any prior technology wave. Moreover, the gap between what's technically achievable and what's socially, legally and ethically governed continues to widen. This widening gap is leading to a sharp rise in vulnerabilities and an exponential increase in overall exposure for enterprises across sectors.

As AI adoption accelerates, the risks are evolving just as rapidly-making it critical for organisations to stay vigilant, adaptive and proactive in their cyber defense strategies.

Top 3 Trends

- AI & automation are being used for highly sophisticated phishing/impersonation/social engineering attacks with much greater success rate.
- Financial impact of Social engineering & Deepfakes combined with ransomware is rising steeply.
- Prompt injection, model manipulation, adversarial attacks are new age weapons: Attackers are finding ways to trick AI systems via adversarial inputs, poisoning training data or exploiting boundary cases in generative models. These attack scan cause systems to behave incorrectly or leak data.

Top 3 Questions enterprises should ask themselves

- Is our incident response playbooks updated to reflect AI-enabled attack vectors?
- Are our employees being made aware of and trained to recognise, deepfake-driven social engineering such as hyper-realistic phishing or voice spoofing?
- What are our plans for post-incident recovery and reputation management in the age of deepfakes and synthetic media? In the new age it is the important for organisations to examine their posture and plug vulnerabilities.

Top 3 Strategies enterprises can follow to navigate the current risk landscape:

- Strong Control around email security, verification of transfers, staff awareness are the key factors to avoid such incidents.
- Regularly updated incident response and crisis management playbooks to account for AI-enabled attacks is the need of the hour.
- Allocation of dedicated budgets for AI-security innovation and continuous upskilling of the workforce on AI-enabled attacks.

5.2.2 Environmental & Climate Change Risks

The global climate crisis is no longer an emerging issue, it has become a defining challenge of our time, unfolding with increasing severity and frequency.

According to the World Meteorological Organisation (2024), global average temperatures were 1.48°C above pre-industrial levels, affecting polar ice levels, sea temperatures in 2024, fueling widespread wildfires across Canada and the United States, while also triggering severe flooding in Brazil. That same year, global tropical forest loss reached a new record high.

By April 2025, the National Interagency Fire Center reported a staggering 17,400 wildfires had already scorched 8,22,951 acres across the U.S., a figure well above historical averages, underscoring the scale of environmental volatility.

Looking ahead, environmental and climate-related risks, such as biodiversity loss and natural resource depletion are gaining urgency on the global risk radar:

Extreme weather costs have surged **77% over the past 50 years,** making it the **#1 long-term global risk,** according to the **World Economic Forum (WEF).**

Biodiversity loss is now the **#2 long-term concern,** a dramatic rise from **#37 in 2009,** reflecting it's growing importance on the global risk agenda.

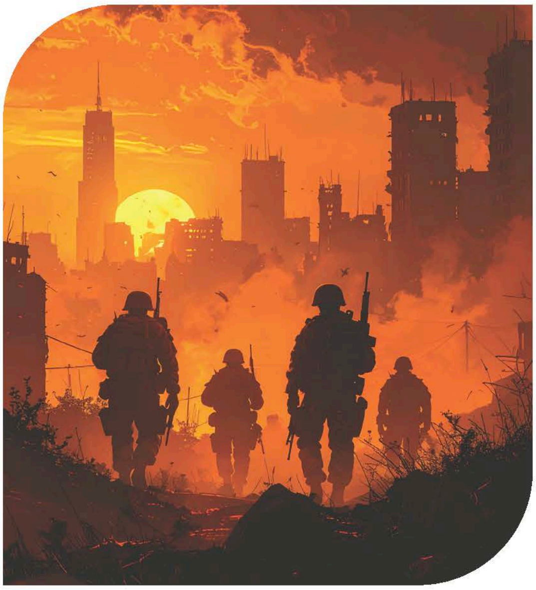
Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services **(IPBES), 2024** warns over **1 million species face extinction** due to **land-use change, pollution, and climate change** highlighted by 2024's global coral bleaching.

In 2025, extreme floods across Texas and China affected over 23 million people, caused more than 400 deaths and led to economic losses exceeding **$30 billion**-underscoring the escalating global toll of climate-driven disasters

5.2.3 Geopolitical, Societal Polarisation & Regulatory Risks

Rising global tensions and deepening social divides are reshaping the Geopolitical risk landscape in profound ways. Geopolitical instability-once a background risk-is now at the forefront, influencing everything from cyber threats to regulatory environments. Simultaneously, societal polarisation is becoming more entrenched, challenging democratic institutions and public trust.

Armed conflicts and regime uncertainties are reshaping trade dynamics and investment confidence, while ideological, territorial and resource-driven disputes are increasingly destabilising entire regions. Ongoing conflicts like Ukraine-Russia (since 2022) & Israel-Palestine (escalating since 2023) reflect rising geopolitical volatility. The India-Pakistan war-like standoff in early 2025 further intensifies regional tensions.



Heightened regulatory scrutiny-especially in energy, finance and tech-adds another layer of complexity for global businesses.

Societal polarization is deepening due to economic inequality and identity politics, eroding public trust and widening social divides. This fragmentation threatens democratic institutions; fuels unrest & hinders collective decision-making. This polarisation impedes political consensus, combined with geopolitical unrest, amplifies systemic risks across sectors.

5.2.4 Human Capital & Workforce-Related Risks

The evolving nature of work continues to present significant challenges for organisations worldwide. Post-pandemic realities such as hybrid work models, changing workforce demographics and persistent talent shortages have fundamentally redefined how companies attract, retain and engage talent.

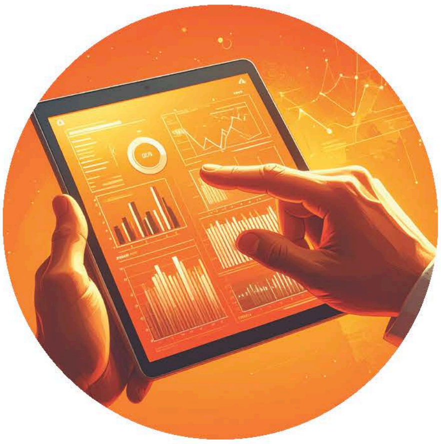
Skill shortages, particularly in digital transformation and Environmental, Social and Governance (ESG) capabilities have emerged as leading workforce concerns, consistently ranking among the top risks in global talent surveys.

Demographic shifts and industry-specific talent drain have heightened short-term vulnerabilities:

- **Skill shortages** in high-demand areas like technology and ESG.
- **Demographic shifts** leading to regional and sector-specific talent gaps.
- **Increased competition** for skilled professionals, driving labour costs higher.
- **Operational challenges** such as resistance to change and outdated leadership mindsets.
- **Cultural misalignment** in increasingly diverse, hybrid workforce.

Beyond hiring, operational challenges like change resistance, outdated mind-sets and cultural misalignment are undermining execution. These aren't just HR issues, they're business risks. We can expect significant long-term impacts from skills shortages and talent gaps.

5.2.5 Macroeconomic Risk Trends



Economic conditions have been consistently ranked the #1 short-term risk in the EP-2025 outlook across multiple sectors. The International Monetary Fund (IMF) projects Global inflation at 3.5% by end 2025, still above pre pandemic norms and central bank targets. The picture isn't just about inflation-recessionary pressures and business disruptions further deepen the risk landscape. Adding complexity is the emergence of a new geopolitical and economic order.

Increased bilateral trade agreements, rising protectionism and tariff wars are further reshaping the global trade map, bringing challenges and opportunities for businesses.

Trade tensions and rising uncertainty are casting a shadow over the outlook for growth and inflation, with the potential to expose deeper vulnerabilities in the global economy and financial system as per the Annual Economic Report for 2025, released by Bank of International Settlement (BIS) in end of June 2025.

The OECD Economic Outlook, published in June 2025 concludes that Global economic prospects are deteriorating, as significant trade barriers, tighter financial conditions, waning confidence and rising policy uncertainty are expected to weigh negatively on growth. It warns of global growth slowing down to 2.9% in 2025 and 2026, down from a pre-pandemic average of 3.8%.

Key Takeaways

Today's global risks are more complex and connected than ever before. Five primary risk categories worry organisations most:

Technology Risks	Environmental Risks	Geopolitical Risks	Human Capital Risks	Macroeconomic Risks

The critical shift is that these risks now affect each other-for instance, a cyberattack can spark political problems, climate disasters can disrupt economies and workforce issues can hinder the adoption of new technologies. The old way of handling each risk separately doesn't work anymore. Rapid digital adoption demands adaptive governance. Technology teams must build secure-by-design systems and align security, compliance and innovation through a proactive, integrated risk approach.

Strength amid volatility in the resilience era

Business leaders believe their organisations are battle-tested and better prepared to manage change-according to EP-2025. The World Resilience Pulse Check-published by The World Economic Forum in January 2025 along with WEF-2025 reports-states that, in the face of rising volatility and compounding risks, organisations need to invest in building resilient strategies.

The NEXT report by FERMA echoes this sentiment, urging the organisations to move beyond reactive approaches and overcome the short-termism and bias that often cloud decision-making. The road ahead will demand resilience, agility and a long-term view-not just to withstand risks, but to turn them into opportunities.

Ace the Chapter-Scan for a Quick Quiz!

INDIA RISK LANDSCAPE | 6

India's economic momentum remains impressive, but structural and external risks demand closer scrutiny. This strength is underscored by India's position as the world's fastest-growing major economy. As of June 2025, it has overtaken Japan to become the fourth-largest economy by nominal GDP. Forward indicators reinforce this trajectory: the HSBC India Manufacturing Purchasing Managers' Index (PMI) is at 57.7 in September 2025, signaling strong domestic and export demand, even as global counterparts show signs of slowing.

The 2025 India Risk Landscape highlights a backdrop of strong macroeconomic growth while underscoring the need for heightened vigilance in an increasingly complex and dynamic environment.

This analysis draws on multiple authoritative sources, including the RBI's Systemic Risk Surveys as well as forecasts from the IMF and the World Bank. To capture thematic risks more holistically, we also incorporate new research on India's urban heat-island effect, 2025 cybersecurity trackers highlighting a surge in large-scale breaches and logistics studies assessing the cost impact of Red Sea rerouting on Indian exporters.

The outlook combines opportunity with urgency for risk preparedness. Firms operating in India must go beyond conventional macro-prudential buffers, scenario planning, climate-adaptation strategies, end-to-end cyber resilience and geographically diversified supply chains. These will be critical to safeguard growth while capitalising on opportunities presented by India's expanding economic footprint.

Risk	2023	2024	2025	Change from 2024
Geopolitical Risk	High	High	Very High	↑Higher
Climate Change and Natural Disasters Risk	High	High	High	→Stable
Cybersecurity and Technology Risk	High	High	High	→Stable
Global Macroeconomic Risk	High	Medium	High	↑Higher
Domestic Macroeconomic Risk	Medium	Medium	Medium	→Stable
Access to Funding	Medium	Medium	Medium	→Stable
Operational Risk	Low	Low	Low	→Stable

Table 6.1: The table above depicts the movement of risk measures as calculated by different studies from 2023 to 2025. The arrows and accompanying text indicate how each respective risk has moved year-on-year.

The following sections examine each risk area in order of severity, as outlined in Table 6.1, highlighting challenges that India and multinational firms must address in navigating today's rapidly evolving business landscape.

6.1 Geopolitical Risk

Geopolitical volatility continues to reshape global trade, investment and security conditions. In India's risk landscape, these threats are assessed as highly severe and are expected to intensify in the coming years.

Key developments shaping India's geopolitical risk profile include:

Regional Conflicts and Tensions

The year began with the Russia-Ukraine war entering its third year. In April 2025, Pakistan-backed militants struck Indian targets, prompting India to carry out precision airstrikes across the Line of Control. The action led to troop mobilisations, airspace closures and the suspension of trade at Attari-Wagah, underscoring the fragility of cross-border commerce. Persistent tensions along the India-China border, coupled with unrest in Indian Ocean nations add further layers of complexity to India's regional security outlook.

Global Flashpoints

Early June 2025 witnessed a brief Iran-Israel exchange that temporarily shut the Strait of Hormuz, driving Brent crude to US$ 80 barrel, before stabilising.

Maritime security remains volatile: Houthi attacks in the Red Sea and Gulf of Aden (ongoing since November 2023), live-fire drills near Taiwan and assertive PLA Coast Guard patrols in the South China Sea continue to disrupt cargo flows and force rerouting of global shipping.

Political Shifts and Trade Uncertainty

The new U.S. administration (January 2025) has injected fresh uncertainty into India-U.S. trade negotiations. Ongoing complexities in tariff and regulatory discussions continue to create unpredictability for Indian exporters.

Implications for India

For the Indian economy, risks manifest through higher energy costs, freight surcharges and technology supply constraints, straining operational margins for businesses. At the same time, they open multiple opportunities-near-shoring and "China plus one" strategies continue to influence supply chain diversification efforts. India remains a key consideration in these strategies due to its growing manufacturing base, strong services infrastructure and geopolitical alignment with major trade blocs. These factors position India to benefit in sectors such as electronics, automotive, pharmaceuticals and digital services.

EXPERT'S PERSPECTIVE

Geopolitics and technology are changing how global trade works. The most critical geopolitical risks today include:

- Sanctions and payment/settlement risks, which can prevent clients from completing international transactions.
- Trade credit defaults, triggered by logistical disruptions or tariff shocks.
- Supply-chain node political violence, affects key ports, suppliers or transit routes.
- Talent mobility & visa disruptions, which can halt operations or project execution.
- Currency and inflation shocks, which can erode margins and solvency if not properly managed.

Many insurance companies these days assess geopolitical risks using a structured, intelligence-driven approach. Key signals across areas such as sanctions, conflicts, trade flows, visa changes and commodity or foreign exchange volatility are evaluated using real-time platforms. A study of client exposures around suppliers, routes, receivables, workforce and legal jurisdictions provides critical insights to design insurance products that offer optimal coverage to clients.

Milind Kolhe
Head-Techno Commercial & Principal Officer of IIO
ICICI Lombard GIC Ltd.

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6.2 Climate Change and Natural Disaster Risks

Climate change and Natural Disasters are categorised as high-level risks, in India's 2025 outlook, with a moderate increase in risk perception compared to previous years. The RBI's 27th and 28th Systemic Risk Surveys continue to highlight climate change as a persistent and rising threat.

Key developments driving India's climate and natural disaster risk profile include:

Record Heatwaves and Health Impacts

India endured its hottest year since 1901 and its most prolonged heatwave since 2010, resulting in 44,000 heatstroke cases and over 450 deaths in 2024, with knock-on effects on power demand, productivity and public health systems.

Wildfires and Land Stress

Wildfire hazards have also intensified. Between January and April 2025, satellites detected 11,900 major fire alerts, concentrated in Madhya Pradesh, Chhattisgarh and Uttarakhand. These wildfire hazards threaten biodiversity, forest-dependent communities and regional air quality.

Cyclones and Flooding

Four cyclones formed in the North Indian Ocean in 2024. Severe Cyclonic Storm Remal (May 2024) and Cyclone Fengal (December 2024) together caused over 100 fatalities and damages worth approximately US$ 600 Million.

Remal-driven deluges and an above-normal monsoon triggered widespread flooding in West Bengal, Assam and Mizoram. At the same time, rainfall deficits pushed parts of Karnataka and Maharashtra into drought.

Agricultural Disruptions

Unseasonal rainfall in parts of North and Central India in March-April 2025 damaged Rabi crop yields, particularly wheat and pulses. This added pressure on food inflation and rural incomes.

Urban Vulnerabilities

Cities are increasingly exposed to climate shocks. Bengaluru's 2024 water crisis, fuelled by drought and infrastructure gaps, forced households to spend INR 10,000-25,000 per month on tanker supplies. It also required emergency state interventions.

Implications for India

These overlapping heat, storm, flood, fire and water-stress events highlight how rising temperatures, volatile hydrometeorology and stressed infrastructure are converging to elevate India's climate-related risk profile. The impact is no longer seasonal. It has become structural, cutting across health, agriculture, urban resilience and fiscal stability.

This pattern highlights the urgent need for focused adaptation investments in early warning systems, water management, resilient infrastructure and wildfire control. Without timely action, climate-related disruptions will grow in both scale and severity, with far-reaching consequences for India's growth and stability.

6.3 Cybersecurity and Technology Risks

Cybersecurity threats are escalating in scale and sophistication, making them one of the most pressing business risks for India in 2025. These risks remain in the high-severity category and are expected to intensify further in the coming years.

India's rapid digital expansion has broadened its exposure to cyberattacks, with significant spikes across multiple threat vectors:

Rising Cyber Incidents

CERT-In recorded 2.04 million incidents in 2024, up from 1.59 million in 2023. Common attack types include phishing, ransomware and exploitation of exposed or misconfigured services. In response, CERT-In scaled up its efforts, issuing 959 security alerts in 2024 (vs 657 in 2023) and 72 advisories in 2024 (vs 52 in 2023).

Ransomware and Financial-Sector Risks

The Zscaler ThreatLabz 2025 Ransomware Report highlights a dramatic surge in ransomware activity between April 2024 and April 2025, with attack volumes rising by 145.9% year over year-the sharpest increase observed in the past three years. Public extortion cases, measured by the number of organisations listed on data leak sites, grew by around 70%. Data exfiltration volumes also climbed sharply, increasing by 92%, as the total amount of stolen data reached approximately 238 TB, up from about 123 TB.

Phishing attacks targeting India's financial sector rose by 175% in the first half of 2024, driven largely by increased digital adoption and more sophisticated attack techniques. At the same time, AI-generated deepfake spoofing is emerging as a serious threat globally, enabling new forms of business email compromise and voice fraud that pose growing risks to financial institutions. IBM estimated the average cost of a data breach in India in 2025 at US$ 2.51 million, marking a 7% year-over-year increase.

Readiness and Organisational Gaps

Cisco's 2025 Cybersecurity Readiness Index highlights progress but also vulnerabilities:

- 7% of Indian firms classified as Mature (up from 4%).
- 37% rated Progressive.
- 56% remain in Formative or Beginner stages, leaving many defences behind the pace of digitisation.

CERT-In, CSIRT-Fin and SISA warn that AI-powered social engineering has reduced the window from vulnerability disclosure to exploitation to just eight days. BFSI firms face growing risks from double-extortion ransomware, where data is stolen and encrypted simultaneously.

Regulatory and Defensive Shifts

Regulatory measures are beginning to narrow the readiness gap, though much remains to be done. SEBI's Cyber Security & Resilience Framework, RBI-led sector drills and imminent data-protection rules, along with larger security budgets and the rapid adoption of AI-based defence tools are all encouraging signs.

Implications for India

To match India's growing digital footprint, companies should:

- Adopt zero-trust security architectures.
- Continuously monitor cloud environments.
- Patch and update software promptly.
- Involve boards in supply-chain security oversight.

Robust cyber resilience is no longer optional; it is critical to protecting India's position as a digital powerhouse while containing the risks of systemic disruption.

6.4 Macroeconomic Risk

Macroeconomic conditions are generally favorable, but mixed signals and global headwinds warrant close monitoring. The balance between resilient domestic growth and a slowing global economy shapes this risk profile.

India's economic story remains encouraging. In June 2025, the country became the world's fourth-largest economy, surpassing Japan, while sustaining as one of the fastest growth rates among major economies. Yet, the Reserve Bank of India (RBI) Systemic Risk Survey cautions that risks to domestic growth are edging higher, particularly as external weaknesses may spill into the local economy.

Recent RBI assessments underline this mixed picture:

- Inflation risk has been downgraded from moderate to low, with headline CPI back within the RBI's target band and food price pressures easing.
- Fiscal deficit and consumption demand risks are lower, supported by buoyant tax collections.
- Investment risk has risen, reflecting concerns that global uncertainty could delay private-sector capital expenditures.

Global headwinds have softened India's outlook only marginally. However, easing policy in major economies and declining crude and metal prices have offset much of the external drag. Reflecting this, the RBI still rates overall global-macro exposure as moderate, though it has nudged the specific "risk to global growth" metric higher-leaving domestic conditions as the primary driver of India's near-term risk profile.

For boards, this underscores the importance of staying alert to sudden shifts in sentiment-both at home and abroad. While India's foundation remains solid, it would be prudent to prepare for possible reversals in domestic growth momentum, renewed commodity price shocks and a weakening global demand cycle.

6.5 Access to Funding

Access to funding for organisations is currently assessed as moderate, with a slight improvement expected in the near future.

Over the last four RBI surveys, funding risk has steadily trended downward:

- Concerns around asset quality, interest rate exposure and external borrowing costs have eased.
- Spillover risks from advanced economy tightening also appear milder.

This has created conditions where well-run firms enjoy ample access to capital, though overall funding conditions remain moderate. However, investment appetite is not keeping pace with available liquidity.

- An analysis by The Mint of 285 non-financial BSE-listed firms shows that new project announcements fell by 5% in FY'25, following a 3% drop in the previous financial year, signalling that firms prefer liquidity buffers over fresh investment amidweak demand and policy uncertainty.
- This is despite cash and cash equivalents rising by 12% in FY'25 to ₹5.09 trillion (almost 12% of combined assets).

Executives attributed their caution to patchy post-pandemic demand, rising trade barriers and the wait for clarity on a potential US-India tariff deal. As a result, many capital expenditure projects remain stuck in the planning stage.

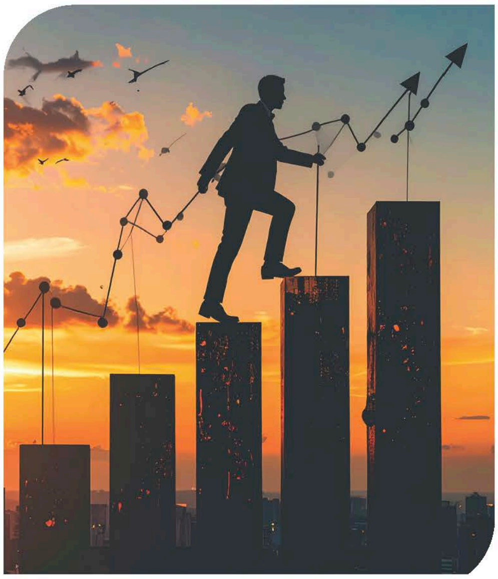
6.6 Operational Risk

Operational risk in India is currently low and is expected to ease further in the near term.

S&P Global's PMI, which tracks supply-chain inputs (costs, delivery times, staffing) and outputs (orders, production, inventories), continues to reflect resilience. Scores above 50 indicate expansion and serve as an early alert to operational strain.

September 2025 readings confirm strong momentum:

- Manufacturing PMI is at 57.7.
- Services PMI is at 60.9.
- The Composite Output Index is at 61.9 showing a strong sign of expansion.



All three indices have consistently remained above 50 since the last India Risk Report, pointing to robust demand, rising purchasing activity and moderate input costs. This data indicates that operational risk in terms of spare capacity in units, supply chain disruptions in delivery and other factors is low.

India's 2024 inclusion among the "Top 10 Global PMIs to Watch" further reinforces its reputation as favorable, low-risk environment for business operations.

FROM THE DESK OF ICICI LOMBARD'S MARINE INSURANCE EXPERT

Sujoy Maitra

Vice President-Corp UW-Marine

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Top 3 Trends

- Steller proportion of domestic consumption, which is around 70% of our nominal GDP, continues to impress both analyst and economist. This also reflects in the upward trend of our e-commerce policy Sum Insured and inland open policies. The E-commerce aggregators have recorded a Sum Insured increase of 10%-15%.
- The dearth of availability of fossil fuel always acted as a propeller to grow our import bills. However, the shade of this demand is now getting more satiable with Russian origin crude oil.
- India's global ambition to be pharmacy of the world continues to get its gust of tailwinds as prominent Indian manufacturers continues to amplify their sales.

Top 3 Questions enterprises should ask themselves

- How can we best fit into the "Just In Time" delivery demands of the current era?
- Are we building sufficient literacy on global sanctions today or are we risking delays that could expose us tomorrow?
- Are we mindful that risk management is a daily concern and have we made looking at risks every day a part of our organisational culture?

Top 3 Strategies enterprises can follow to navigate the current risk landscape:

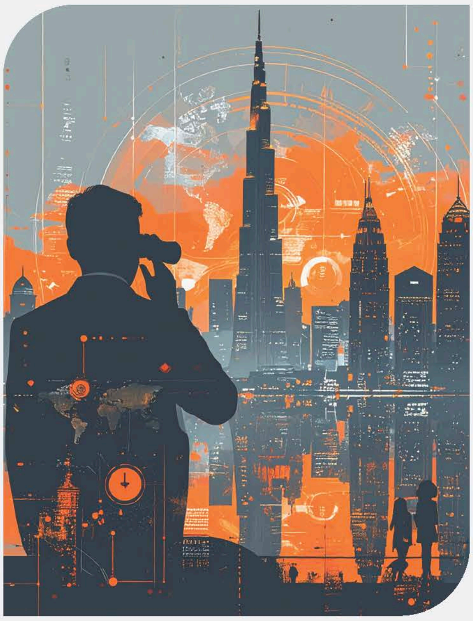
- We should place greater emphasis on supply chain management, given its growing pull and impact on business resilience.
- Given the pressures from global inflation, currency volatility and shifting trade policies, adopt underwriting strategies that factor in margin compression risks and incorporate adequate buffers to preserve profitability.
- Embrace customised insurance cover by taking logistical nuances into consideration, which will not only ensure correct coverage but will also rightful indemnity.

Key Takeaways

India enters FY 2025-26 with solid tailwinds, having become the world's fourth-largest economy, supported by 12 consecutive months of operational expansion and easing funding conditions. However, with growing headwinds, maintaining agility will be essential for businesses navigating the year ahead.

Economic Challenges

The RBI has flagged a mild rise in domestic growth risks, as global GDP is projected to slow to 2.3%. This outlook is prompting many firms to delay capital expenditure and build cash reserves.



Persistent High-Risk Areas

Cyber Risk Remains Acute

CERT-In recorded 2.04 million incidents in 2024, with breaches costing an average of US$ 2.35 million each. However, most companies remain in the early stages of readiness.

Geopolitical Tensions have Intensified

Uncertainties in India-US trade negotiations, US Tariffs on India, Red Sea disruptions, Iran-Israel hostilities and conflict flare-ups with Pakistan all add to the uncertainty.

Climate Hazards Add Pressure

India faced its hottest year on record, accompanied by deadly cyclones, unprecedented wildfires and worsening urban water crises.

Strategic Imperatives

Strong domestic demand offers resilience, but organisations must reinforce supply chains, build robust cyber defences and accelerate climate adaptation to stay future-ready in the 2025-26 landscape. As India steps into FY 2025-26, the operating environment will be defined not just by economic and geopolitical shifts, but by how swiftly businesses can anticipate, adapt and act. Leaders who balance near-term vigilance with long-term investment will be best placed to convert uncertainty into opportunity. The coming year is less about predicting change and more about building the resilience and agility to thrive in it.

Put Your Knowledge to the Test-Scan Now!

RISK PERCEPTIONS OF INDIA INC 7

This chapter presents an analysis of the responses to questions on the top risks identified in the ICICI Lombard-IRM Enterprise Risk Perception Survey 2025 (ERPS-2025). The analysis is framed within the broader context of the global and national risk landscapes discussed in the preceding chapters. It further examines how respondents have prioritised risks across different time horizons offering insights into both immediate concerns and longer-term strategic challenges.

7.1 Top Risks

Respondents to the ERPS-2025 were asked to identify and rank their top five risks for both the short term (0-2 years) and the long term (2-4 years, as defined for this survey). Figure 7.1.1 illustrates these rankings, based on the weighted scores assigned to each risk.

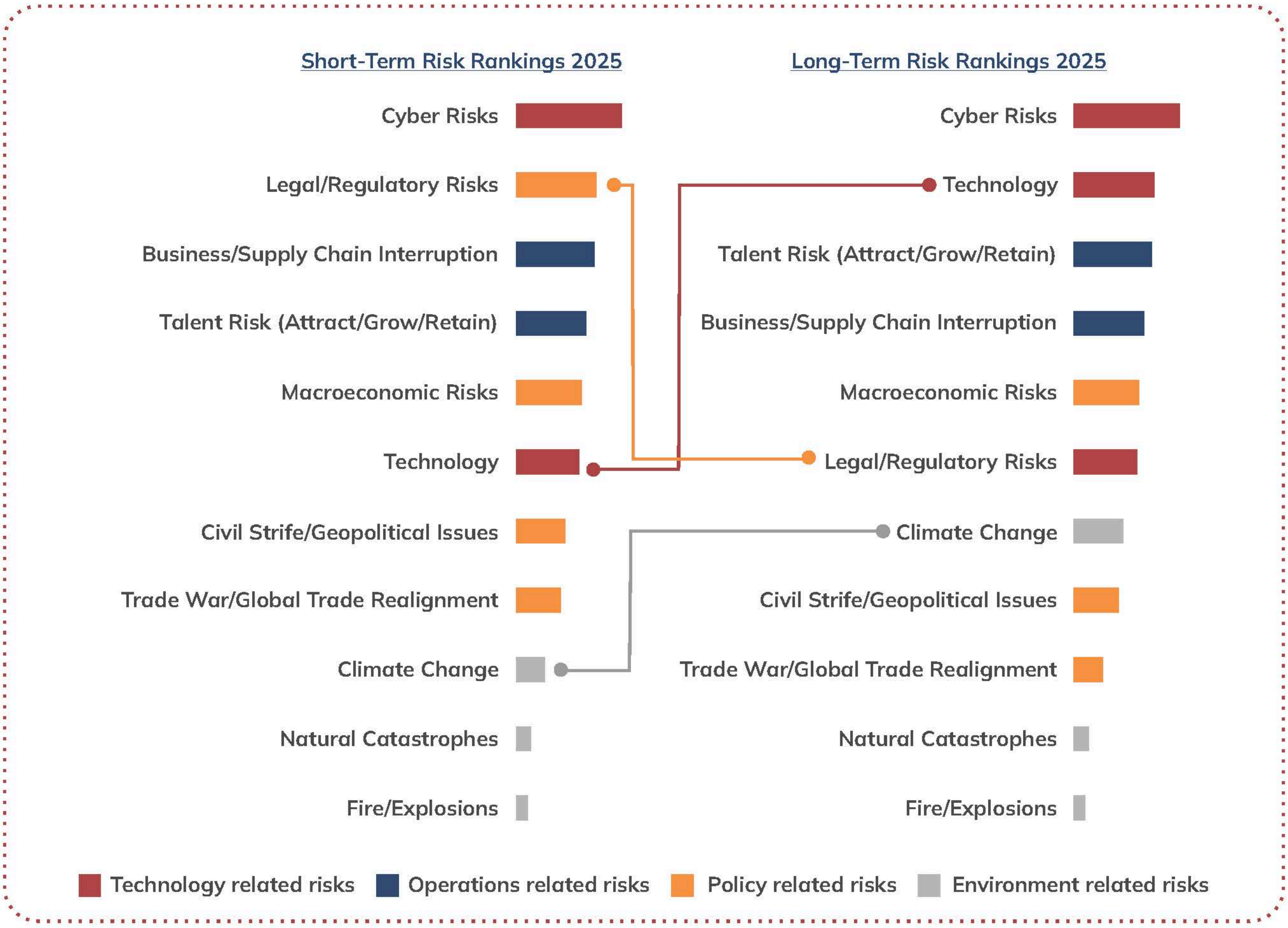


Figure 7.1.1: The graph above presents a comparison of short-term and long-term risk rankings from the ERPS-2025.

7.1.1 Key Highlights of the 2025 Risk Rankings

- The same six risks feature among the top positions for both the short-term and long-term horizons, with variations in their relative rankings.
- Technology Risks are expected to gain greater significance over the long term, while Legal/Regulatory Risks are expected to decline in priority.
- Climate Change and Geopolitical Risks do not appear in the top six.

While figure 7.1.2 presented risk rankings based on weighted scores, figure 7.1.1 shows the percentage of respondents who assigned each risk at rank 1 position across both short-term and long-term horizons.

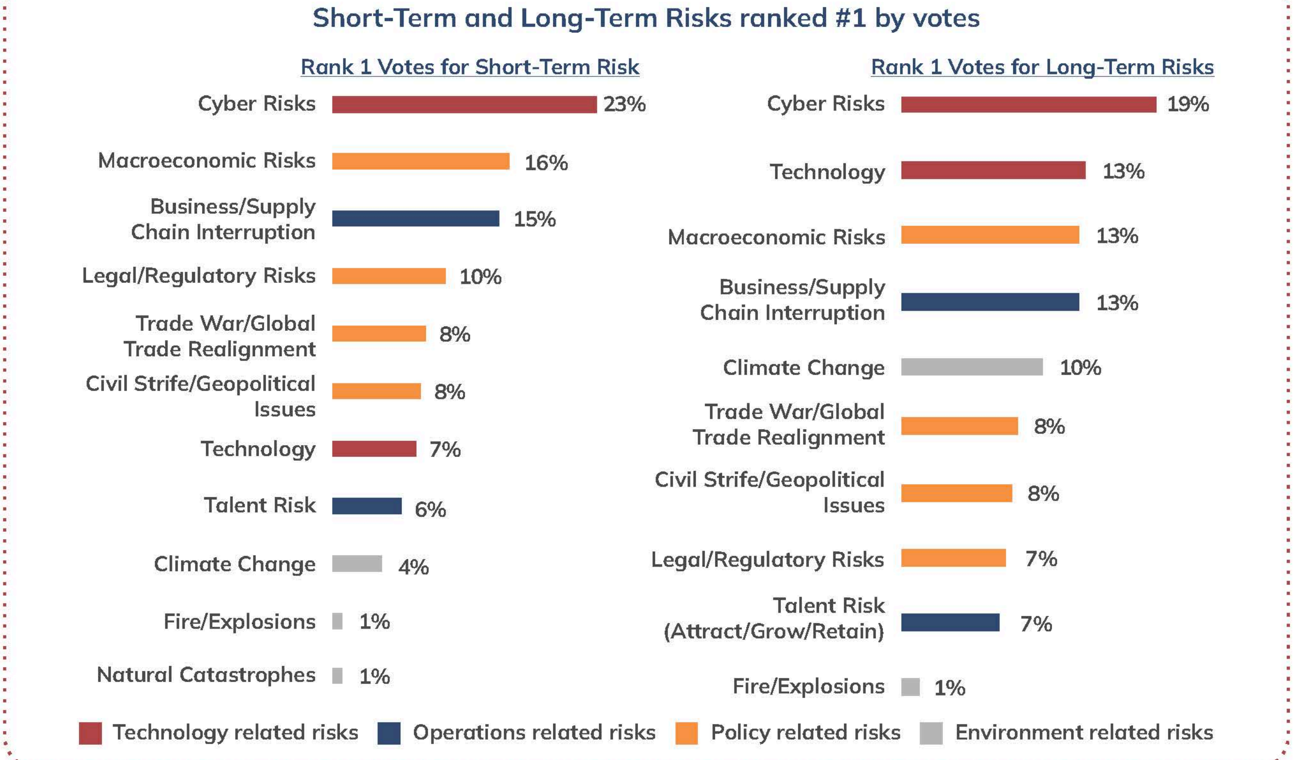


Figure 7.1.2: The graph above illustrates the percentage of respondents ranking each risk at the #1 position across short and long-term horizons.

7.1.2 Key Insights on Risks Ranked #1 by Votes

- In the short-term, Macroeconomic and Business/Supply Chain interruption risks are almost tied for the Rank 2, while Trade War and Geopolitical Risks tied at 8% each for the 5th position.
- In the long-term horizon, Technology, Macroeconomic and Business/Supply Chain Risks share rank 2, with Technology Risks doubling their vote share to 13% compared to the short-term.
- Climate change risk ranks 3rd in the long-term risk preference, with its vote share doubling relatively to the short-term.
- Trade War and Geopolitical Risks remain tied for 4th position, holding the same vote percentage as in the short term.
- Legal and Talent Risks are tied at 5th position.

Recent turbulence in the risk landscape, particularly across geopolitical, trade and technology domains, appears to have introduced greater uncertainty into long-term projections, making them less definitive.

7.1.3 Short-Term Risk Rankings: Three-Year Analysis

An examination of short-term risk rankings over the past three years highlights how priorities have shifted in response to immediate pressures.

Short-Term Risk Rankings Comparison 2023-2025

2023	2024	2025
Cyber Risks	Cyber Risks	Cyber Risks
Macroeconomic Risks	Talent Risk (Attract/Grow/Retain)	Legal/Regulatory Risks
Business Interruption	Legal/Regulatory	Business/Supply Chain Interruption
Technology	Technology	Talent Risk (Attract/Grow/Retain)
Legal/Regulatory Risks	Macroeconomic Risks	Macroeconomic Risks
Climate Change/Natural Disasters	Business Interruption	Technology
Funding/Investment Risks	Climate Change	Civil Strife/Geopolitical Issues
Talent Risk (Attract/Grow/Retain)	Civil Strife/Geopolitical Issues	Trade War/Global Trade Realignment
Civil Strife/Geopolitical Issues	Natural Catastrophes	Climate Change
Pandemics	Pandemic Risk	Natural Catastrophes
Fire Hazard	Explosions/Fire Hazard	Fire/Explosions

Figure 7.1.3: Three-Year Comparison of Short-Term Risk Rankings.

A comparison of this year's results with those from 2023 and 2024 (Figure 7.1.3) shows that while the top six risks remain consistent, their relative positions reflect evolving urgency and shifting priorities. Key developments include:

- **Legal/Regulatory Risks** have steadily risen from 5th place in 2023 to 2nd place in 2025.
- **Talent Risk** entered the top five in 2024 and maintained its position in 2025.
- **Climate Change Risk** has consistently declined in importance as a short-term concern.

Overall, these trends indicate a sharper focus on regulatory compliance and talent management in the near term, accompanied by a relative diminishing emphasis on climate risks in the immediate horizon.

FROM THE DESK OF ICICI LOMBARD'S LIABILITY INSURANCE EXPERT

Deepti Rana

Deputy Vice President-Underwriting Liability

Scan to connect & explore our value proposition.

In the past year, liability insurance has undergone a strategic shift, shaped by rising cyber threats, geopolitical tensions, trade disruptions and evolving supply chain risks. Coupled with regulatory reforms and a changing global perception of Indian businesses, these developments are redefining how corporates assess and manage liability exposures.

Top 3 Trends

- Regulatory Shifts in India: India's regulatory landscape is transforming, with major amendments to the Public Liability Insurance Act, 2024 and proposed revisions to the DPDP Act, 2025, Civil Liability for Nuclear Damage Act and Consumer Protection Act, 2025.
- Cyber Liability Ever-Evolving: Cyber risk remains a top boardroom concern, driven by rising regulatory scrutiny, legal accountability and reputational stakes. Boards now view it as a strategic business risk, focusing on proactive governance, resilience planning and integrating cybersecurity into enterprise risk management.
- Changing Global Perception of Indian Businesses: As India's corporate sector gains global prominence, expectations around governance, ESG compliance and risk disclosure have intensified, influencing underwriting practices and driving demand for stronger D&O and Professional Indemnity coverage.

Top 3 Questions

- Have we mapped our liability exposures across all operating jurisdictions? Do our governance and risk frameworks enable swift, effective responses to geopolitical and regulatory changes?
- Do our governance structures and risk frameworks allow us to respond swiftly and effectively to geopolitical shifts and regulatory changes across borders?
- Do our insurance programs adequately cover emerging risks like cyber warfare, ESG litigation and supply chain disruptions?

Top 3 Strategies

- Coverage modernisation: Traditional policies may not fully address modern threats. Organisations must evaluate whether their coverage includes new age exposures.
- Jurisdictional Risk Alignment: Different states and countries have varying legal frameworks, compliance requirements and enforcement mechanisms. Businesses must ensure they can adapt to local laws, especially in high-risk or highly regulated markets.
- Prioritize Governance Agility: Build adaptable risk frameworks that allow your organisation to respond swiftly to geopolitical shifts and regulatory changes, ensuring continuity and resilience across territorial operations.

7.1.4 Long-Term Risk Rankings: Three-Year Analysis

The long-term horizon reflects the challenges that organisations perceive as structural and enduring in nature.

Long-Term Risk Rankings Comparison 2023-2025

2023	2024	2025
Technology	Technology	Cyber Risks
Cyber Risks	Cyber Risks	Technology
Macroeconomic	Legal/Regulatory	Talent Risk (Attract/Grow/Retain)
Business Interruption	Talent Risk (Attract/Grow/Retain)	Business/Supply Chain Interruption
Legal/Regulatory Risks	Macroeconomic	Macroeconomic Risks
Funding/Investment Risks	Climate Change	Legal/Regulatory Risks
Climate Change/Natural Disasters	Business Interruption	Climate Change
Talent Risk (Attract/Grow/Retain)	Civil Strife/Geopolitical Issues	Civil Strife/Geopolitical Issues
Civil Strife/Geopolitical Issues	Natural Catastrophes	Trade War/Global Trade Realignment
Fire Hazard	Pandemic	Natural Catastrophes
Pandemics	Fire Hazard/Explosion	Fire/Explosions

Figure 7.1.4: The figure above depicts the Three-Year Comparison of Long-Term Risk Rankings.

A comparison of long-term risk rankings across 2023, 2024 and 2025 (Figure 7.1.4) highlights the following trends:

Cyber and Technology Risks have consistently dominated the top two positions, underscoring their status as the most critical long-term risk.

Talent Risk entered the top 5 long-term risks in 2024 and has retained its placement in top five in 2025, like the short-term rankings.

Climate Change has remained outside the top five risks throughout the three years, reflecting its continued lower prioritisation in long-term assessments.

7.2 Top Risks Across Revenue Demographics

An organisation's size and resources significantly shape its perception of risk. This influence becomes evident when comparing risk priorities across revenue segments.

Top 6 Short-Term Risks by Revenue

Emerging < ₹500 Cr 21% respondents	Medium ₹500 Cr 1999 Cr 16% respondents	Large ₹2000 Cr 9999 Cr 24% respondents	Mega >= ₹ 10000 Cr 39% respondents
Cyber Risks	Legal/Regulatory Risks	Cyber Risks	Cyber Risks
Talent Risk (Attract/Grow/Retain)	Business/Supply Chain Interruption	Legal/Regulatory Risks	Business/Supply Chain Interruption
Technology	Cyber Risks	Talent Risk (Attract/Grow/Retain)	Legal/Regulatory Risks
Business/Supply Chain Interruption	Technology	Macroeconomic Risks	Macroeconomic Risks
Legal/Regulatory Risks	Talent Risk (Attract/Grow/Retain)	Business/Supply Chain Interruption	Trade War/Global Trade Realignment
Macroeconomic Risks	Macroeconomic Risks	Technology	Civil Strife/Geopolitical Issues

Figure 7.2.1: Comparison of the Top Six Short-Term Risks by Annual Revenue Segment.

The above figure (Figure 7.2.1) compares the top six short-term risks across different revenue segments highlighting the following patterns:

- **Medium-sized enterprises** (₹500 Cr-₹1,999 Cr revenue) rank Legal/Regulatory Risk as their top concern, unlike Emerging, Large & Mega organisations that prioritise Cyber Risks at top.
- **Talent Risk** ranks among the top three for Emerging and Large enterprises and features in the top six for all revenue demographics except Mega coorporations.
- Only **Mega corporations** include **Civil Strife/Geopolitical Risks** among their top six, with four of their leading risks tied to broader business environment factors.

Top 6 Long-Term Risks by Revenue

Emerging < ₹500 Cr 21% respondents	Medium ₹500 Cr 1999 Cr 16% respondents	Large ₹2000 Cr 9999 Cr 24% respondents	Mega >= ₹ 10000 Cr 39% respondents
Cyber Risks	Business/Supply Chain Interruption	Technology	Cyber Risks
Technology	Cyber Risks	Talent Risk (Attract/Grow/Retain)	Climate Change
Talent Risk (Attract/Grow/Retain)	Technology	Cyber Risks	Technology
Civil Strife/Geopolitical Issues	Talent Risk (Attract/Grow/Retain)	Business/Supply Chain Interruption	Legal/Regulatory Risks
Macroeconomic Risks	Macroeconomic Risks	Legal/Regulatory Risks	Macroeconomic Risks
Legal/Regulatory Risks	Legal/Regulatory Risks	Macroeconomic Risks	Business/Supply Chain Interruption

Figure 7.2.2: Comparison of the Top Six Long-Term Risks by Annual Revenue Segment.

The above figure (Figure 7.2.2) compares the top six long-term risks across revenue segments highlighting the following patterns:

- **Cyber and Technology Risks** consistently rank among the top three across all revenue segments, indicating the universal high priority of technology-led risks.
- **Climate Change Risk** is recognised in the top six only by Mega corporations, ranking as high as #2, pointing a gap in awareness and prioritisation among smaller enterprises.
- **Business and Supply Chain Disruption Risks** feature in the top six for all but Emerging enterprises, reflecting heightened operational fragility as businesses scale.
- **Civil strife / Geopolitical Risks** appear in top six only for Emerging enterprises, in contrast to their limited presence elsewhere.

EXPERT'S PERSPECTIVE

- Geopolitical & Supply Chain Risks remain dominant, with global tensions and shifting trade dynamics demanding agile strategies, diversified sourcing and workforce alignment with organizational goals.
- Technology Adoption & Digitization are reshaping business models. As AI, Data and automation accelerate, they bring efficiency and growth opportunities but also heightened cyber and operational disruption risks.

Juhi Tiwary, CMIRM
Head of Enterprise Risk Management
Tata Steel Limited

- Climate & Sustainability Risks are no longer optional concerns. Climate-related physical, transition and regulatory risks now require long-term investments and a strong risk culture that moves beyond compliance to proactive resilience.

7.3 Top Risks by Industry Sectors

Different industries face unique vulnerabilities, although some risks are common to all. These variations underscore how sectoral dynamics influence the prioritisation of risks. Figure 7.3.1 and 7.3.2 present the top five risks for each sector in the short and long-term, respectively, with notable exceptions from the overall ranking shown in figure 7.1.1.

Rank/Sector	1	2	3	4	5
BFSI	Cyber Risks	Legal/Regulatory Risks	Technology	Macroeconomic Risks	Talent Risk (Attract/Grow/Retain)
Construction and Infrastructure	Business/Supply Chain Interruption	Macroeconomic Risks	Legal/Regulatory Risks	Cyber Risks	Natural Catastrophes
Energy, Oil and Gas	Civil Strife/ Geopolitical Issues	Business/Supply Chain Interruption Legal/Regulatory Risks	Cyber Risks	Climate Change	Trade War/Global Trade Realignment
Logistics and E-Commerce	Cyber Risks	Business/Supply Chain Interruption	Technology	Civil Strife/ Geopolitical Issues	Legal/Regulatory Risks
Manufacturing and distribution	Business/Supply Chain Interruption	Cyber Risks	Trade War/Global Trade Realignment Legal/Regulatory Risks	Talent Risk (Attract/Grow/Retain)	Macroeconomic
Pharma, Chemicals and Fertilizers	Business/Supply Chain Interruption	Trade War/Global Trade Realignment	Legal/Regulatory Risks	Cyber Risks	Civil Strife/ Geopolitical Issues
Services	Cyber Risks	Talent Risk (Attract/Grow/Retain)	Technology	Macroeconomic Risks	Legal/Regulatory Risks
Other	Macroeconomic Risks	Cyber Risks	Talent Risk (Attract/Grow/Retain) Business/Supply Chain interruption	Legal/Regulatory Risks	Trade War/Global Trade Realignment

Figure 7.3.1: The above figure depicts the top Short-term risks by Sectors.

7.3.1 Short-Term Sectoral Risk Patterns

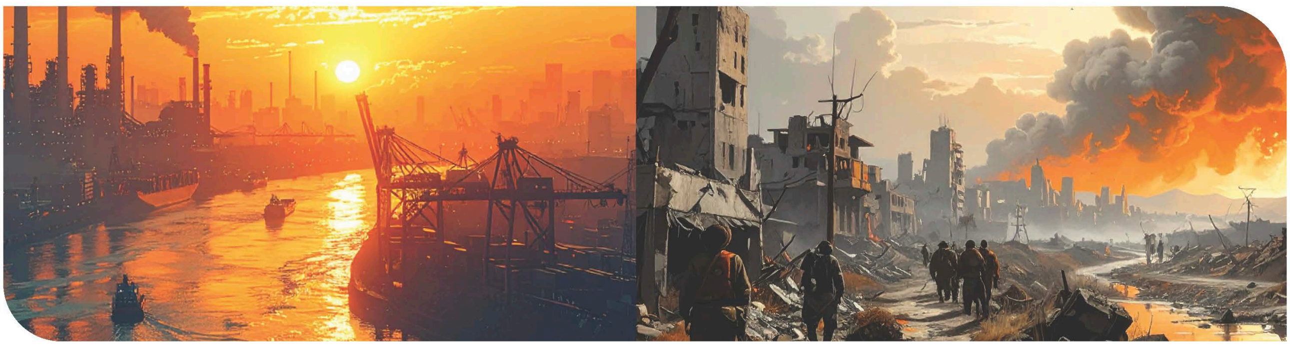
- **Cyber Risk** tops the list in three sectors and appears in the top five across all sectors.
- **Legal/Regulatory Risks** feature in every sector.
- **Business/Supply Chain Interruptions** rank first in three sectors and appear in all except BFSI and Services.
- **Macroeconomic Risks** appear in all sectors except Energy, Oil and Gas, Logistics and E-commerce.
- **Talent Risk** is cited in BFSI, Services, Manufacturing and the 'Other' sectors category.
- **Civil Strife/Geopolitical Issues rank** as top risks only in Energy, Oil and Gas, Pharma and Chemicals & Fertilizers.
- **Trade War/Global Trade Realignment** is noted only in Energy, Oil & Gas, Manufacturing and Pharma.
- **Climate Change** is present only in the Energy and Oil & Gas Sectors.

7.3.2 Long-Term Sectoral Risk Patterns

Rank/Sector	1	2	3	4	5
BFSI	Cyber Risks	Technology	Legal/Regulatory Risks	Talent Risk (Attract/Grow/Retain)	Macroeconomic Risks
Construction and Infrastructure	Business/Supply Chain Interruption	Climate Change Macroeconomic	Cyber Risks Legal/Regulatory Talent	Technology	Natural Catastrophes
Energy, Oil and Gas	Climate Change	Business/Supply Chain Interruption	Legal/Regulatory Risks Cyber Risks	Technology Civil Strife/ Geopolitical	Talent Risk (Attract/Grow/Retain)
Logistics and E-Commerce	Cyber Risks	Business/Supply Chain Interruption	Civil Strife/ Geopolitical Issues	Technology	Trade War/Global Trade Realignment
Manufacturing and distribution	Business/Supply Chain Interruption	Macroeconomic Risks	Cyber Risks	Trade War/Global Trade Realignment	Climate Change
Pharma, Chemicals and Fertilizers	Trade War/Global Trade Realignment	Business/Supply Chain Interruption	Cyber Risks	Civil Strife/ Geopolitical Issues Legal/Regulatory Risks	Talent Risk (Attract/Grow/Retain)
Services	Technology	Talent Risk (Attract/Grow/Retain)	Cyber Risks	Macroeconomic Risks	Civil Strife/ Geopolitical Issues
Other	Macroeconomic Risks	Cyber Risks	Climate Change	Technology	Legal/Regulatory Risks

Figure 7.3.2: The above figure depicts the Top Long-Term risks by sectors.

- **Climate Change ranks #1** for Energy, Oil & Gas and also features among the top risks in the Construction & Infrastructure, Manufacturing & Distribution and the 'Other' sectors category.
- **Trade War/Global Trade Realignment** emerges as the top risk for Pharma, Chemicals & Fertilizers.
- **Cyber Risk** appears in top five for all sectors.
- **Technology Risks** are present across all sectors except Manufacturing and Pharma.
- **Business/Supply Chain Interruptions** appear in all sectors except BFSI, Services and Others.
- **Trade War/Global Trade Realignment** is the leading risk for Pharma, Chemicals & Fertilizers.



7.4 Top Risks for Start-Ups

Start-ups show more similarities than differences when compared with established firms. This suggests that despite their structural differences, start-ups face many of the same external pressures as larger firms, with variations largely driven by scale.

	Short-Term Risks		Long-Term Risks	
Rank	Start-Ups	Established Enterprises	Start-Ups	Established Enterprises
1	Cyber Risks	Cyber Risks	Cyber Risks	Cyber Risks
2	Technology	Legal/Regulatory Risks	Technology	Technology
3	Business/Supply Chain Interruption	Business/Supply Chain Interruption	Civil Strife/Geopolitical Issues	Talent Risk (Attract/Grow/Retain)
4	Legal/Regulatory Risks	Macroeconomic Risks	Business/Supply Chain Interruption	Business/Supply Chain Interruption
5	Talent Risk (Attract/Grow/Retain)	Talent Risk (Attract/Grow/Retain)	Macroeconomic Risks	Macroeconomic Risks
6	Civil Strife/Geopolitical Issues	Technology	Talent Risk (Attract/Grow/Retain)	Legal/Regulatory Risks

Figure 7.4: The figure above depicts the Short and Long-term Risks for Start-ups v/s Established Enterprises.

- **Short-term Top Risks For Start-ups** Civil Strife/Geopolitical issues emerge as a top risk only for start-ups, whereas Macroeconomic Risks feature in the top six exclusively for established enterprises.
- **Long term Top Risks For Start-ups** Civil Strife/Geopolitical Issues continue to be viewed as top risks solely by start-ups, while Legal/Regulatory Risks enters the top six for established enterprises.

7.5 Perception of Total Risk

Beyond individual risks, what matters is how organisations view their overall exposure. This perspective provides a more holistic understanding of resilience and preparedness across the risk landscape.

While risk rankings and their shifts offer insights into how respondents perceive specific risks, the survey also included a broader question to gauge overall exposure:

"What is your perception of the total risk your organisation will face over the next two years?"

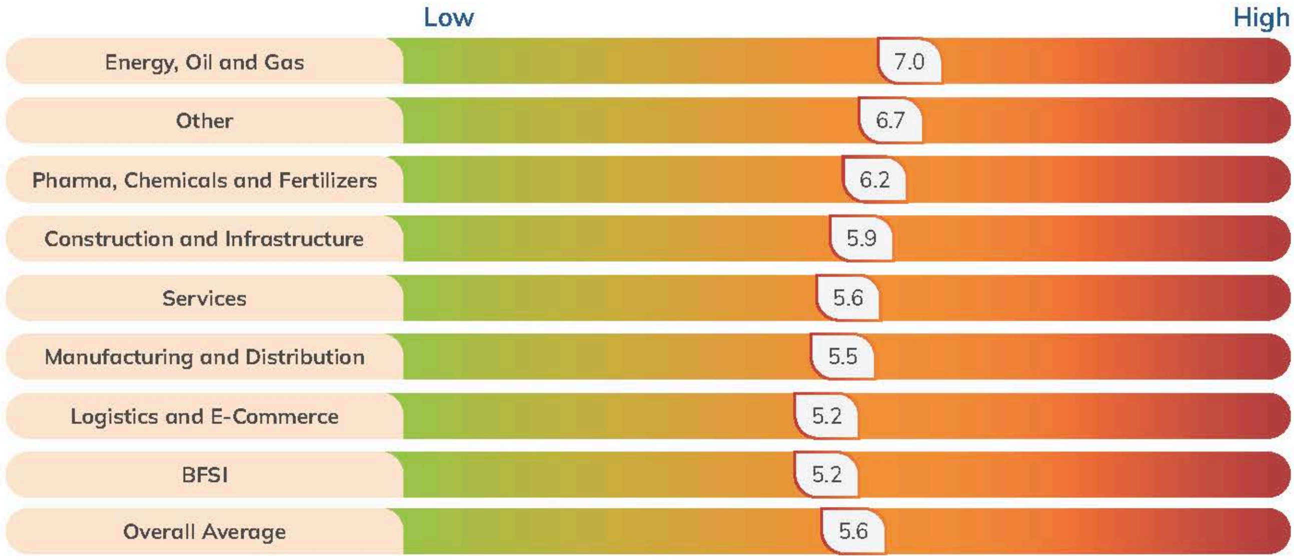


Figure 7.5: Heat map depicting the perception of total risk: How risky is the overall environment?

The purpose of this question was to capture a qualitative assessment of the overall risk level perceived by respondents in the business environment, measured on a scale from 0 (low risk) to 10 (high risk).

While figure 7.5 shows the total risk perception for the 2025 survey, figure 7.5.1 provides a three-year comparison of how overall risk perception has evolved.

Industry Sector	2023	2024	2025	Trend
Energy, Oil and Gas	6.3	4.4	7.0	Getting Riskier
Other	6.0	5.2	6.7	Getting Riskier
Pharma, Chemicals and Fertilizers	5.8	5.3	6.2	Getting Riskier
Construction and Infrastructure	6.2	-	5.9	Getting Slightly Less Risky
Services	5.0	6.0	5.6	Less Risky than 2024, Riskier than 2023
Manufacturing and Distribution	5.0	5.1	5.5	Getting Riskier
Logistics and E-Commerce	4.8	5.2	5.2	Same as 2024, Riskier than 2023
BFSI	5.3	6.0	5.2	Less Risky than 2024, same as 2023
Overall Average	5.3	5.6	5.6	Same as 2024, Riskier than 2023

Table 7.5.1: Comparison of Total Risk Level perception over three years.

7.6 Threats & Opportunities

A risk is an uncertainty that may affect one or more objectives of an enterprise. When the likely impact is solely negative, the risk is considered a threat and requires mitigation through controls and other measures. Conversely, some risks may have positive impact, presenting opportunities to be leveraged. In ERPS-2025, respondents were asked to indicate whether they perceived each risk as a threat, an opportunity or both. The graph below shows that all risks are also viewed as opportunities, although the proportion of respondents viewing them solely as threats varies.

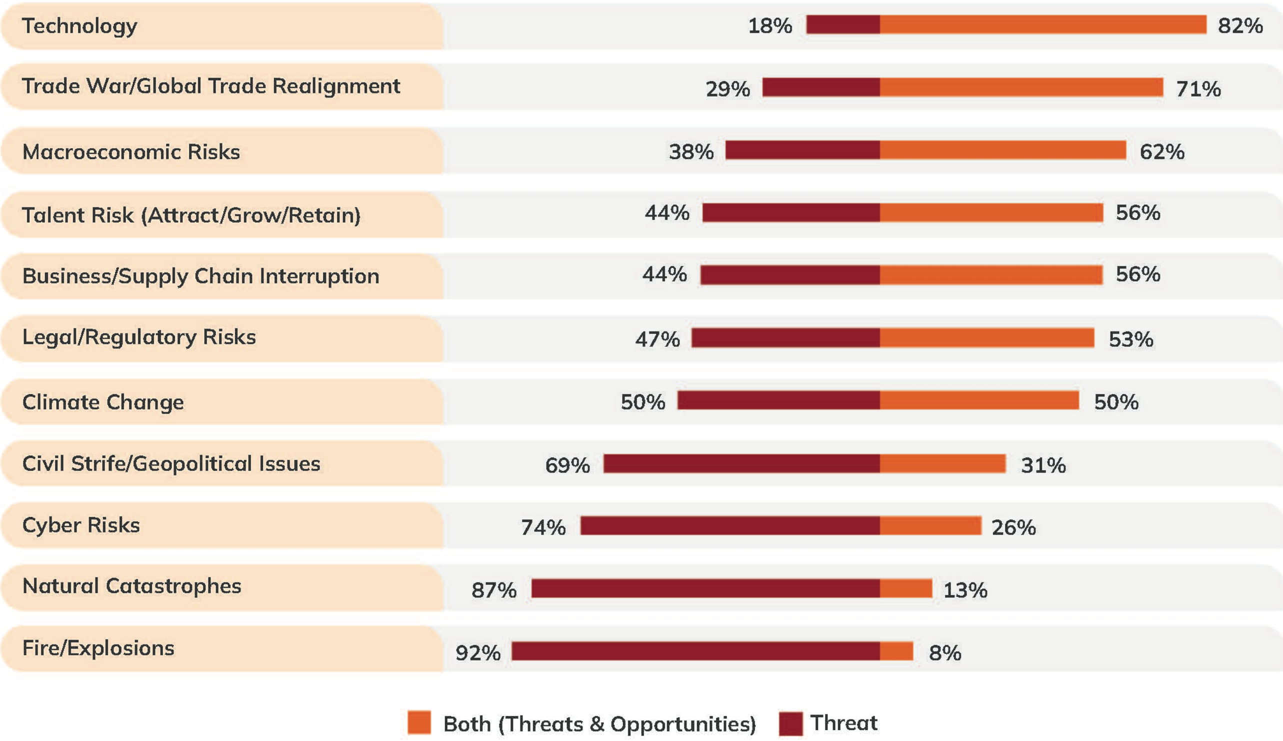


Figure 7.6: Risks Viewed as Threats or as Both Threats & Opportunities.

A risk being ranked as "Both" indicates that respondents feel they can leverage the risk to their advantage through proactive actions:

- **Technology:** New business models or products can be created or cost savings achieved, by adopting new technologies ahead of competitors. Between 75% and 85% of respondents across sectors believe technology offers potential for competitive or cost advantage.

- **Trade:** Changing trade conditions can be leveraged to access new markets and partnerships. Between 60% and 80% of respondents across sectors indicated that trade conditions could provide market opportunities, with the Manufacturing, Pharma and Logistics sectors showing the highest responses.

- **Macroeconomic:** Macroeconomic conditions can present opportunities for agile enterprises to enter new markets, expand existing markets or build cost efficiencies. Construction & Infrastructure, BFSI and Logistics & E-commerce sectors recorded the highest responses.

- **Talent**: In the era of AI-led technology disruptions, the availability of a skilled talent pipeline is crucial and can become a competitive advantage for companies across all sectors.

- **Business/Supply Chain Interruptions:** BFSI, Manufacturing, Services and Logistics organisations can build operational resilience against business and supply chain interruptions, turning risk management into a source of competitive advantage.

7.7 Emerging Risks

What lies just beyond the horizon often matters most. Anticipating these emerging risks is critical for building resilience and sustaining long-term competitiveness.

Respondents were asked to identify emerging risks not included in the structured list provided for risk ranking. Their free-format inputs resulted in a wide array of responses, which are best represented through the word cloud shown below.

Figure 7.7: Word Cloud of Emerging Risks Reported by Respondents (larger words indicate higher frequency of mention).

Key Takeaways

This chapter highlights how organisations perceive, prioritize and respond to risks in a rapidly evolving business environment. While some risks are seen purely as threats requiring mitigation, many carry potential opportunities that can be leveraged for competitive advantage. The analysis also underscores the importance of emerging risks, which, though less visible today, could shape strategic decisions and resilience in the near future.

By understanding both the threats & opportunities across technology, trade, macroeconomic conditions, talent and supply chains, enterprises can adopt a proactive approach to risk management, transforming uncertainty into a driver of innovation, agility and long-term sustainability.

PROCESS, CULTURE & RESILIENCE | 8

Resilience represents an organisation's ability to anticipate, absorb, respond and adapt to both incremental change and acute disruptions, so it cannot only survive, but thrive.

Resilient organisations maintain stability and optimise their core functions even in turbulent environments, enabling them to withstand both anticipated and unexpected disruptions while also capitalising on opportunities that emerge from such risks.

The Resilience Pulse Check 2025 report, published by the World Economic Forum in January 2025, reveals that 84% of organisations globally feel unprepared for current and future disruptions as they face an increasingly complex risk landscape. The report also assesses preparedness of organisations across dimensions of resilience, such as Financial, Organisational, Operational and Technological.

This chapter presents resilience-related insights from the Enterprise Risk Perceptions Survey (ERPS) 2025, conducted by IRM and ICICI Lombard.

8.1 Preparedness to Face Risks

In the Enterprise Risk Perceptions Survey-2025, respondents were asked to rate their preparedness to face various risks.

Risk	Not Prepared	Have Strategy	Have Capability	Have Strategy and Capability
Technology	3%	15%	11%	71%
Cyber Risks	4%	11%	20%	65%
Talent	6%	19%	11%	64%
Business/Supply Chain Interruption	7%	32%	12%	48%
Legal/Regulatory	2%	13%	22%	63%
Macroeconomic	12%	31%	8%	48%
Trade War/Global Trade Realignment	27%	38%	7%	28%
Civil Strife/Geopolitical	28%	32%	12%	28%
Fire/Explosions	13%	8%	25%	54%
Climate Change	32%	21%	11%	37%
Natural Catastrophes	23%	18%	22%	37%

Technology related risks | Operations related risks | Policy related risks | Environment related risks

Figure 8.1: Represents an analysis of preparedness grouped under four categories: Technology, Operations, Policy and Environment.

Key Takeaways

- A majority of respondents are well prepared for Technology, Cyber and Legal/Regulatory risks. However, over 25% still need to invest in building strategy and/or capability in these areas.
- Awareness around the causes and consequences of Business/Supply Chain interruption needs to improve, in order to drive more proactive mitigation efforts through investment in strategy and capability.
- Only 28% feel well-prepared for Trade War/Global Realignment and Civil Strife/Geopolitical risks. While the direct impact of some of these risks may be lower in India, their cascading effects in an interconnected world cannot be overlooked.

EXPERT'S PERSPECTIVE

Organizations must treat risk management as a dynamic, forward-looking strategy rather than a reactive safeguard. They should anticipate disruptions & pivot toward emerging opportunities. For an EPC company like KEC, choosing the right geographies to work in is critical.

At the same time, diversifying supply chains and forming strategic alliances in stable regions help build resilience. Also, having mitigation mechanisms like hedging & insurance is key to mitigating risks. The key is to view uncertainty not as a barrier, but as a catalyst for innovation and competitive advantage.

Mr. Rajeev Agarwal
Chief Financial Officer
KEC Limited

8.2 Components of Resilience

An IRM report (2021) conceptualised Organisational Resilience as comprising two dimensions:

Operational Resilience: Ensuring the continuity of critical functions; Strategic Resilience: Adapting to external shifts to protect long-term value.

Figure 8.2: Depicts Organisational Resilience having two dimensions.

The Enterprise Risk Perception Survey-2025 ERPS-2025 examined this further through 12 data points on Risk Management Processes and Risk Culture.

8.3 Risk Management Process Maturity

Respondents self-assessed their risk management practices, which were categorised into four maturity levels:

Level 1
- Beginner: Organisations whose ERM practices are at an initial stage.

Level 2
- Emerging: Inconsistent implementation of certain risk management practices.

Level 3
- Progressing: High level of maturity across multiple areas of ERM.

Level 4
- Transforming: High levels of maturity across all areas.

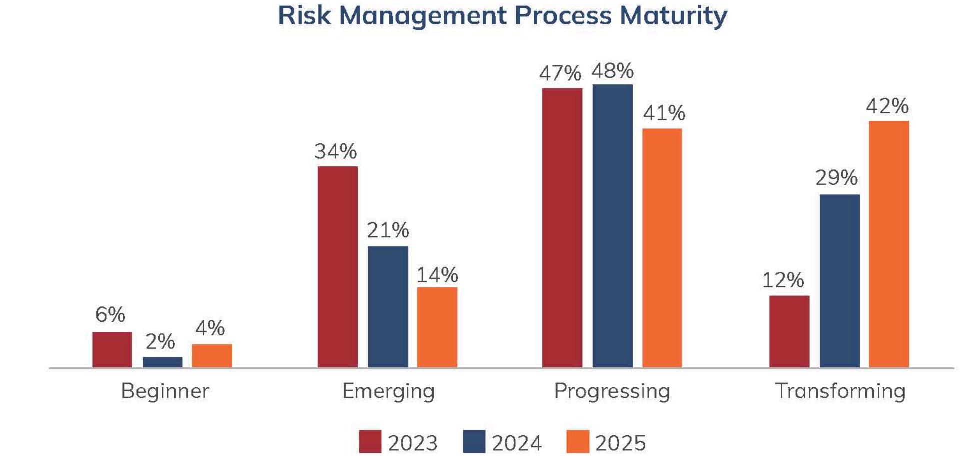


Figure 8.3: The graph above depicts the Enterprise Risk Management maturity of respondents over the last three years.

Figure 8.3. shows that the proportion of high-maturity organisations has steadily grown, with 42% now at the Transforming level. Yet, over 50% remain at Emerging or Progressing levels, underscoring significant room for advancement.

8.4 Risk Management Process Maturity Factors

The Risk Management Process Maturity scores are based on self-assessment of following aspects:

- Risk identification practices.
- Risk management process ownership.
- Risk management framework used.
- Risk management information dissemination.
- Practices concerning talent required for risk management.

Each factor shows year-on-year trends across three years, with lowest maturity option on the left moving on to higher maturity levels on the right.

8.4.1 Risk Identification Practices

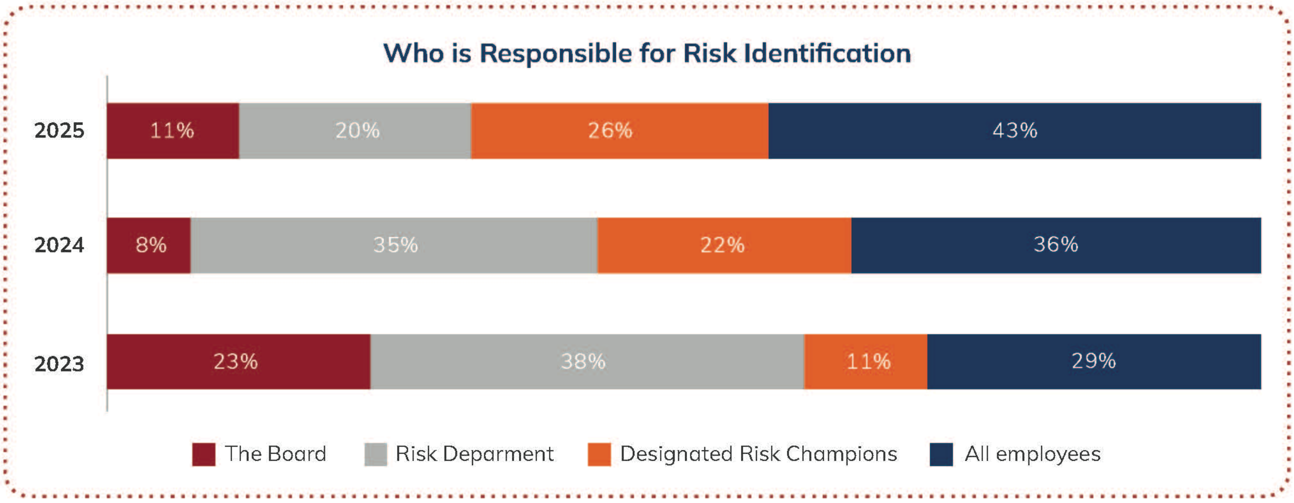


Figure 8.4.1: Risk Identification Practices of respondent companies, by maturity level over the last three years.

The Mature organisations provide adequate training and support to all employees to ensure that they can identify risks within their areas of responsibility, with timely support from risk champions within their departments. Consistent Improvement in maturity is seen across three years in this area.

8.4.2 Risk Management Process Ownership

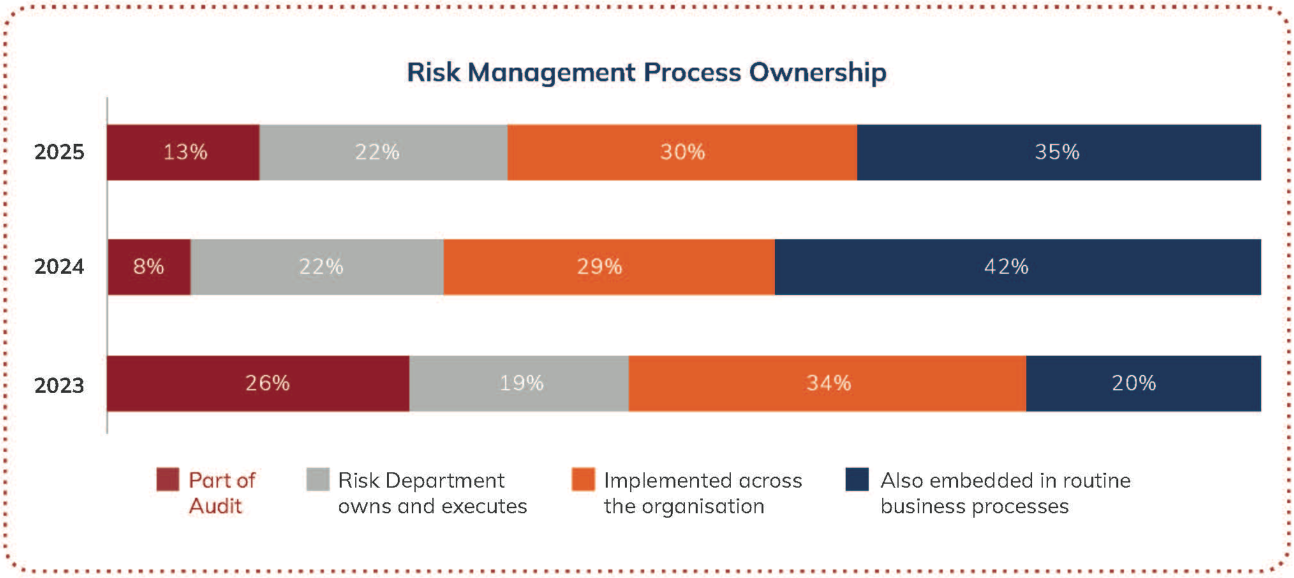


Figure 8.4.2: Risk Management Process ownership adopted by the respondent companies, in increasing order of maturity.

Mature organisations ensure that everyone in the organisation is involved in and responsible for risk management. To ensure the democratisation of risk management, the Risk Management processes need to be embedded across all business processes. Similar levels of maturity are seen across the years in this area.

8.4.3 Risk Management Framework Used

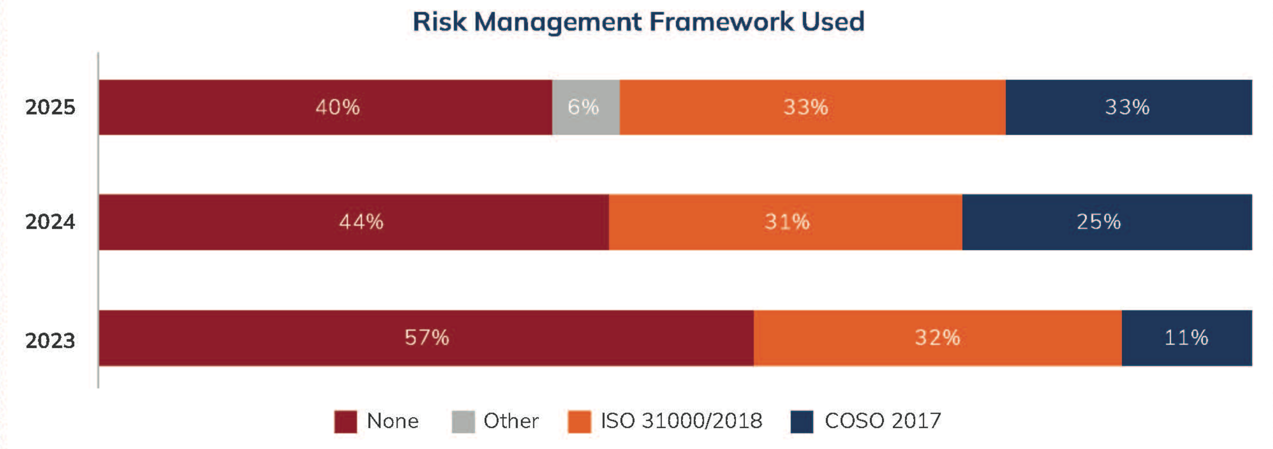


Figure 8.4.3: Risk Management Framework adopted by respondent companies for creating risk management processes.

Risk Management processes need to be based on a robust framework to ensure a strong foundation covering core risk management principles and processes. ISO 31000-2018 and COSO-2017 are the internationally accepted Risk Management process frameworks used by mature organisations. The survey responses show similar levels of maturity across the years.

8.4.4 Risk Management Information

Figure 8.4.4: Risk management information-sharing practices across organisations, in increasing order of maturity.

Mature organisations ensure that all appropriate stakeholders contribute to real-time risk management information. An adequate technology platform needs to be provided to support risk management information exchange. However, the maturity level in this area appears to have declined slightly from 2024 to 2025.

8.4.5 Risk Management Talent Requirements

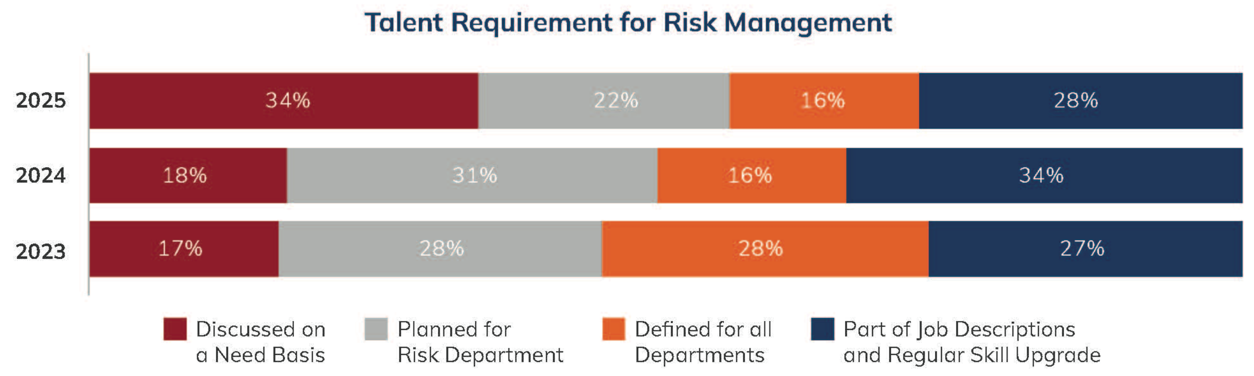


Figure 8.4.5: Talent-related risk management practices of respondent companies, in increasing order of maturity.

High-maturity organisations ensure that adequate risk talent is available throughout the organisation. They embed risk objectives, KPIs and training into job roles and address capability needs through regular talent planning. Risk expertise is thus seamlessly integrated into business processes. However, the maturity level in this area appears to have declined slightly from 2024 to 2025.

8.5 Risk Culture Levels

The other component of Resilience is Culture. The self-assessment responses on Risk Culture factors were assessed at five levels:

- **Potential:** Limited visible Risk Culture, but initial signs are present.
- **Initiating:** Some signs of culture are present, but significant efforts needed to develop it fully.
- **Forming:** Risk Culture is visible, with substantial improvement opportunities.
- **Proliferating:** Indicates a strong risk management culture.
- **Flourishing:** Proactive, organisation-wide approach to resilience.

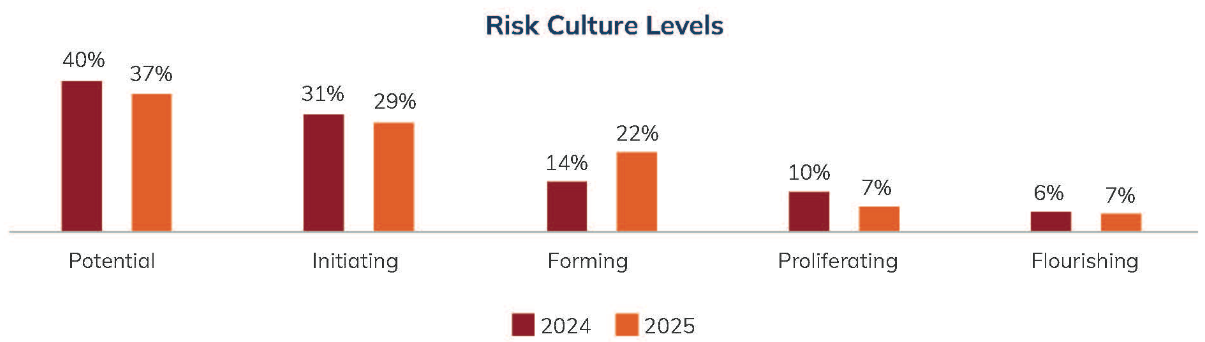


Figure 8.5: The above graph shows the Risk Culture Profiles for 2024 and 2025, from least to most mature.

The 2023 survey did not have questions pertaining to Risk Culture and was introduced in 2024.

Figure 8.5. shows that Risk Culture profile has improved in 2025 compared to 2024. While the percentage of organisations at the top two levels has dropped slightly, there is a substantial increase of organisations at the forming level which indicates a visible risk culture though with room for improvement.

EXPERT'S PERSPECTIVE

Bharat Bhatia
Director-Treasury
InterGlobe Aviation Limited (IndiGO)

In the last decade, Indian organisations have faced rapid disruptions from global financial shocks and cyber-attacks. As we can see around us, the nature of risks is evolving faster than ever, shaped by climate change, digital transformation and geopolitical uncertainties.

- These shifts demand not just stronger risk management systems but also a deeply embedded risk culture across organisations. A strong risk culture is a shared mindset and behaviour through which employees at all levels perceive and act upon risks. For Indian organisations, this cultural alignment will be the key differentiator in sustaining growth in an unpredictable world.
- With India's accelerated digitisation, cyber-attacks, data breaches and AI-related risks will multiply. Organisations need to evolve from cyber defence to a proactive culture where every employee is a "digital risk custodian".
- Global realignments and trade tensions can disrupt markets overnight. Businesses must empower teams to anticipate and respond swiftly to geopolitical issues.

If we talk about the aviation industry, it's is always associated with high exposure-be it operational safety, fluctuating fuel prices, cyber-attacks or geopolitical issues. Increasing weather events like excessive rain and floods disrupt flight operations and impact passenger safety. A proactive shift towards climate resilience, including fleet modernisation and fuel-efficiency programs, should be adopted.

- Airlines have highly digitised systems for multiple core business activities and are highly vulnerable to cyber-attacks. We are moving towards a culture wherein every employee acts as a cybersecurity stakeholder. A proactive approach towards mitigation needs to be adopted, not just dependence on insurance companies for these global risks.
- Global conflicts and geopolitical issues can disrupt fuel supply, aircraft deliveries and international routes. Being in the aviation industry, we should be well prepared with alternate plans of action during unfavourable situations. Quick decision-making also plays an important role during crises.

8.6 Risk Culture Factors

Risk Culture can be viewed in two dimensions:

- Organisational factors: Structure, tone from the top, autonomy.
- Implementation factors: Actions, KPIs, initiatives, sharing and escalation.

Implementation factors are dependent on actions taken whereas organisational factors are determined by the structure and attitude of the organisation.

Organisational factors tend to have a significant impact on the overall culture of an organisation, thus impacting its resilience. Scores of Implementation parameters were added up and multiplied by scores of organisational parameters, giving higher weightage to the organisational focus as opposed to mere activities. The resultant scores were categorised into five culture levels, as discussed earlier.

8.6.1 Organisational Factors

Organisational factors inquire into the way an organisation is structured and they have a multiplicative impact on the culture level:

8.6.1.1 Who drives Risk Culture in the organisation?

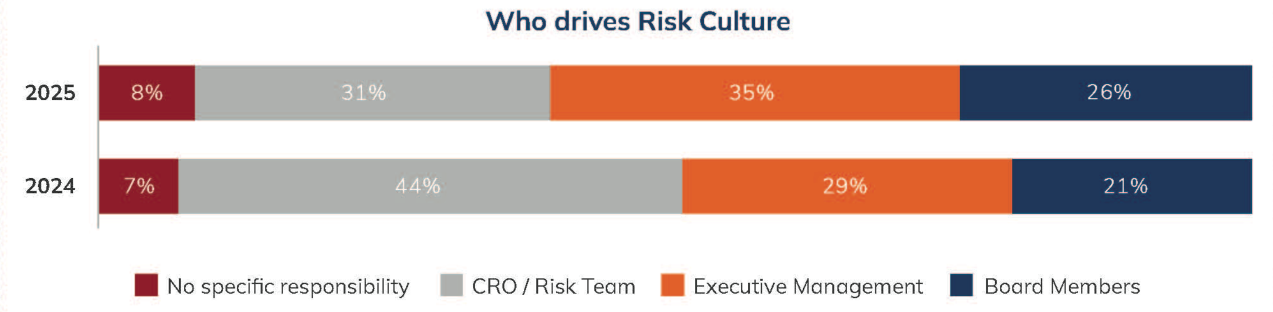


Figure 8.6.1.1: Respondents identifying who drives risk culture in their organisations, in order of maturity.

Risk Culture needs to be driven from the top of the organisation, with the board clearly articulating and driving the culture. A strong risk culture starts with the board, ensuring consistent messaging and organisation-wide support for initiatives and investments. The tone from the top is critical. The maturity level in this area is seen to have improved from 2024 to 2025.

8.6.1.2 Organisation's Perspective Towards Risk

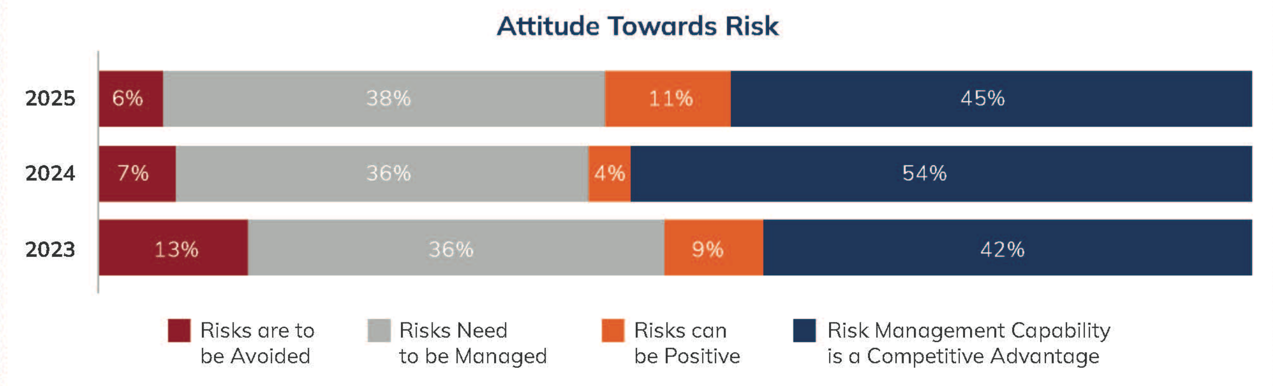


Figure 8.6.1.2: The graph shows a three-year comparison of how organisations perceived risk, in order of maturity.

An organisation's point of view toward risk drives its employees' behaviour, which in turn shapes the organisation's entire culture. Organisations that view risk management as a competitive advantage tend to develop comprehensive and effective processes and cultures around risk. However, the proportion with a progressive view declined slightly from 2024 to 2025.

8.6.1.3 Autonomy of Risk Management Function

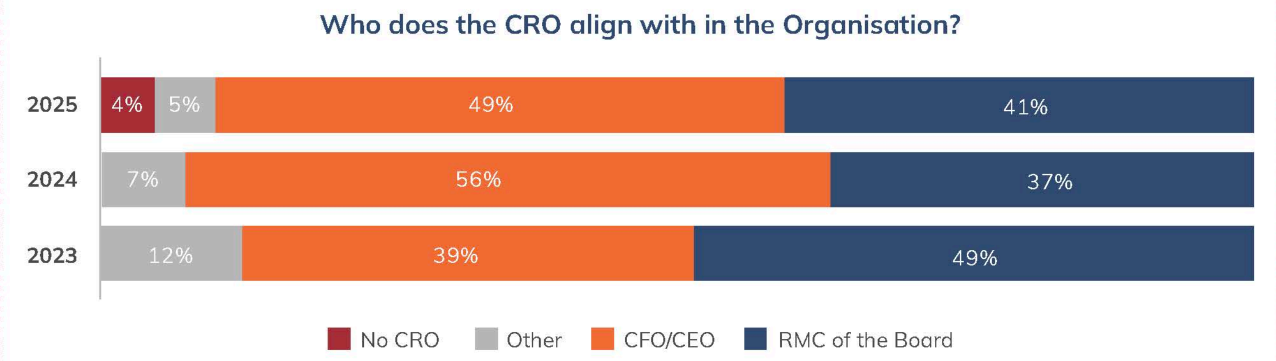


Figure 8.6.1.3: The graph shows a three-year comparison of the autonomy of Risk Management Function in organisations, in order of maturity.

The Chief Risk Officer (CRO) should ideally report to Risk Management Committee (RMC) of the Board to ensure independence of the function, which will lead to unbiased identification, assessment and treatment of risks. The risk function must remain impartial yet actively engaged across the organisation, operating as a recognised independent entity. The maturity level in this area is observed to have marginally declined from 2024 to 2025.

8.6.2 Implementation Factors

The implementation factors of Risk Culture include:

- Initiatives undertaken to measure and improve risk culture.
- Inclusion risk management behaviour and skills in employees KPI's.
- Practices of sharing lessons learned after risk events or near-miss incidents.
- Formal communication and escalation processes for risk-related matters.

8.6.2.1 Any Initiatives to Assess and Improve Risk Culture

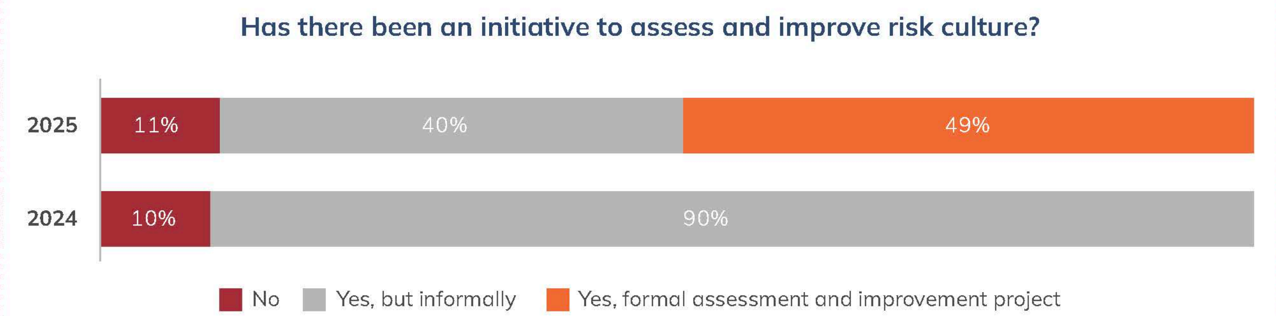


Figure 8.6.2.1: The above graph shows a comparison between last year and the current year on initiatives to assess and improve risk culture within organisations.

Strengthening organisational culture requires assessing the current state, defining clear goals and implementing an action plan led from the top. A formal initiative to measure and enhance risk culture will help align it with the organisation's strategic objectives. The survey responses indicate a similar maturity level as 2024, but with a clarity on informal v/s formal initiatives.

8.6.2.2 Embedding Risk Management Skills into KPIs

Figure 8.6.2.2: The above graph shows the inclusion of risk management skills as part of the KPIs for different categories of employees within organisations.

Including Risk Management Skills and behaviours in performance targets and appraisals for all employees ensure that everyone feels accountable for Risk Management. Only 26% organisations appraise all employees on risk behaviour/skill.

8.6.2.3 Organisational Practice of Sharing Lessons from Risk Events/Near Misses

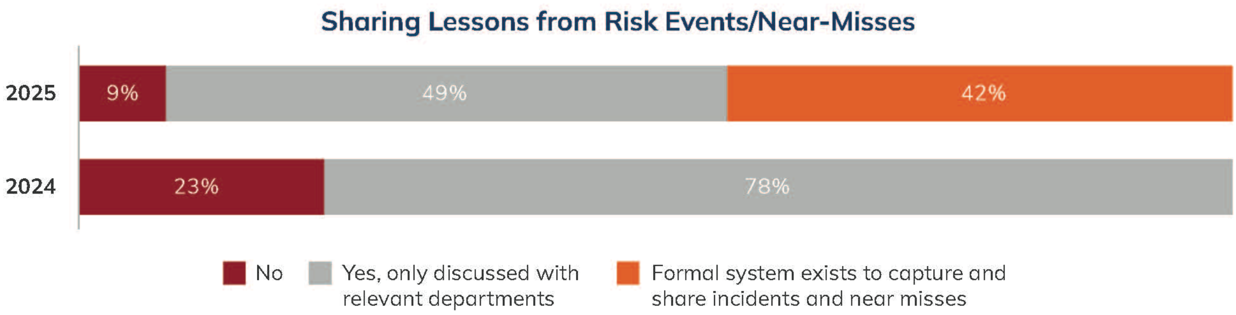


Figure 8.6.2.3: The above graph shows the percentage of respondents whose organisations share incidents and near misses, comparing last year and this year.

Experiences from risk events and near-misses need to be shared formally with relevant stakeholders across the organisation. This practice helps elevate knowledge, process and risk mitigation levels across the organisation. The 2025 scoring gives a clearer view of how broadly the information is shared.

8.6.2.4 Escalation Pathways in Risk Management

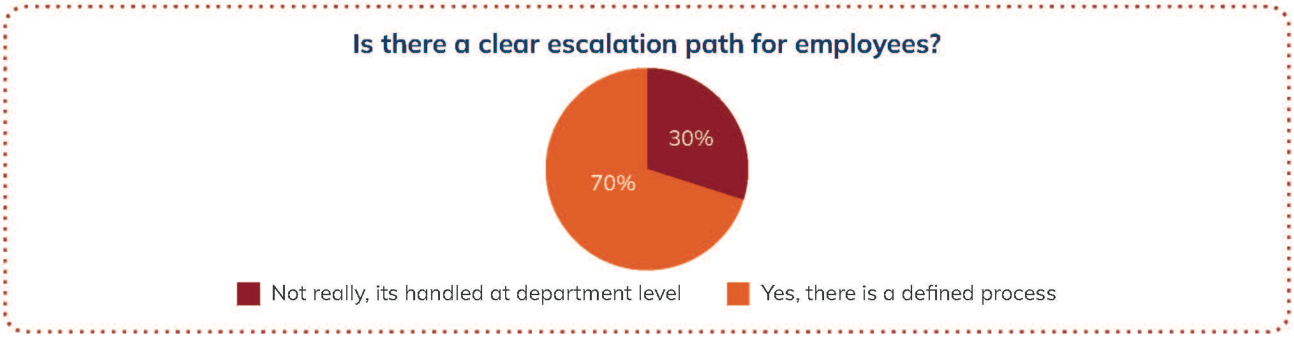


Figure 8.6.2.4: The above pie chart shows the percentage of respondents whose organisations have a clear process for escalating and reporting risks or adverse news.

A well-defined escalation path, supported by the belief that sharing adverse news drives improvement, a strong risk culture. It gives a clear message that sharing risks is encouraged by the organisation. Only 30% organisations provide clear escalation path and process.

8.7 Resilience

The culture scores profile in figure 8.5 is almost a mirror image of the Risk Management Process Maturity profile in figure 8.3, with over 60% of respondents showing lower levels of culture maturity. While higher levels of risk management maturity help in operational performance, the low culture levels indicate a lower Strategic Resilience.

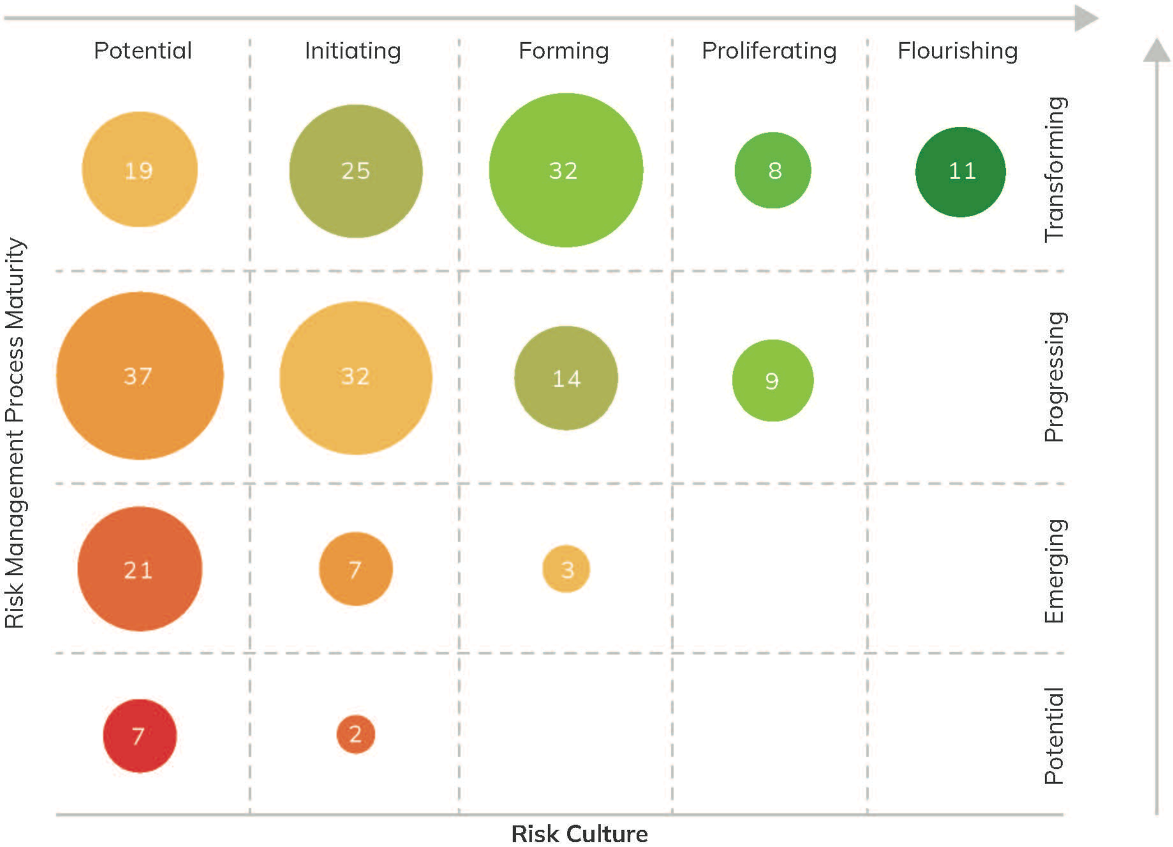


Figure 8.7: Mapping of Risk Management Process Maturity on to Risk Culture Levels: Gives number of companies operating various levels of Culture and Process Maturity.

Figure 8.7 maps Risk Management Process Maturity against Risk Culture levels for 2025. The numbers in the stack bar represent number of organisations at a particular level of maturity and culture level.

The mapping provides important insights into resilience profile of the organisations:

- Organisations at the Flourishing culture level are at the highest level of process maturity. These organisations are likely to be the most resilient.
- At the next culture level, proliferating, organisations are spread across from transforming and pProgressing maturity levels. Such organisations need to strengthen their culture to achieve higher levels of resilience.
- At the Forming culture level, organisations are present across all maturity levels except beginner. Here, even organisations with seemingly mature processes do not get full benefits of their process strengths.
- Organisations at the beginner process level are present only in the lower two levels of culture. They need to work on improving both processes and culture. However, a fairly large number of organisations at higher process maturity levels are also present at these culture levels. These organisations need to strengthen cultural factors to realise the true benefits of their process strengths.

8.8 Key Takeaways

Processes and Culture lead to Resilience

An organisation's resilience can be viewed across two key dimensions processes and culture as shown in figure 8.5. Building resilience requires progress in both.

While most organisations struggle to advance on both fronts at once. A more effective approach is to assess the current maturity level & define a step-by-step journey towards improvement.

Culture provides the foundation for processes to deliver a real impact, without it, even strong processes often remain limited to compliance mode. At the same time, effective processes are essential to bring culture to life, without them, improvements are not sustained and culture does not translate into daily practice.

Ultimately, resilient organisations are those where risk culture and processes are deeply embedded across all functions, allowing teams to anticipate risks and respond swiftly. That is the essence of true organisational resilience.

Scan to see your understanding of Risk Culture!

RISK MANAGEMENT & INSURANCE | 9

The Enterprise Risks Perception Survey 2025 included questions on risk management solutions deployed by enterprises across various risk categories. Organisations typically implement these risk management solutions through multiple approaches:

- Controls to reduce the probability or impact of risks.
- Insurance to mitigate the impact.
- A combination of controls and insurance.
- Acceptance of risk without mitigation.

Effective control design requires an understanding of the root causes and possible impacts of risks. These root causes and impacts often extend beyond organisational boundaries into broader supply chain or extended enterprise.

9.1 What Kind of Risk Management Solutions do Organisations Deploy?

Respondents were asked to indicate the type of risk management solutions they use across different risk categories, choosing from four options: Insurance, Non-insurance, Both or None.

The results are summarised in Table 9.1 below.

Risk Type	Insurance	Non-Insurance	Both	None	Total Insured%
Fire/Explosions	51%	3%	41%	5%	92%
Natural Catastrophe	43%	5%	38%	14%	81%
Cyber Risks	28%	16%	49%	7%	77%
Business Interruption	21%	23%	38%	18%	59%
Civil Strife/Geopolitical	16%	22%	34%	28%	50%
Legal/Regulatory	12%	36%	35%	17%	47%
Technology	11%	37%	31%	21%	42%
Climate Change	13%	32%	22%	33%	36%
Macroeconomic	5%	42%	22%	31%	27%
Trade War/Global Trade Realignment	7%	33%	17%	43%	24%
Talent	4%	47%	18%	31%	22%

Table 9.1: The table depicts the risk management solutions deployed to manage the risks.

Most Insurance Adoption

- Fire/Explosion Risks: 92% insurance adoption, only 5% report having no solution.
- Natural Catastrophes: with 81% insurance coverage.
- Cyber Risks: 77% insurance adoption, only 7% report having no solution.

Together, these three categories represent the top priorities for organisations while designing and implementing risk management solutions.

Moderate Insurance Adoption

- Business/Supply Chain Interruptions: 59% insurance coverage, but 18% of respondents report no solution for this critical operational risk.

Risks with Least Preparedness

- Trade War/Global Trade Realignment: 43% report having no solutions.
- Talent, Macroeconomic and Climate Change Risks: Over 30% report no solutions.
- Civil Strife/Geopolitical Risks: 28% report no solutions.

These gaps highlight priority areas for strengthening risk management strategies and opportunities for insurance product innovation.

9.2 Decision Factors for Insurance Solution

Respondents were asked to rank the factors influencing their choice of insurance as a risk management solution. The results are shown in figure 9.2.

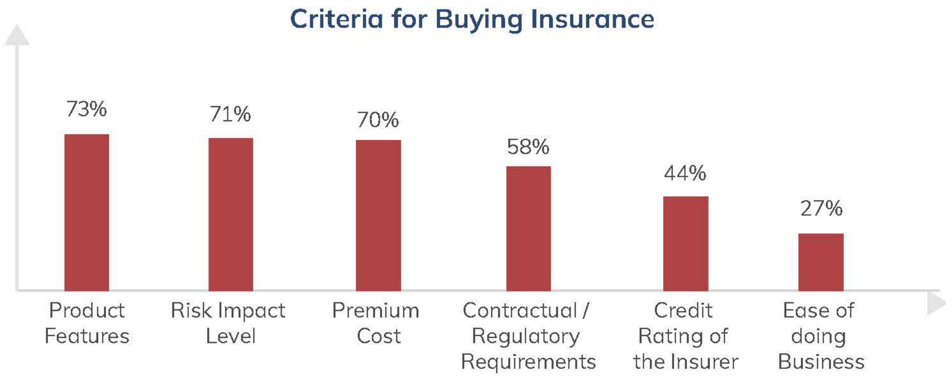


Figure 9.2: Factors Influencing the Selection of Insurance as a Solution.

Key Findings

- Product features are the most significant factor, cited by 73% of respondents, followed closely by premium cost (70%).
- In contrast, the insurer's credit rating (44%) and ease of doing business (27%) are considered less critical. While these elements matter, they are not the primary drivers of decision-making.

This shows that organisations primarily value customised coverage that delivers tangible value at reasonable cost, while softer factors, though relevant, are not the main drivers of decision.

EXPERT'S PERSPECTIVE

Pavanjit Singh Dhingra
Joint Managing Director
Prudent Insurance Brokers

I believe that cyber will become ubiquitous, maybe like individual health insurance (maybe such bundled covers are around the corner and maybe insurance companies will soon provide a bundled cyber cover as a value-add to differentiate from SAHIs). It's almost a truism that AI and embedded AI will be transformative—but the risks will be equally challenging. Demand, cover availability and capacity will be the variables, but I believe supply will create its own demand.

Regulatory risk around cyber and technology hasn't yet played out in India, but the laws are in place and enforcement will be around the corner. I believe we are not prepared as a country for this change and it can be very disruptive if the law is applied in letter and spirit, we all have a lot of work to do.

Geopolitical risk has evolved significantly over the last five years, from supply chain resilience concerns to the impact of Covid and the Russia-Ukraine conflict. Its influence now varies by industry, but it continues to reshape the overall risk landscape for businesses with global exposure. Leaders must reassess, manage and recalibrate risks regularly to stay aligned with the shifting business environment and insurance market dynamics.

9.3 Measuring Total Cost of Insuring Risk

The Total Cost of Insuring Risk (TCOIR) includes both internal and external costs of risk management, covering the expenses of retaining as well as transferring risk. Respondents were asked whether they measure these costs and if so, which specific aspects they track.

Which factors of TCOIR do you measure

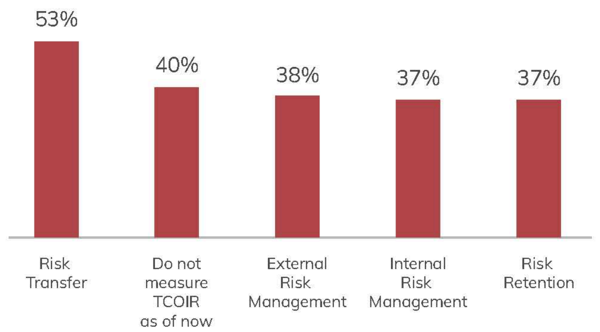


Figure 9.3.1: Depicts top parameters factored when measuring the total cost of insuring risks.

How many TCOIR factors are measured

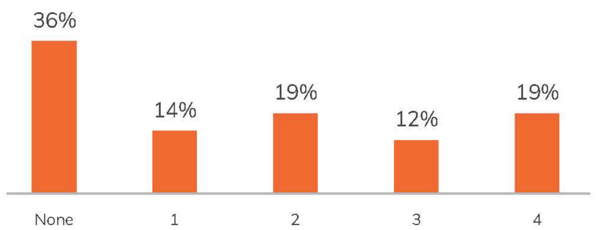


Figure 9.3.2: Depicts the total number of parameters evaluated while measuring the cost of insuring the risk.

- 53% measure costs associated with risk transfer (premiums, claims handling expenses, administrative costs).
- 37-40% track other cost components.
- 36% do not measure any cost factors related to insuring risks (similar to 2024 findings).
- Only 19% measure all four factors and 12% measure three, showing that cost measurement remains relatively uncommon.

EXPERT'S PERSPECTIVE

Narendra Kumar Bharindwal
Principal Officer & CEO
RMS ARC Insurance
Brokers Private Limited

Indian organisations are entering a transformative phase where risk culture is becoming a core boardroom priority. Digital disruption, ESG imperatives and geopolitical uncertainties now demand that risk management move beyond compliance to strategic foresight and scenario-based planning. Leaders are realising that true resilience comes from embedding risk-thinking across the enterprise with transparency and accountability. Organisations that build a strong risk culture today will not only withstand shocks but also gain a sustainable competitive advantage in a volatile world.

- RMCs should treat insurance as a strategic risk-transfer tool, not a checkbox.
- Adequacy of coverage must be independently certified.
- Boards must demand written explanations from management on insured vs uninsured risks.

For unlisted firms with ₹50 crore+ debt, risk audits by certified professionals should form part of the statutory auditor's report. This will strengthen governance, enhance lender confidence and safeguard organisational sustainability.

9.4 Additional Services

Respondents also indicated the Additional Risk Management Services they expect from insurance providers. Figure 9.4 shows these preferences.

Additional Services Desirable from Insurance Providers

Figure 9.4: Depicts the top additional services expected from Insurance providers by the survey respondents.

Key Observations

- Risk benchmarking helps firms compare industry practices and sharpen their risk strategies.
- Claims analysis and learnings enable better outcomes through improved claims management.
- Risk audits and mitigation solutions help identify gaps, strengthen processes and enhance overall risk readiness.
- Crisis management and recovery support boost preparedness and resilience during disruptions.
- Education, networking and industry collaboration, though ranked lower, still add value by driving knowledge-sharing and collective improvement.

FROM THE DESK OF ICICI LOMBARD'S FIRE/ PROPERTY INSURANCE EXPERT

Jitendra Singh

Vice President-Fire & Engg Corp UW-Fire

Scan to connect & explore our value proposition.

Top 3 Trends

- Sharp Increase in Losses due to Natural Catastrophes & Climate Volatility: India has seen an alarming rise in climate-induced Natural Catastrophes (Nat Cats), both in frequency and severity. From floods to landslides and cyclones along the coasts, the NatCats have led to significant losses to industries and individuals.
- Price Hike in High-Hazard Property Premiums: Across the industry, property premiums for high-hazard occupancies (chemicals, warehousing, cold storage) have risen 15-25% YoY in Q2 FY25, driven by reinsurer-led pricing discipline. This marks a shift away from prolonged soft-market conditions, creating budgeting challenges for clients but ensuring long-term market sustainability.
- Innovative Products Post De-Tariffing: With property insurance moving away from rigid tariff structures, insurers are launching customised products, including flexible add-on covers, parametric triggers for Nat Cat events and modular policies tailored to sector-specific risks. Clients should actively review these new offerings, align them with their operational and supply chain exposures and negotiate policy terms that balance cost with protection. Early adoption of such solutions can provide broader risk transfer, faster claim settlement and better alignment with evolving business models.

Top 3 Questions enterprises should ask themselves

- Are our policies aligned to location-specific Nat Cat risks? India faces floods, cyclones and earthquakes. If cover only includes Fire and Allied Perils without STFI/EQ extensions, major gaps remain. Ensure location-specific perils are included for complete protection.
- Can our supply chain withstand disruptions—and is it insured? Pandemics, geopolitical tensions and port blockages expose single-supplier dependencies. Traditional BI won't respond if suppliers/customers fail, unless Contingent BI is included. Map dependencies, identify failure points and plug coverage gaps.
- Are we fully compliant to avoid claim disputes or delays? Claims can be challenged if regulatory, safety or environmental norms aren't met. Keep approvals, clearances and documentation updated. Strong compliance smoothens claims and builds credibility with insurers and stakeholders.

3 Strategies enterprises can follow to navigate the current risk landscape

- Align Asset Insurance with Market Reality: Regularly review insurance to match current market values, inflation and asset upgrades. Ensure coverage reflects replacement cost, not book value.
- Revalue Business Interruption (BI) Coverage: Update BI coverage to reflect current turnover, recovery timelines and supply chain dependencies. Regular revaluation ensures operational continuity and adequate protection.
- Protect Against Tariff & Supply Risks: Rising tariffs, delays and supply chain stress can impact recovery. Reassess risks, plan contingencies and engage insurers early for stronger protection.

Summary

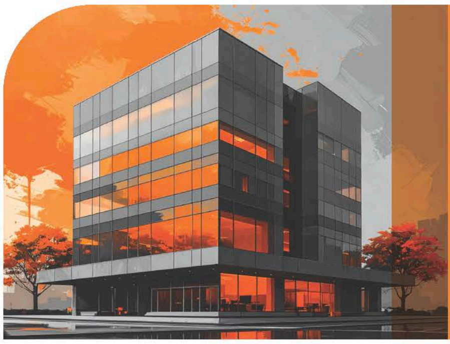
The analysis of implemented risk management solutions reveals significant gaps. For six categories of risk, over 20% of respondents reported having no mitigation measures in place, neither controls, nor insurance. Further, figure 9.4, shows nearly 36% do not evaluate the cost of insuring their risks, limiting their ability to judge whether current investments are proportionate to the scale and nature of exposures.

These gaps highlight critical shortcomings in the design, implementation and management of risk practices. The closely aligned scores across key factors suggest that organisations weigh functionality, severity of exposure and cost almost equally in decision-making.

Key Takeaways

The findings underscore an urgent need for organisations to adopt a more structured and proactive approach to risk management. While decisions to purchase insurance are often guided by product features, risk impact and cost, many enterprises still lack robust mechanisms to evaluate the total cost of insuring their risks. This limits their ability to align investments with actual exposures and undermines the effectiveness of current frameworks. Embedding risk evaluation into strategic planning, supported by data-driven insights and continuous monitoring, will be critical for building resilience. At the same time, the growing demand for risk management services presents insurers with an opportunity to deliver tailored solutions that combine risk transfer with advisory and preventive support, helping organisations not only safeguard assets but also achieve confident, future-ready growth.

End this Chapter with a Quiz Bang-Please Scan!



MID-SIZED ENTERPRISES IN FOCUS 10

Mid-sized companies in India, defined as those with annual revenues up to ₹2,000 crores, represents a crucial yet often under-analyzed segment of the national economy. It includes both MSMEs and mid-market companies that fall outside the legal MSME framework yet remain below the “large corporate” threshold. The enterprises operate across sectors such as manufacturing, technology, financial services, healthcare and logistics, contributing significantly to India’s GDP, exports and employment. The segment comprises a diverse mix of startups, family-owned businesses and those listed on platforms like the BSE SME and NSE Emerge exchanges. Their structure allows for agility and speed in decision-making, although it may increase exposure to operational and governance risks.

According to the MSME Annual Report 2024-2025 published by the Ministry of Micro, Small and Medium Enterprises, the sector contributes ~30% to the GDP, ~36% to the manufacturing output and ~45% to the India’s exports. As of 2024-2025, there are about 62,000 enterprises in the MSME sector with annual revenues of between ₹25 crores and ₹250 crores. According to the NITI Aayog report on Designing Policy for MSMEs, these medium enterprises, comprising about 0.3% of the MSME sector, contribute 40% of MSME exports.

This chapter presents an analysis of responses to IRM-ICICI Lombard’s Enterprise Risks Perception Survey 2025 [ERPS-2025], with a specific focus on the mid-sized business segment.

10.1 Risk Perceptions

Rank	Short-Term Risk Rankings	Long-Term Risk Rankings
1	Cyber Risks	Cyber Risks
2	Legal/Regulatory Risks	Technology
3	Technology	Talent Risk (Attract/Grow/Retain)
4	Talent Risk (Attract/Grow/Retain)	Business/Supply Chain Interruption
5	Business/Supply Chain Interruption	Civil Strife/Geopolitical Issues

Figure 10.1: Top 5 short-term and long-term risks for the mid-sized segments.

The analysis reveals that mid-sized organisations prioritize technology and operational exposures at the forefront of their risk landscape. Cyber Risks are consistently ranked as the most critical in both the short and long-term, while Legal/Regulatory Risks dominate the near-term horizon but fade in long-term considerations. Conversely, Civil Strife and Geopolitical Issues rise in importance over the long-term, reflecting shifting external uncertainties.

10.2 Comparing Risk Perceptions Across Key Sectors

Within the mid-sized segment, most participants represent the BFSI, Services[1] and Manufacturing[2] sectors. This section compares the top five short-term and long-term risks across these sectors.

Rank	BFSI	Services	Manufacturing
1	Cyber Risks	Cyber Risks	Business/Supply Chain Interruption
2	Legal/Regulatory Risks	Technology	Talent Risks (Attract/Grow/Retain)
3	Technology	Talent Risks (Attract/Grow/Retain)	Legal/Regulatory Risks
4	Talent Risks (Attract/Grow/Retain)	Legal/Regulatory Risks	Trade War/Global Trade Realignment
5	Macroeconomic Risks	Business/Supply Chain Interruption	Technology

Figure 10.2.1: Sectoral comparison of the top five short-term risks.

Rank	BFSI	Services	Manufacturing
1	Cyber Risks	Talent Risks (Attract/Grow/Retain)	Business/Supply Chain Interruption
2	Technology	Technology	Civil Strife/Geopolitical Issues
3	Business/Supply Chain Interruption	Cyber Risks	Cyber Risks
4	Talent Risks (Attract/Grow/Retain)	Civil Strife / Geopolitical Issues	Trade War/Global Trade Realignment
5	Legal/Regulatory Risks	Talent Risks (Attract/Grow/Retain)	Macroeconomic Risks

Figure 10.2.2: Sectoral comparison of the top five long-term risks.

The comparison shows that each sector identifies different primary risks, reflecting its unique strategic priorities, long-term imperatives and challenges.

EXPERT'S PERSPECTIVE

Awareness around insurance and risk management among mid-sized businesses in India has grown significantly over the past few years. Companies now recognize insurance not just as a compliance requirement but as a core part of business continuity planning.We're seeing greater demand for tailored products such as cyber insurance, trade credit cover, business interruption policies, public liability, WC and erection policies.

Ashok Budhiraja
MD
Risk Mitigator

The government's focus on MSME resilience and digital adoption has further encouraged proactive risk planning. Many firms are also investing in periodic risk assessments and integrating insurance into their broader resilience strategies.

[1]Includes combined responses from Services, Logistics and E-Commerce.
[2]Includes combined responses from Manufacturing & Distribution, Pharma, Chemicals and Fertilisers.

Highlights: Short-Term vs. Long-Term Risks

Short Term

- BFSI and Services view Cyber Risk as the top risk, while it does not feature in the Manufacturing sector's top five.
- The Manufacturing sector ranks Technology comparatively lower and it is the only sector where Trade War/Global Trade Realignment appears in the top five.
- BFSI uniquely includes Macroeconomic Risks in its top five, whereas the other sectors place greater emphasis on Business/Supply Chain Interruption.

Long Term

- The Manufacturing sector is unique in ranking Macroeconomic Risks among its top concerns, while Technology and Talent do not appear in its top five long-term risks.
- The Manufacturing and Services sectors are the only ones where Trade War/Global Trade Realignment and Civil Strife/Geopolitical Issues appear in the top five risks.
- The BFSI sector is the only one where Legal/Regulatory Risks appear in the top five.

EXPERT'S PERSPECTIVE

Over the past year, mid-sized Indian companies have been hit hard by macroeconomic volatility-rising input costs, currency fluctuations and tight credit conditions. At the same time, supply chain disruptions and global trade headwinds have forced many to revisit their insurance and risk coverages.In 2025, we are seeing growing risks around digital fraud, ESG compliance and climate-related events disrupting production. Awareness of insurance solutions has improved companies are now more proactive, seeking broader coverage for business interruption, cyber liability and credit risk as part of comprehensive risk management strategies.

Jaydeep Soni
CEO
I-serve Insurance
& Investment Services

10.3 Risk Perception: Startups vs. Established Organisations

As approximately 87% of startup respondents to ERPS-2025 are classified as mid-sized, an analysis of how these organisations perceive short-term and long–term risks, relative to established companies, offers valuable insights.

10.3.1 Short-Term Analysis

Rank	Established	Startups
1	Cyber Risks	Cyber Risks
2	Legal/Regulatory Risks	Technology
3	Talent Risks (Attract/Grow/Retain)	Business/Supply Chain Interruption
4	Business/Supply Chain Interruption	Legal/Regulatory Risks
5	Technology	Talent Risks (Attract/Grow/Retain)

Figure 10.3.1: Above table presents a comparison of short-term risks between established enterprises and startups within the mid-sized segment.

Technology Risk: Startups rank Technology Risk 2nd, while established companies place it 5th, reflecting a greater urgency for technology adoption among newer organisations.

Talent Risk: Established enterprises rank Talent Risk as 3rd, whereas startups place it 5th, suggesting differing approaches to human resource management.

10.3.2 Long-Term Analysis

Rank	Established	Startups
1	Technology	Cyber Risks
2	Talent Risks (Attract/Grow/Retain)	Civil Strife/Geopolitical Issues
3	Business/Supply Chain Interruption	Technology
4	Cyber Risks	Talent Risks (Attract/Grow/Retain)
5	Macroeconomic Risks	Business/Supply Chain Interruption

Figure 10.3.2: It presents a comparison of long-term risks between established enterprises & startups within the mid-size segment.

Primary Risk Focus: Startups prioritise Cyber Risks as their top long-term concern, followed by Civil Strife/Geopolitical Issues. Established enterprises focus primarily on Technology Risk with Cyber Risks ranked 4th.

Macroeconomic: Risks feature in the top five for established enterprises but are absent from the startup rankings.

Operational Risks: Startups rank Talent and Business/Supply Chain Interruption lower compared to established enterprises, indicating a different view of operational vulnerabilities.

10.4 Threat or Opportunity?

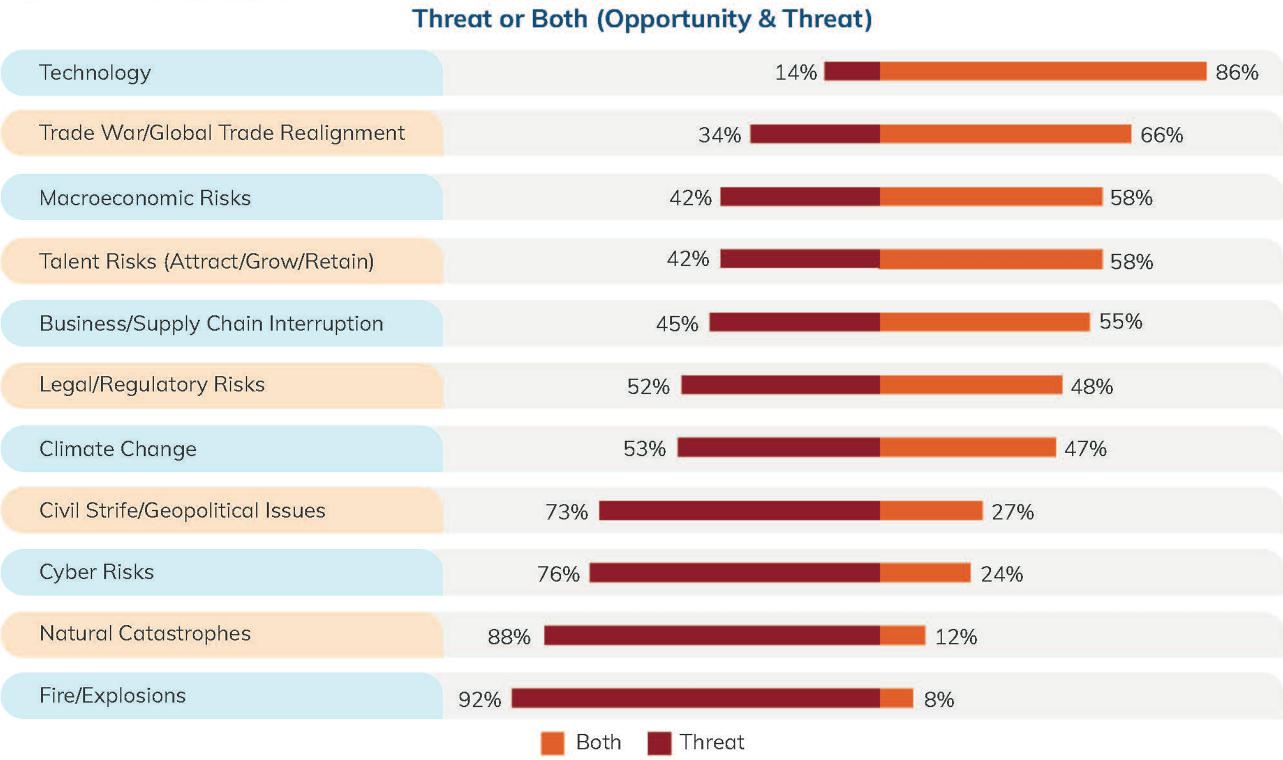


Figure 10.4: Respondents' perceptions of risks, indicating whether they are viewed as threats only or as both (threats and opportunities).

The respondents were asked whether they perceive risks solely as threats or as opportunities too. The responses from mid-size firms, as shown in Figure 10.4, mirror the overall sample, with only minor differences in ranking. Notably, around 86% mid-size respondents view Technology Risk as an opportunity in addition to being a threat.

10.5 Preparedness to Face Risks

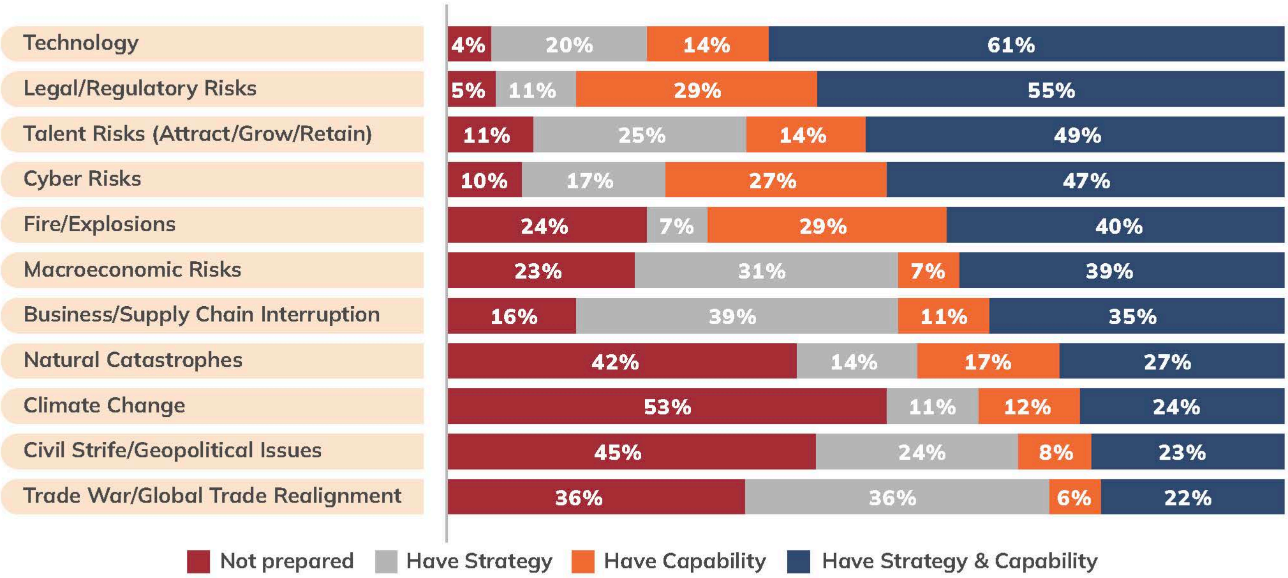


Figure 10.5: Preparedness to face risks, showing the extent to which organisations report having-strategies, capabilities or both across different risk categories.

How prepared are mid-size organisations when it comes to building risk readiness? Figure 10.5 shows the preparedness of mid-size organisations for facing various risks.

- Only 47% organisations are prepared for Cyber Risks, a lower level than overall sample. This may reflect comparatively lower levels of investment by mid-size companies in IT or in automation.
- Around 53% of organisations are unprepared for Climate Change and 42% remain unprepared for Natural Catastrophes.
- 45% organisations lack preparedness for Civil Strife/Geopolitical Issues, while 36% are unprepared for Trade War/Global Trade Realignment.

The findings indicate that although mid-size firms are making progress in certain areas, significant gaps remain in addressing systemic and external risks. Greater focus on these areas will be essential to enhance resilience.

10.6 Risk Management Processes Maturity and Culture

This section compares the process maturity and culture levels of mid-sized companies (with revenues below ₹2,000 crore per annum) against those of larger enterprises with revenues above ₹2,000 crore per annum.

10.6.1 Risk Management Process Maturity

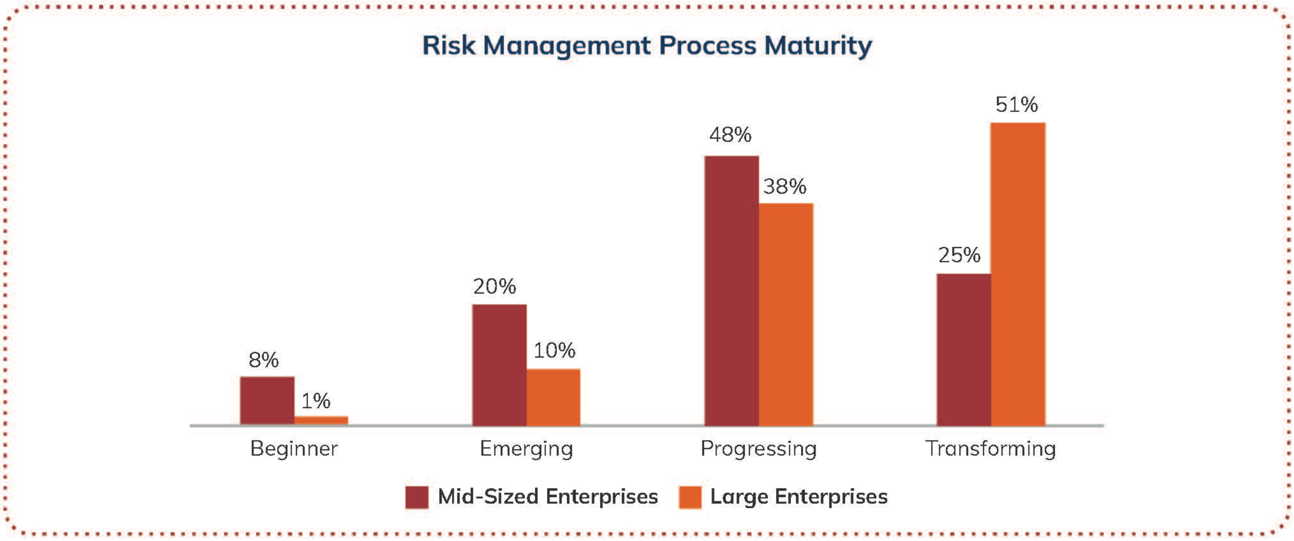


Figure 10.6.1: Distribution of risk management process maturity levels among mid-sized and larger companies.

- About 25% of mid-size enterprises assess themselves at the Transforming level of process maturity, compared to 51% of larger enterprises.
- Approximately 48% of mid-size companies are at the Progressing level, while 20% remain at the Emerging level.

This indicates that mid-sized organisations must make greater investments in Risk Management processes to strengthen capabilities and enhance resilience.

10.6.2 Risk Culture Scores

Figure 10.6.2: Risk Culture Scores-Mid-sized vs. Larger Enterprises, across the five stages of risk culture maturity.

- About half of mid-size companies assess themselves at the lowest level of risk culture—nearly twice the proportion reported by larger enterprises.
- While smaller organisations may find it challenging to adopt all the principles of a strong risk culture, it is necessary to begin building one early to ensure long-term sustainability.

10.6.3 Attitude Towards Risk

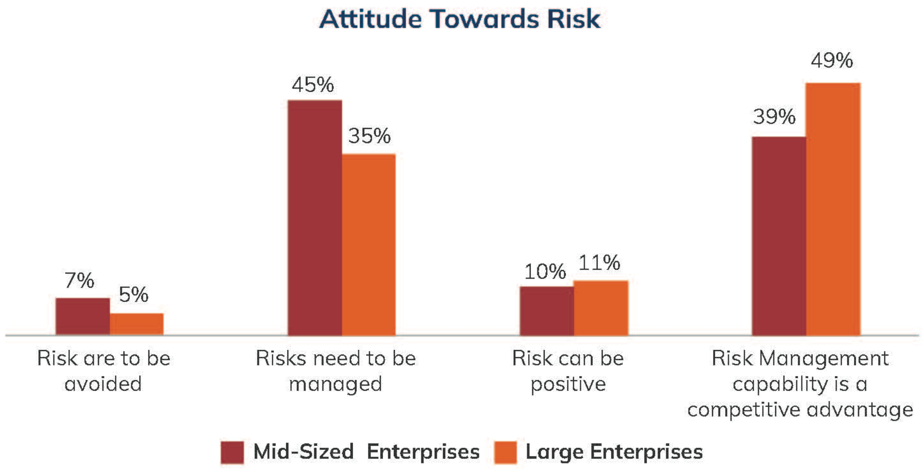


Figure 10.6.3: Attitudes towards risk-Mid-sized vs. Large enterprises, distribution of organisational views.

- About 39% of mid-size organisations see Risk Management as a competitive advantage, compared with 49% of large organisations.
- 45% of mid-size organisations view risks mainly as something that needs to be managed, versus 35% of large organisations.

10.6.4 Who Drives Risk Culture

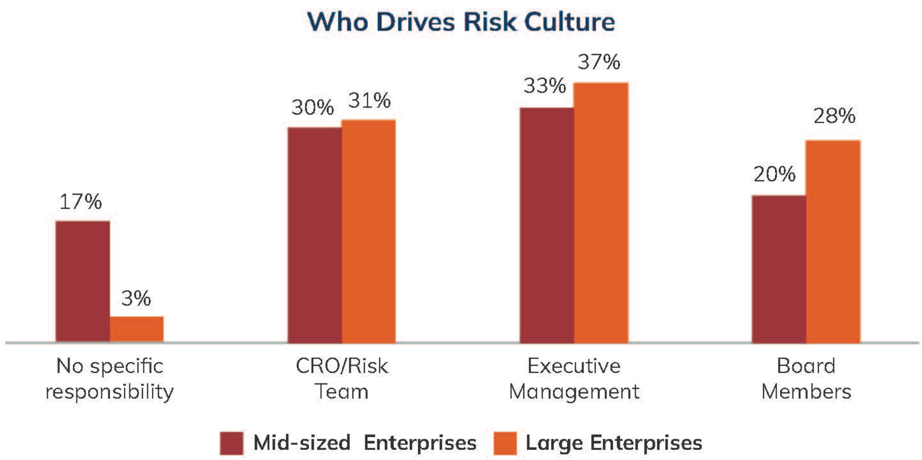


Figure 10.6.4: Who drives Risk Culture-Mid-sized vs. Large enterprises, across four categories.

- About 17% of mid-sized organisations have not assigned this responsibility to anyone, compared with only 3% of large organisations.
- Around 30% of mid-size companies give the responsibility to the CRO or Risk Team, which is similar to large organisations.
- Fewer mid-size companies assign this responsibility to Executive Management or Board Members compared to larger organisations.

10.6.5 Risk Management Standard Used

Figure 10.6.5: Risk management standards used-Mid-sized vs. Larger enterprises, showing non-adoption vs. adoption.

- About 40% of mid-size organisations use either ISO 31000/2018 or COSO 2017 frameworks for their risk management processes, compared with 63% of larger organisations.
- Conversely, around 59% of mid-size companies report not using any risk management standard or framework, compared for their risk management processes, against with 28% of larger companies.

10.6.6 Who is Responsible for Risk Identification

Figure 10.6.6: Who is responsible for Risk Identification-Mid-sized vs. Large enterprises, from least to most mature practice.

- The share of mid-size companies with the most mature choice of "all employees" is similar to that of larger companies.
- 23% of mid-size companies consider the Board to be responsible for risk identification, compared to just 5% of larger companies.

10.6.7 Who Owns the Risk Management Process in the Organization

Figure 10.6.7: Who owns the risk management process-Mid-sized vs. Large enterprises, from least to most mature practice.

- Mid-sized and larger companies demonstrate similar response patterns for higher maturity process ownership options, including organisation-wide implementation and embedding into routine business processes.
- Approximately 20% of mid-size companies integrate risk management processes within their Audit functions compared to about 9% of larger companies.

Key Takeaways

The analysis of mid-size enterprises reveals that while risk awareness is high-particularly around technology, cyber and geopolitical risks, the preparedness and maturity remain uneven. Differences between startups and established firms and between mid-size and larger enterprises, show that scale and growth stage significantly shape both perceptions and practices.

We see many organisations beginning to view risk as more than just a threat, recognising its potential as a competitive advantage. However, to translate awareness into resilience, mid-size firms must strengthen governance, adopt recognised standards and embed risk management more deeply across culture, processes and leadership.

SECTORS IN SPOTLIGHT: MANUFACTURING AND PHARMACEUTICALS 11

11.1 Introduction

Each year, our report features a distinct focus chapter. The 2023 edition spotlighted the top five sectors, while the 2024 edition examined risk disclosures in annual reports. In this edition, we focus on Manufacturing and Pharmaceuticals-two sectors that are increasingly emerging as critical pillars of India's industrial and economic landscape.

Drawing on survey responses, we aim to provide sharper insights into the regulatory, supply chain and innovation-driven pressures facing Pharma, while also contextualizing the operational, technological and global trade challenges reshaping Manufacturing. India's manufacturing and pharmaceutical sectors play a pivotal role in driving economic growth. They create jobs and promote the diffusion of technology, especially through MSMEs. These sectors are deeply interlinked with logistics, energy and finance.

Recent data indicate strong tailwinds. Nominal GDP grew by approximately 9.8% in FY2024-25, with an equally impressive 7.8% growth in Q1 of FY2025-26, while construction activity rose by about 9.4%. The momentum is visible on the shop floor as well: the HSBC-S&P Global Manufacturing PMI reached 58.4 in June 2025 and 59.1 in July (a 16-month high), signalling broad gains in output, orders and hiring.

Public policy has reinforced this upswing through targeted interventions. The Production-Linked Incentive (PLI) schemes across 14 sectors, with an outlay of ₹1.97 lakh crore, had by March 2025 catalysed approximately ₹1.76 lakh crore of investment, around ₹16.5 lakh crore in incremental output and sales and the creation of over 1.2 million direct and indirect jobs.

Electronics has been a standout performer, with Q1 FY26 exports rising about 47% year-on-year to approximately US$12.4 billion. Manufacturing's role in employment also extends beyond the formal sector, as informal non-agricultural employment reached nearly 12 crore workers in 2023-24. India's competitiveness is improving. In the World Bank's Logistics Performance Index 2023, India moved up to 38th place due to faster port turnarounds and improved network integration under the National Logistics Policy and PM Gati Shakti.

The opportunity set spans export growth in electronics, pharmaceuticals and auto components, localization to comply with Quality Control Orders (QCOs) and Bureau of Indian Standards (BIS) norms, Industry 4.0 upgrades and energy-efficiency investments. However, these gains are tempered by exposure to external demand fluctuations, tariff resets, input cost volatility and local execution bottlenecks.

EXPERT'S PERSPECTIVE

Amit Agarwal
MD & CEO
HOWDEN Insurance
Brokers India Pvt. Ltd.

For large manufacturing and pharmaceutical companies, three insurance products remain central to their risk management/transfer strategy.

- **Property & Business Interruption** continues to be the backbone, providing protection for high-value plants, machinery and inventory while ensuring continuity of cashflows in the event of fire, natural catastrophe or machinery breakdown.
- **Liability Covers** especially Product Liability and Clinical Trials Liability in the pharmaceutical sector are indispensable, given the high regulatory scrutiny, compliance requirements and reputational exposures these industries face.
- **Cyber Insurance** is increasingly becoming mainstream, reflecting the growing importance of connected factories, digitised supply chains and the protection of sensitive R&D data.

Beyond these three pillars, the next wave of demand is emerging, parametric solutions that address supply-chain disruptions and ESG-linked covers that align resilience with sustainability goals. Together, these trends reflect a shift from transactional buying to a more strategic & holistic approach to insuring industrial and pharma risks in India.

11.2 Risk Perceptions in Indian Manufacturing: Survey Findings 2025

As highlighted in Chapter 7: Risk Perceptions of India Inc., both subsectors have experienced a notable rise in overall risk perception between 2023 and 2025. While the overall risk levels continue to be assessed as moderate, respondents from both groups expressed growing concerns over the upward trend in risk intensity. This shift underscores the need for proactive risk-mitigation strategies to safeguard operational and financial resilience going forward.

11.2.1 Shifting Risk Drivers

Risk dynamics in the manufacturing and pharmaceutical sectors have evolved from being cost shock driven to a multi-factor mix. Today, risks include logistics disruptions (e.g. Red Sea/Suez detours), supplier concentration, raw material availability, transit losses and input price volatility, each capable of disrupting schedules and eroding margins.

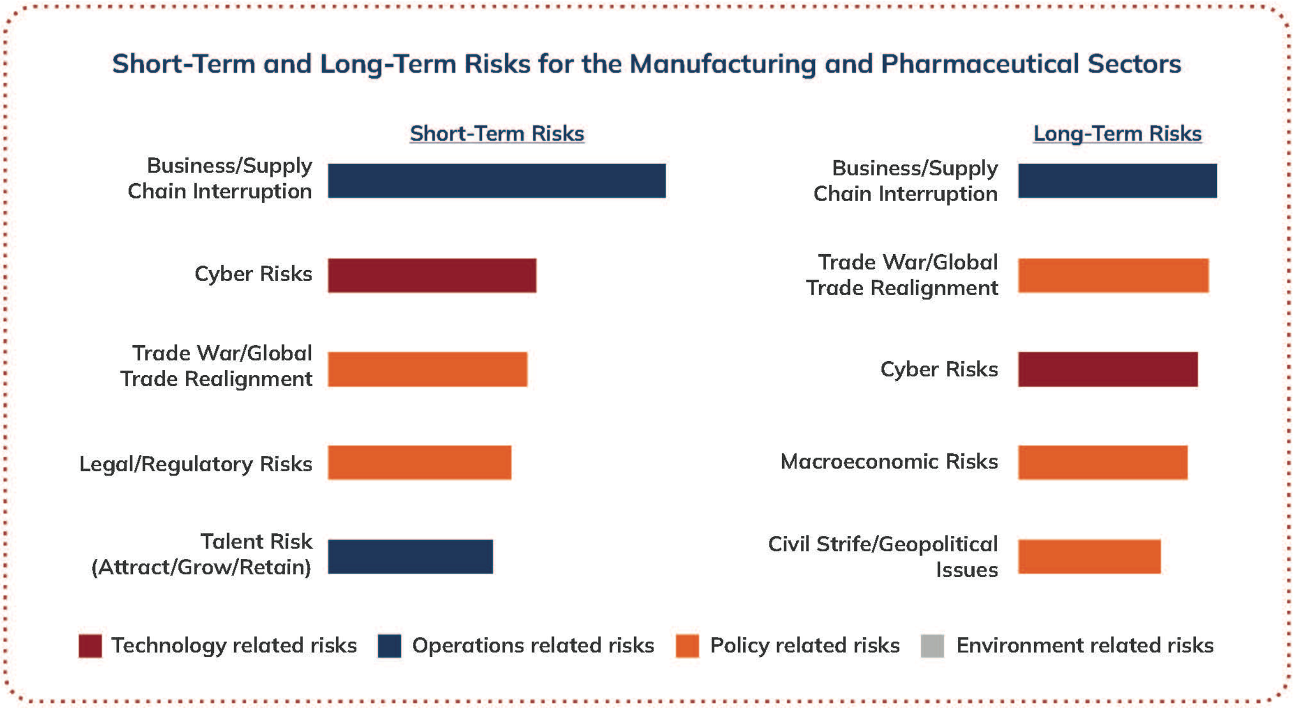


Figure 11.2.1: Short-term and Long-term Risks for the Manufacturing and Pharmaceutical sectors.

Key Highlights

- Tight links to input sourcing, freight reliability and tariff/export-control shifts give Business/Supply Chain Interruption risks the #1 rank.
- Cyber Risks ranks #2 as digitisation expands deeper shop floors and supplier portals.
- Trade War/Global Trade Realignment compels firms to re-work supply chains and explore alternative manufacturing bases.
- Regulatory exposure rises with product standards, ESG reporting and data privacy rules.
- Persistent skill gaps from automation, quality and safety demands are elevating Talent Risk as one of the most important risk.

Common Threads and Contrasts

- Shared priorities across both focus sectors (Manufacturing & Pharma) and India Inc. overall include supply-chain continuity, cyber exposure, regulatory change and talent-though the intensity differs.
- Manufacturers emphasise trade policy and supply-chain stability that drive production schedules and inventory turns.
- All companies place growing weight on digitisation risks & rule-making across data, competition & AI.

Risk rankings as reflected in figure 11.2.1 reflect reliance on physical inputs, cross-border routes and tariff/export-control regimes makes trade and geopolitics dominant, alongside cyber and macro factors.

Key Contrasts vs. all Sectors

Compared with the broader corporate landscape, manufacturing shares common concerns around supply-chain continuity and macroeconomic conditions. However, it is more directly exposed to geopolitical and trade disruptions, while the wider corporate base tends to be more vulnerable to cyber threats, rapid technological shifts and workforce constraints.

11.2.2 Risks Ranked at #1

While figure 11.2.1 presents weighted scores, figure 11.2.2 shows the percentage of respondents who picked each risk as their #1 risk across both short-term and long-term horizons.

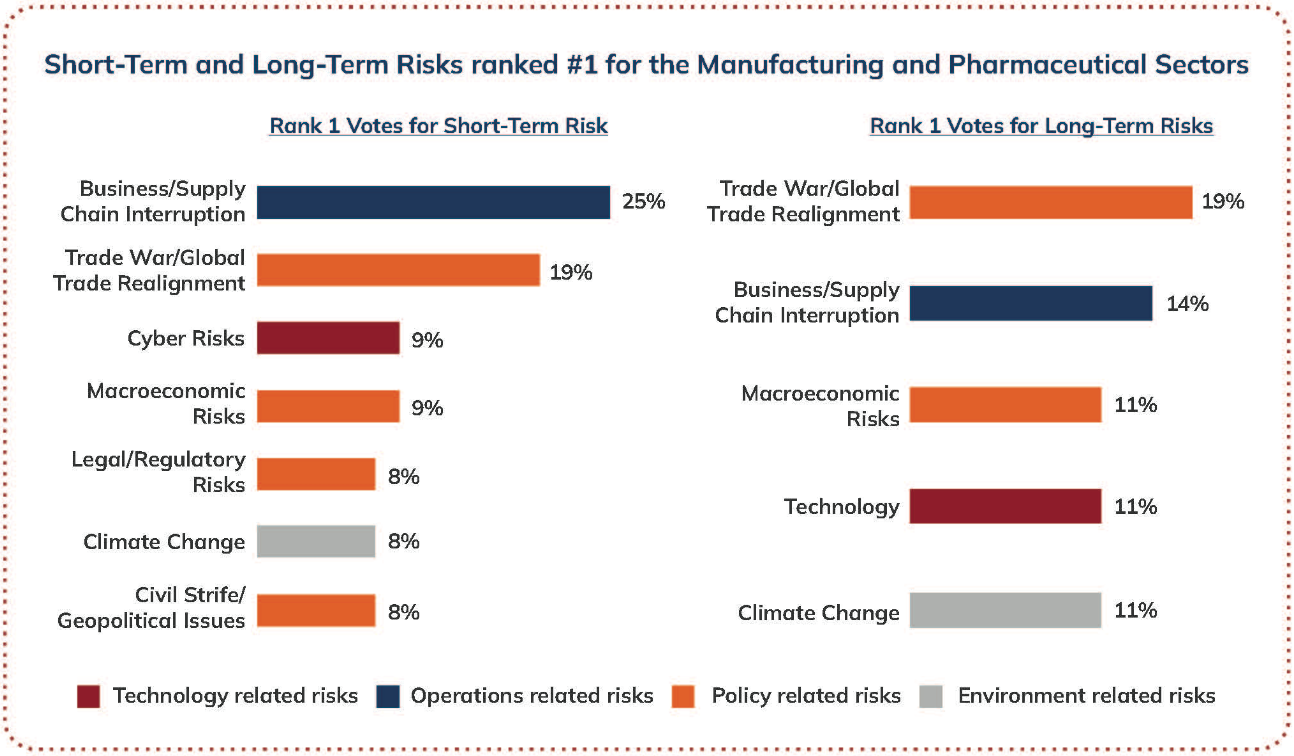


Figure 11.2.2: Percentage of respondents ranking a risk at #1 (Manufacturing and Pharmaceutical sectors).

Short-Term & Long-Term Risk priorities in the Manufacturing Sector, as reflected in Ranking Votes

- In the short term, nearly half the manufacturing & pharmaceutical companies view Business/Supply-Chain Interruption as well as Trade War/Global Trade Realignment as their #1 risk.
- In other sectors, Cybersecurity and Macroeconomic Risks are the top choices.
- This difference continues in the long term. Around 33% of the respondents in the manufacturing and pharmaceutical sectors identify Trade War and Global Trade Realignment and Business/Supply Chain Interruption as their top risk.
- By contrast 37% of respondents from other sectors choose Cybersecurity or Technology as their #1 risk.

This indicates a clear split, manufacturing and pharmaceuticals prioritise physical continuity and trade frictions, while other sectors prioritise digital exposure and macroeconomic conditions, with Supply-Chain Risk still remaining a top-three choice across both groups.

EXPERT'S PERSPECTIVE

Aien Noorul
Global Internal Audit
& ERM Head
Tata Consumer Limited

Top Risks for Manufacturing and Distribution Sector:

- **Business/Supply Chain Interruption** continues to be the top risk for the sector. Trade War/Global Trade Realignment-most visibly the ongoing U.S. tariff actions-alongside geopolitical conflicts and extreme climate events, can all disrupt sourcing, logistics and production. These triggers are becoming increasingly complex and interconnected. In addition, concentration risks make disruptions harder to absorb. Resilience, not just efficiency, will increasingly determine competitive advantage.

- **Cyber Risks** are evolving more rapidly than ever. For organisations with end-to-end, integrated technology platforms, these risks extend well beyond IT. Emerging threats include AI-driven cyberattacks targeting predictive analytics and logistics systems, vulnerabilities in Operational Technology (OT) within plants and warehouses and systemic risks arising from third-party software vendors. The more digitised and connected the supply chain, the broader the "attack surface."

- **Legal/Regulatory Risks** are also expected to take center stage. The challenge lies not only in the rapid pace of regulatory change but also in the lack of harmonisation across markets, which adds significant complexity. ESG-linked regulations (such as plastics and packaging directives, extended producer responsibility laws and EU carbon border adjustments) are compelling companies to redesign packaging, reconfigure sourcing and strengthen emissions reporting. Data protection frameworks, such as India's DPDP Act and similar laws across Asia and Europe, require far tighter controls on consumer and distributor data. In parallel, food safety, advertising and labeling regulations are becoming more stringent, with active enforcement by regulators.

- Highly interconnected risks ensure that a single event can set off cascading consequences. For instance, Trade War/Global Trade Realignment can lead to regulatory fragmentation and trigger business interruptions. Similarly, geopolitical risks often result in trade restrictions and macroeconomic volatility.

Conversely, diverse causes may trigger a single risk. Talent risks can stem from a shortage of industry-ready skills, migration of blue-collar workers or lack of digital expertise to deploy emerging technologies.

Top Opportunities:

An overwhelming majority of companies in the sector view technology risk as both a threat and an opportunity. The same tools that expose organisations, such as AI, IoT and digital twins-can also provide the ability to sense disruptions earlier and increase agility.

Many companies view global trade realignment as an opportunity to re-architect supply chains through nearshoring, diversification and regional hubs. Those who act early can achieve resilience and cost advantage.

Climate change and ESG pressure are recognised as opportunities as well. Consumers are increasingly preferring brands with credible sustainability commitments. Early movers on these fronts can turn climate risk into reputational leadership.

As risks become more complex and interconnected, Resilience, not just efficiency, will increasingly determine competitive advantage. Further, the ability to anticipate and manage risk interdependencies becomes as critical as addressing individual risks

11.3 Revenue-Based Risk Priorities in Manufacturing and Pharmaceutical Industries

Survey responses show a clear divide in risk perception between companies with annual revenues below ₹10,000 crores and those with revenues above ₹10,000 crores.

11.3.1 Short-Term Risks by Revenue

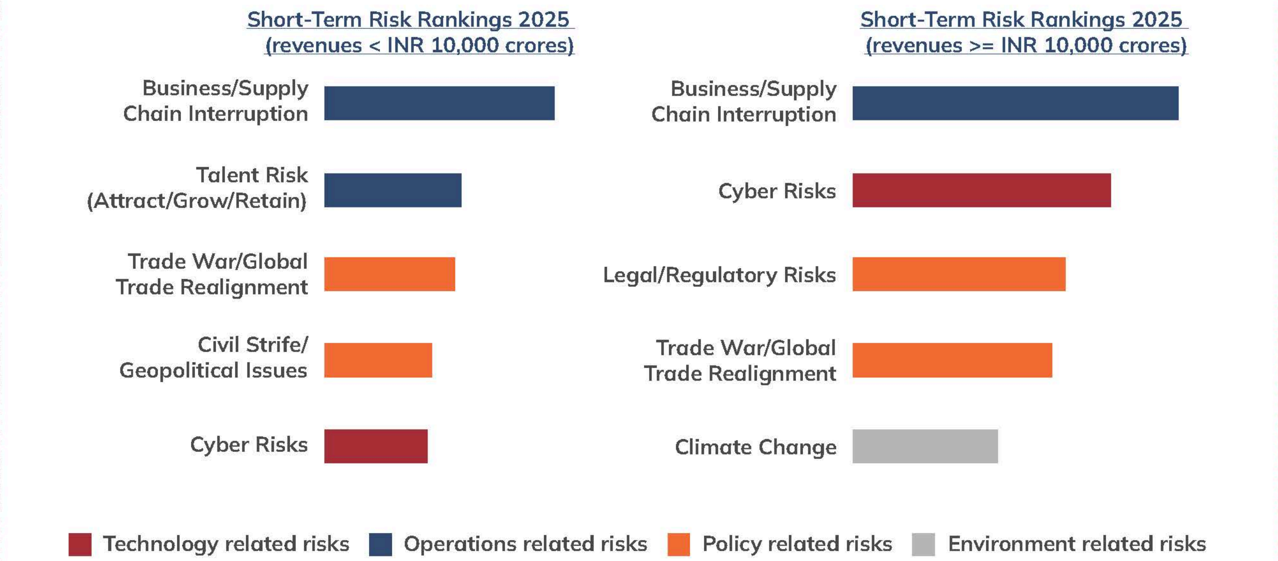


Figure 11.3.1: Manufacturing Sector: Short-Term Risks by Revenue Segment (< ₹10,000 crore vs. > ₹10,000 crores).

Major Findings

- Both groups rank Business/Supply-Chain Interruption as their #1 near-term risk.
- **Firms below ₹10,000 crore:** Focus on staffing plants with the right skills, managing tariff/route shifts and coping with local security disruptions. Cybersecurity is in the top 5 but trails Talent and Geopolitical Risk, showing thinner digital budgets and emphasis on daily continuity.
- **Firms above ₹10,000 crore:** Larger IT-factory systems and third-party networks increase the risk of breach/ downtime. Broader portfolios and markets increase compliance risk (ESG, data, product standards).

Climate Risk rises with larger asset footprints, energy intensity and investor scrutiny. Talent drops out of the top five, implying deeper pipelines or greater pay leverage.

In summary, while concerns around trade and geopolitical risks are shared by both groups, smaller firms tend to prioritise people, local stability and supply-chain resilience, whereas larger firms place greater emphasis on cyber, compliance and climate risks.

11.3.2 Long-Term Risks by Revenue

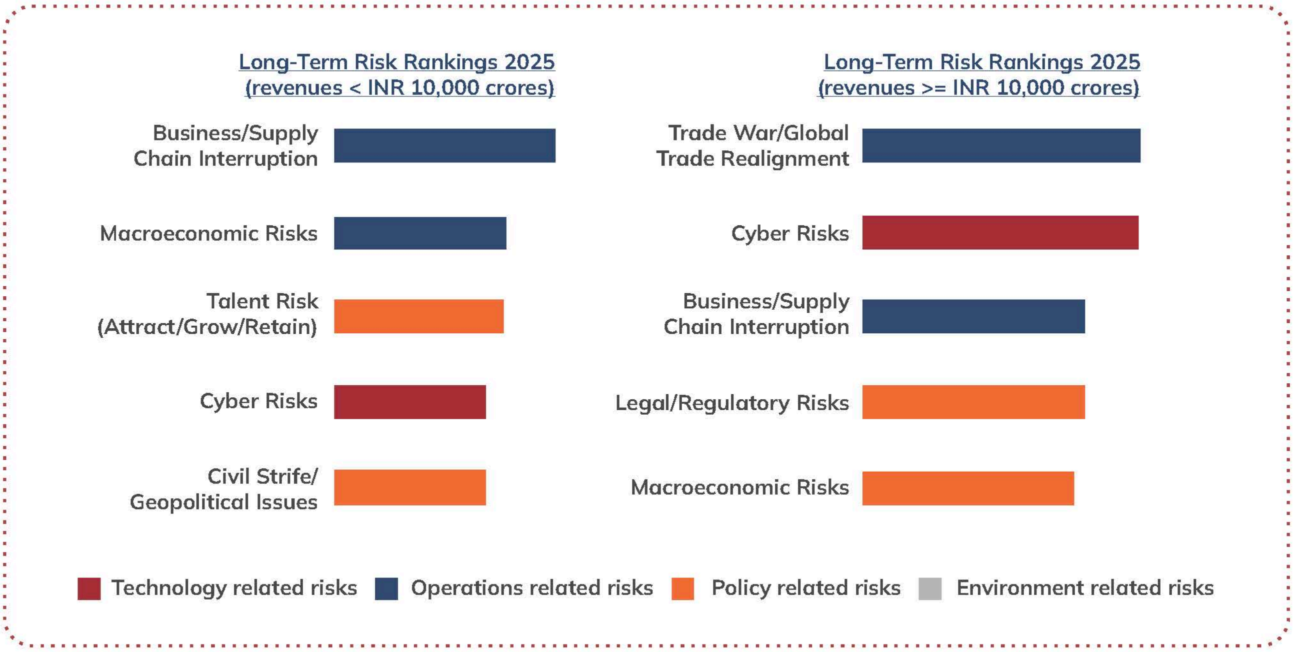


Figure 11.3.2: Manufacturing Sector: Short-Term Risks by Revenue Segment (< ₹10,000 crore vs. > ₹10,000 crore).

Major Findings

- **Firms below ₹10,000 crore:** Higher execution and demand sensitivity lead to greater dependence on single suppliers, increased logistics risks and heightened exposure to tariff and demand volatility resulting from global shifts.
- **Geopolitical shocks** rank high due to their impact on cash cycles, as even brief route closures or policy changes can disrupt trade flows and liquidity.
- **Cyber Risk** is in the top tier but trails operational and macro risks, reflecting simpler digital footprints and a smaller attack surface.
- **Firms above ₹10,000 crores:** We observe that complex, multi-market operations, integrated IT networks and factory systems, deeper third-party ecosystems and tighter reporting obligations result in **Cybersecurity and Compliance Risks** emerging as the top 5 risks.
- **Supply-Chain Risk** remains material but is moderated by redundancy and bargaining power.
- **Climate Change** sits just outside the top 5 (ahead of Talent), due to investor scrutiny and larger asset exposure.

In summary, smaller firms place greater weight on macroeconomic, civil strife, compliance and climate risks, while larger firms prioritise cybersecurity and legal/regulatory risks.

11.4 Risk Maturity

An analysis of risk maturity reveals that manufacturing and pharmaceutical companies remain at a developing stage on the curve than peers in other sectors, with distinct patterns across maturity stages.

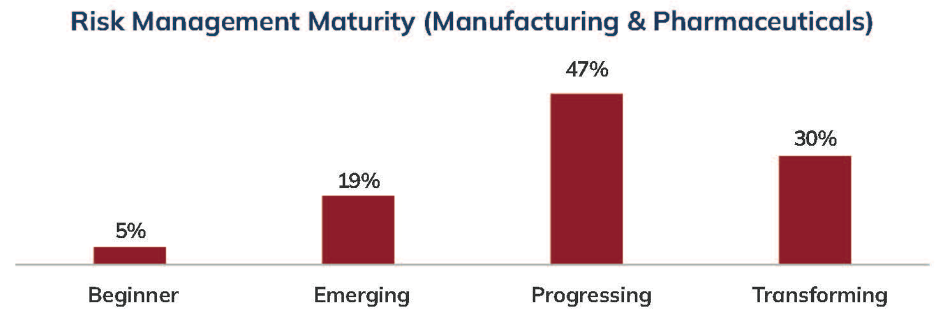


Figure 11.4: Risk Management Process Maturity: Key Findings for Manufacturing and Pharmaceuticals

Major Findings

- 24% of companies are in the Beginner or Emerging stages (vs. 18% overall), while 47% are in the Progressing stage (vs. 41% overall).
- This indicates a larger concentration in the early (Beginner + Emerging) and middle (Progressing) tiers of risk maturity, with 47% in the Progressing stage (vs. 41% overall) and fewer companies advancing to the top tier.
- Only 30% have reached the Transforming stage (vs. 42% across all industries) highlighting a relative gap at the higher end of maturity.
- Most companies have likely established programmatic risk management practices, but fewer have scaled to enterprise-wide, data-driven approaches embedded in strategy and operations.

11.5 Attitude Towards Risk

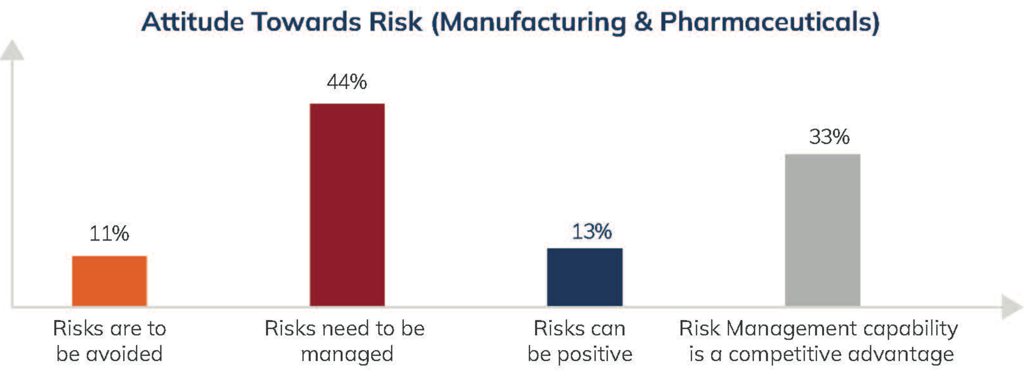


Figure 11.5: Attitude towards Risk in (Manufacturing and Pharmaceuticals).

Major Findings

- The largest group (44%) views risk primarily as something that needs to be managed or contained. This reflects a focus on basic controls and compliance, but with limited integration into strategy, investment, or incentives.
- A significant 33% of companies see risk management as a competitive advantage. Leaders in this group aim to leverage supply chain visibility, cyber resilience, safety and quality systems and continuity planning to win customers, protect margins and drive innovation.
- Overall, companies in the manufacturing and pharmaceutical sectors show a concentration in the "Risks need to be managed" and "risk management as a competitive advantage" modes-signalling more advanced risk attitudes that connect risk management with performance, supply chains and operational outcomes.

EXPERT'S PERSPECTIVE

Ninad A. Navalkar
Senior Vice President
Shared Services, Piramal Pharmaceuticals Limited

As a key player in the global pharmaceutical sector, India is at a pivotal juncture to strengthen its health innovation footprint through a proactive risk culture and resilience-led planning. The shift must begin at the boardroom, with enterprise risk management (ERM) becoming a core strategic mandate. A top-down ERM approach embeds risk awareness into daily decisions, supported by robust frameworks that systematise risk identification, prioritisation, mitigation and monitoring through tools such as risk registers, SWOT analyses, dynamic dashboards and scenario-based stress testing.

Simultaneously, incorporating sustainability and stringent EHS (Environment, Health & Safety) practices—such as rigorous occupational health protocols, chemical waste disposal, emissions control, green chemistry and environmental management systems—enhances resilience, reduces regulatory risk and aligns operations with global ESG expectations.

Linking risk metrics to strategic incentives amplifies accountability. Outcomes like on-time inspections, zero critical audit findings, successful cyber resilience tests and robust dual sourcing for supply chains should directly impact executive rewards. A culture that encourages speaking up and reporting near misses normalises transparency; deviations, out-of-spec/out-of-trend alerts, phishing incidents, temperature excursions and counterfeit flagging should all serve as valuable intelligence for prevention.

Digital transformation is essential for predictive resilience. End-to-end digitisation and AI-powered analytics enhance risk detection, optimise inventories and prevent disruptions. Coupled with a zero-trust security framework, they reinforce the integrity of pharma supply chains. A quality-first governance ethos aligned with global regulatory standards (US FDA, EMA, WHO GMP) builds trust and eases export friction, bolstered by a zero-tolerance stance on data integrity lapses.

Diversifying export destinations—toward finished dosage markets in emerging regions like Africa, Latin America and Russia—can mitigate overreliance on the U.S. Strategic investment in talent, digital infrastructure and innovation ecosystems will further strengthen India's global competitiveness. By embedding risk-aware mindsets and strategic foresight, Indian pharma can convert potential vulnerabilities into strengths—solidifying resilience.

11.6 Who sets risk culture in manufacturing and pharmaceutical sectors?

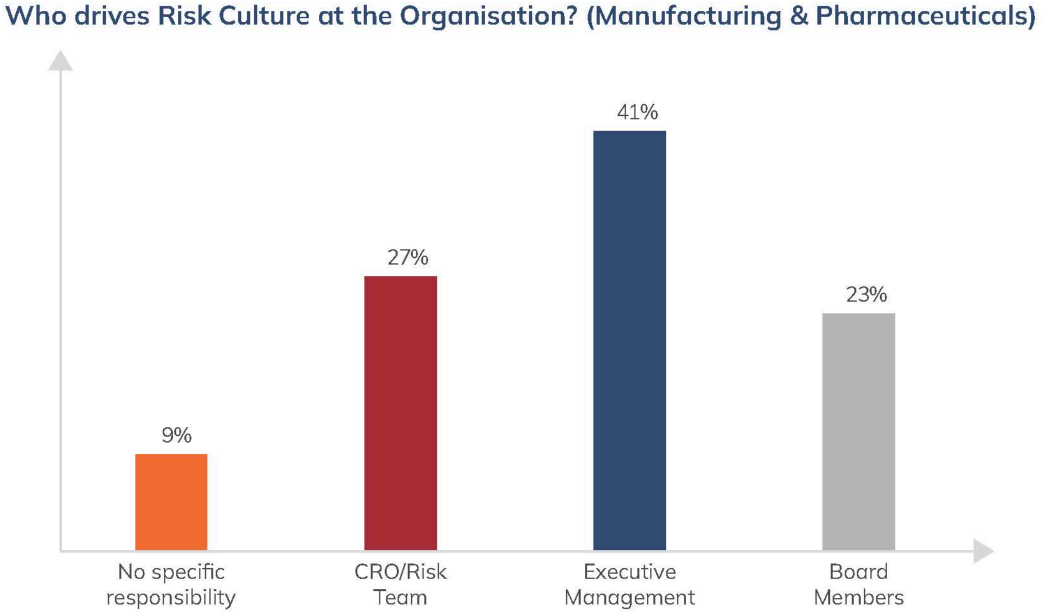


Figure 11.6: Risk Culture Leadership in Manufacturing and Pharmaceuticals.

Major Findings

- A shift from relying only on controls to embedding risk into daily decisions on production, sourcing and technology is evident, with 41% of executive management driving risk culture.
- CROs and risk teams (27%), indicating growing efforts to build formal frameworks, analytics and incident response.
- 23% of organisations believe the board should drive risk culture, showing that oversight exists but is not yet widespread across the sector.
- 9% still report no clear owner, which often results in ad-hoc responses, weaker accountability and slower escalation of risks.

In the manufacturing and pharmaceutical sectors, risk leadership is concentrated among line executives, closely tied to plant-level, day-to-day operations. In contrast, other industries more often institutionalise risk culture through formal risk functions and stronger board governance. This presents an opportunity for manufacturing and pharmaceutical companies to strengthen CRO capacity and board engagement, creating a more balanced and resilient approach to risk management.

11.7 Risk Perception: Threat vs. Opportunity

Threat or Opportunity or Both (Manufacturing & Pharmaceutical)

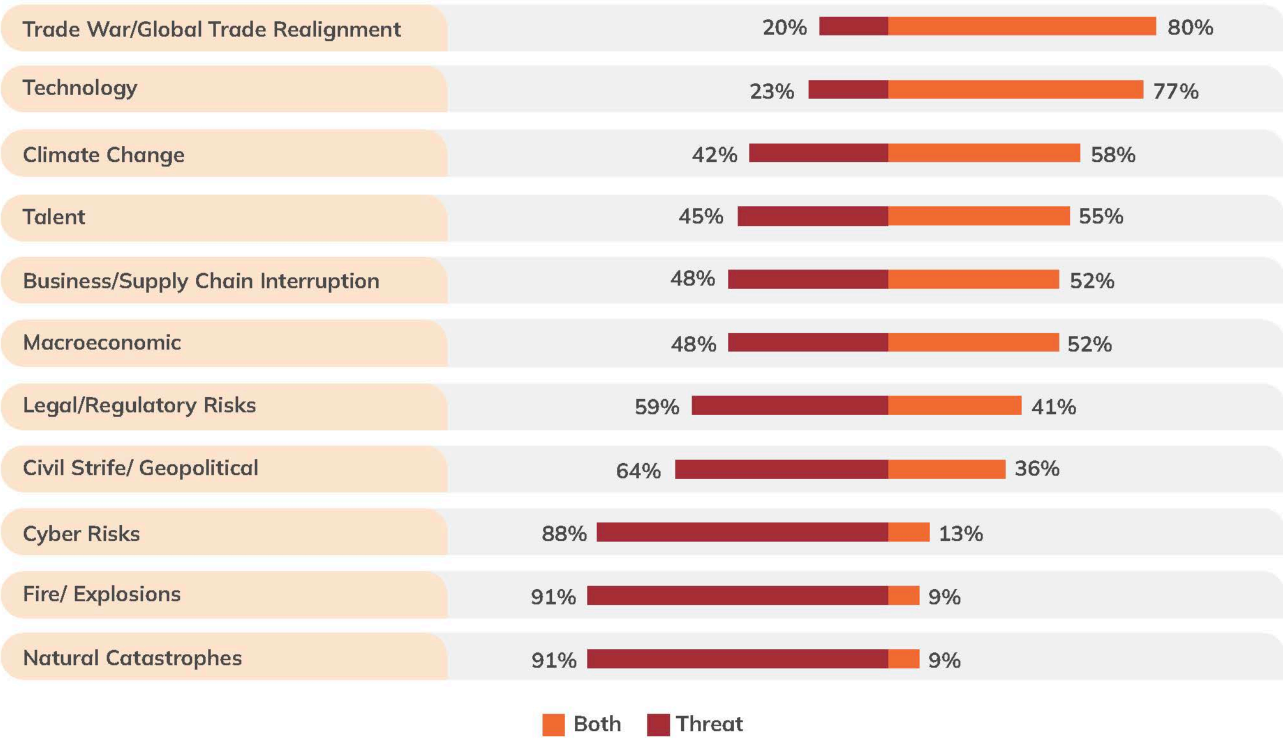


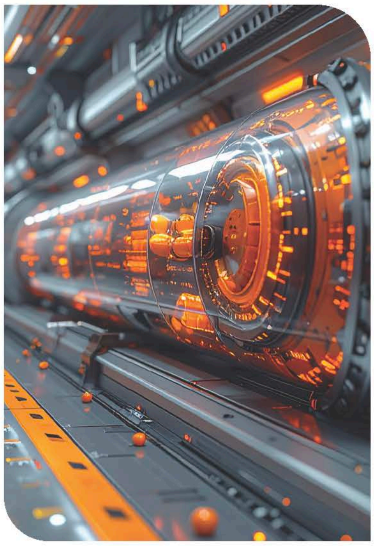
Figure 11.7: Risk Categories-Threat or Opportunity? (Manufacturing and Pharmaceutical sectors).

Major Findings

- Manufacturing and pharmaceutical companies are more opportunity -minded about trade realignment and technology with more than 75% viewing these as opportunities and threats. They are somewhat more optimistic about climate related opportunities compared to their counterparts in other sectors, with 58% respondents seeing opportunities in climate risks.

- However, they are more conservative on Cybersecurity with around 88% viewing them as pure threats. They are also cautious about, Macroeconomics, Business Interruption and Legal/Regulatory change, suggesting a greater perceived downside from outages, compliance costs and demand volatility.

- Natural Catastrophes are almost universally perceived as a threat (91% threat) with limited recognition of any upside.



Overall, Manufacturing and pharmaceutical companies see upside in trade shifts and climate response but adopt a cautious stance on cybersecurity, regulation, macroeconomic risk and business continuity. This demonstrates a mix of opportunity-driven optimism in global trends and conservative risk perceptions in operational resilience.

EXPERT'S PERSPECTIVE

Monica Yadav
Senior VP & Head Logistics (Road & Rail) & Group Head-Insurance
JSW Steel Limited

To safeguard critical supply chains in a future shaped by climate change, geopolitical shifts and changing trade policies, Indian manufacturers should consider the following strategies:

- Reduce dependence on single sources or locations and explore alternative suppliers in different regions.
- Collaborate with local companies in target markets to improve supply chain efficiency and reduce risks.
- Develop transportation networks, warehouses and other critical infrastructure to support supply chain operations.
- Leverage digital tools and platforms to improve supply chain visibility, agility and resilience.
- Monitor changes in trade policies, tariffs and regulations in key markets and adjust supply chain strategies accordingly.
- Ensure compliance with relevant laws, regulations and standards, including those related to climate change and sustainability.

Key Takeaways

India's manufacturing and pharmaceutical sectors are stepping into FY2025-26 with strong momentum, but also with far less margin for error. Output indicators are robust, policy support is steady, and optimism is visible on shop floors. Yet these gains come amid rising complexity and risk: fragile supply chains, shifting trade rules, tighter product-quality standards, growing cyber exposure as factory systems integrate with IT, climate shocks and a softer global demand outlook.

In the short term, companies are most concerned about business interruption, followed by cybersecurity, trade realignment, regulatory shifts and talent shortages. Looking further ahead, business interruption, trade wars and global realignment, cybersecurity, macroeconomic headwinds and geopolitical tensions dominate the risk radar.

Company size also shapes priorities. Firms with revenues below ₹10,000 crore focus more on staffing and local stability, while larger peers emphasize cyber, compliance and climate risks.

Risk culture remains nascent in manufacturing and pharmaceuticals, as reflected in the fact that only 33% of respondents view risk management as a competitive advantage. Encouragingly, about 64% of respondents in these sectors have placed ownership of risk culture at the Board or Executive Management level. Nonetheless, both the maturity of risk management processes and the embedding of culture require further strengthening to fully capitalise on emerging opportunities.

In short: India's factories are humming, but resilience must now accelerate at the pace of the growth they are driving.

APPENDIX 1
SURVEY METHODOLOGY & RESPONDENT DEMOGRAPHICS

A1.1 Methodology

IRM and ICICI Lombard conducted the Enterprise Risk Perception Survey [ERPS-2025] in July 2025. The online survey comprised 21 questions spread across 4 distinct sections:

- **Section 1 Demographics:** Organisational profile and respondent background (5 questions).
- **Section 2 Top Risks:** Risk identification and prioritisation (4 questions) .
- **Section 3 Enterprise Risk Management and Culture Practices:** Assessment of risk management maturity and organisational culture (8 questions).
- **Section 4 Risk Management and Insurance:** Evaluating risk mitigation strategies and insurance practices (4 questions).

This year, Trade War/Global Trade Realignment was introduced as a stand-alone risk category, reflecting its rapidly evolving nature and long-term impact on global economies. At the same time, the Pandemic was removed as a separate category, though it continues to remain an important area in risk management.

Survey responses were analysed to assess:

- Top risks and their perceived significance.
- Organisational preparedness levels.
- Maturity of risk management processes.
- Maturity of risk management culture.
- Top risks and their perceived significance.

A1.2 Participant Demographics

A total of 650 organisations were invited to participate in the survey and 227 organisations responded.

- Industry representation: The respondents represented a well-balanced mix of industry sectors.

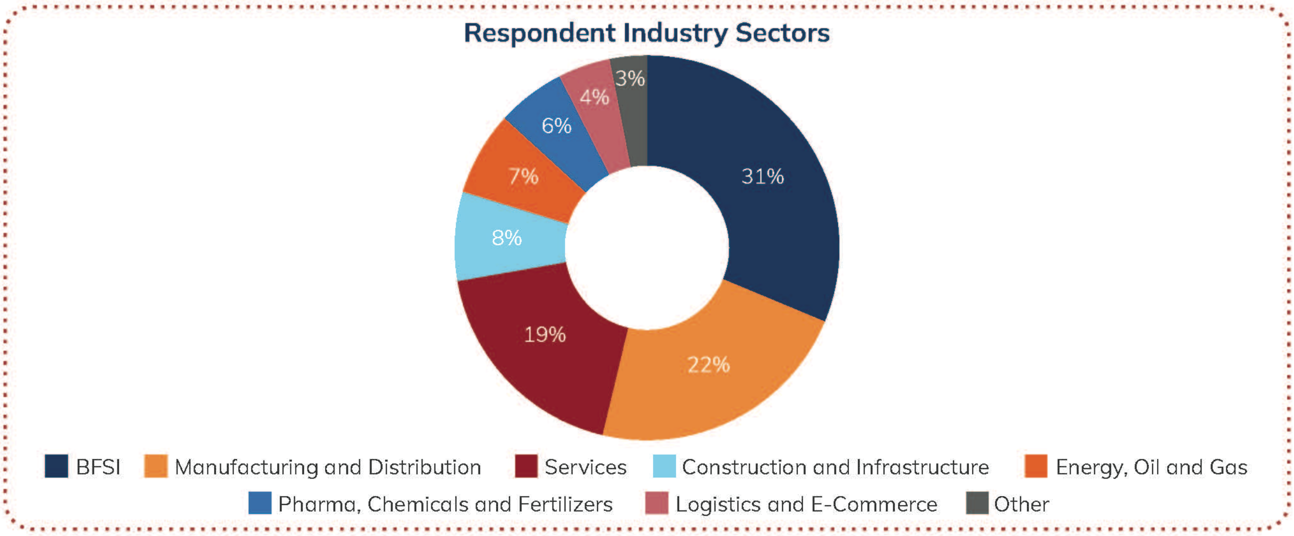


Figure A1.2.1: The pie chart depicts the Industry Sectors represented by respondents to ERPS-2025

The survey captured organisations across a broad spectrum of revenue levels, with the largest segment comprising organisations generating over ₹10,000 crores annually.

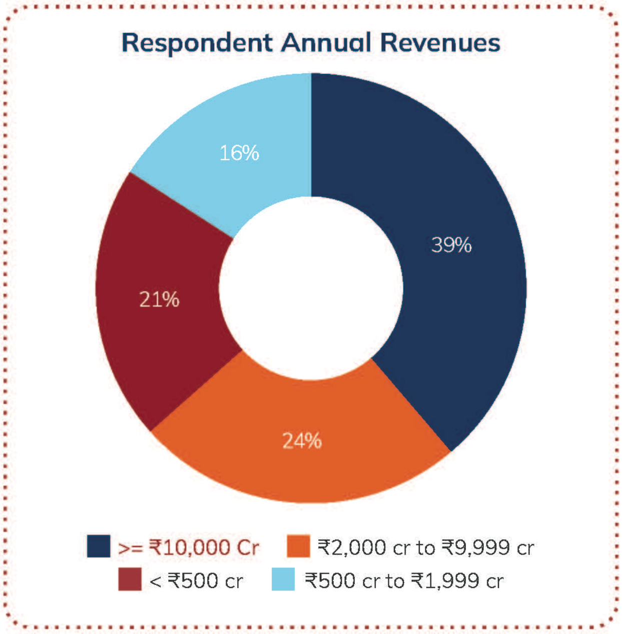


Figure A1.2.2: The pie chart depicts respondent organisation sizes in terms of annual revenue.

About 15% of the respondent organisations are Start-ups.

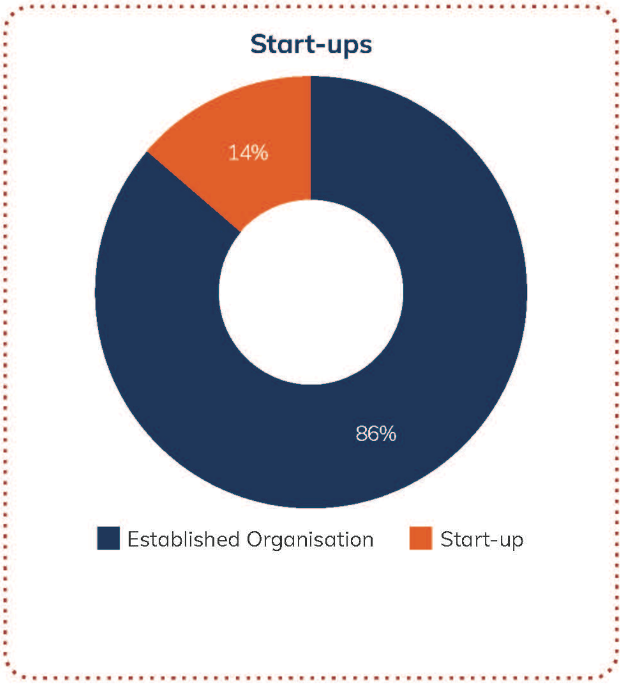


Figure A1.2.4: The pie chart shows the respondents, divided between start-ups and established organisations.

Respondents represented organisations of varying ages, from less than 5 years to over 25 years in operation. Notably, around 55% of respondents belonged to organisations with more than 25 years of experience.

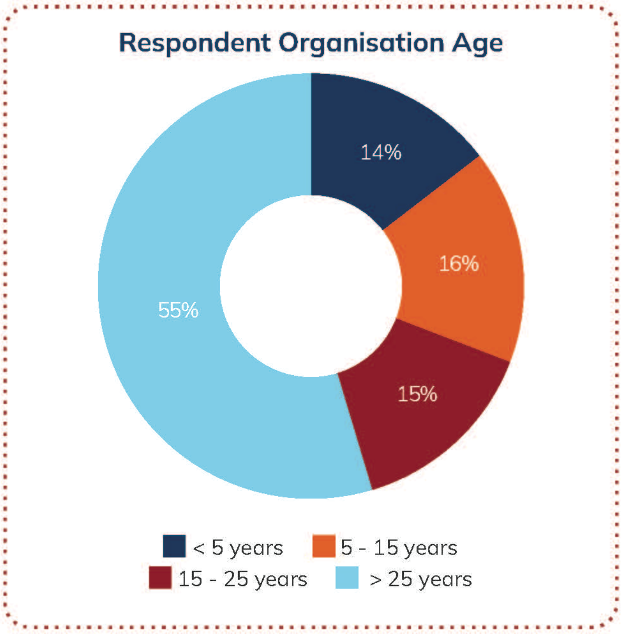


Figure A1.2.3: The pie chart depicts respondent organisation sizes in terms of annual revenue.

Respondent Profile: The survey included a diverse mix of roles, including Managers, Vice Presidents, CXOs and select Board members. Approximately 47% of respondents were from top management positions.

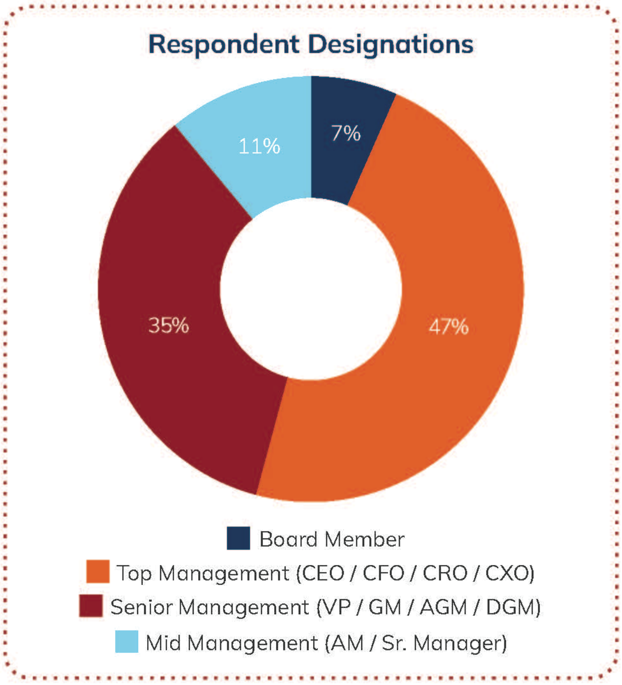


Figure A1.2.5: The pie chart depicts the respondent designations.

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APPENDIX
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